

January 20, 2023

Daily Currency Outlook

Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Jan Futures	Sell	81.60	81.20	81.80	1 day

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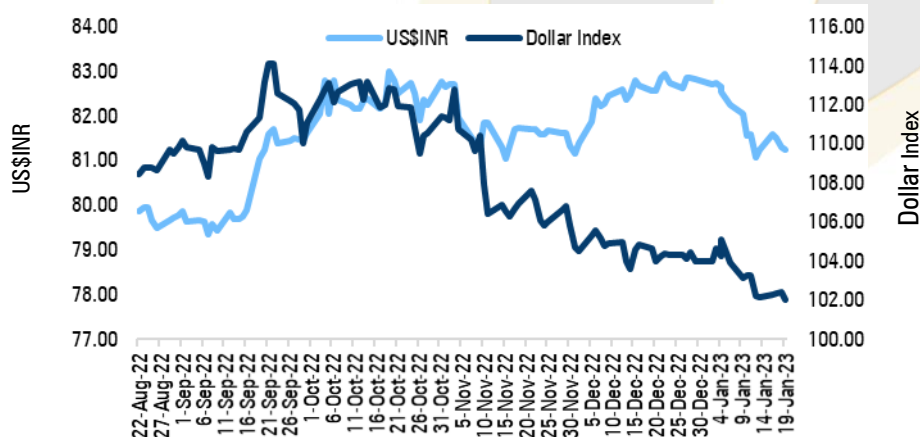
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Jan)	81.44	0.12%	3239938	28114	3033780	-689379
EURINR (27th Jan)	88.19	0.13%	132614	-7241	176017	-64348
GBPINR (27th Jan)	100.45	-0.03%	129063	-181	234651	-53411

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	81.15	81.29	81.38	81.53	81.62
US\$INR (Feb)	81.28	81.42	81.50	81.64	81.72
EURINR (Jan)	87.62	87.90	88.06	88.35	88.51
EURINR (Feb)	88.35	176.70	88.35	176.70	88.35
GBPINR (Jan)	100.39	200.78	100.39	200.78	100.39
GBPINR (Feb)	100.58	201.16	100.58	201.16	100.58
JPYINR (Jan)	63.47	126.95	63.47	126.95	63.47
JPYINR (Feb)	63.80	127.59	63.80	127.59	63.80

Dollar Index vs US\$INR



- The US dollar index continued to trade near its seven month low at 102 as a weaker set of economic numbers increased the fears of a recession in the US economy. The data released on Thursday indicates the weakness in the housing sector. The housing starts declined to a two-year low at 1.38 million whereas building permits weakened to 1.33 mn against market expectation of 1.35 mn
- Rupee future maturing on January 27 depreciated by 0.12% to settle at 81.44 on Thursday amid weak domestic market sentiments
- The rupee is likely to appreciate towards the zone of 81.20 amid weakness in dollar. Further, anticipation of a disappointing Existing home sales data from the US could weaken the dollar. The sluggishness in housing sector and moderating inflation numbers have fuelled expectations that the Fed will reduce the magnitude of rate hike. US\$INR is facing the key resistance of 50 day EMA 82, which could act as key level for the pair. Below 81.20, it would slide to 80.80

US\$INR Strategy

USDINR Jan futures contract (NSE)

Sell USDINR in the range of 81.60-81.62

Target: 81.20

Stoploss: 81.80

Support: 81.20/81.00

Resistance: 81.62/81.80

Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Jan Futures	Sell	81.73	81.20	81.95	Call Not Initiated

Note: The given recommendation in this report is intraday and should not be linked with positional view & recommendations given in Monthly currency Derivatives and Positional Currency report may have different view.

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	102.05	102.41	-0.35%
US\$INR	81.26	81.31	-0.06%
EURUSD	1.0835	1.0794	0.38%
EURINR	88.04	87.89	0.17%
GBPUSD	1.2395	1.2344	0.41%
GBPINR	100.67	100.49	0.18%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.313	7.325	-0.012
US	3.399	3.372	0.027
UK	3.322	3.314	0.008
Japan	0.399	0.426	-0.027
Germany	2.056	2.002	0.054

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	8491.67	8437.08	54.59
Debt	832.46	706.51	125.95
Net			180.54

- The Euro rose 0.38% on Thursday to end near its eight-month high at 1.083. Hawkish comments from ECB President Lagarde and ECB Governing Council member Knot gave the Euro a boost when they favoured the extension of interest hike regime as inflation is too high. Moreover, the December ECB meeting minutes was supportive for EUR/USD as most members or officials preferred a 75 bps rate hike rather than a 50 bps rate hike
- The Euro is expected rise towards 1.088 mark as long as it holds above 1.076. A move above 1.088 would bring fresh buying interest in the pair and extend its rally towards 1.0920. EURINR (January) is expected to rally towards 88.50 as long as the pair remains above 87.60
- The pound continued to trade firm near its six month highs but the decline in RICS House Price Balance number limited its upside. Further, the pair had advanced as the inflation numbers, which are at 40-year highs has increased the chances of 50 bps rate hike in the coming policy
- The pound is expected to trade with a positive bias amid expectation of recovery in the retail sales numbers, which is expected to rise by 0.5% against previous reading of decline by 0.4%. Technically, 1.23 holds key support to the pair. As long as it sustains above it, it is expected to rise towards the 1.2445 mark. GBPINR (January) is expected to march towards 100.80, followed by 101 as long as it holds above the key support of 100.00

Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
German PPI (MoM) (Dec)	EUR	12:30 PM	-	-1.20%	-3.90%	Medium
Retail Sales (MoM) (Dec)	GBP	12:30 PM	-	0.40%	-0.40%	High
Existing Home Sales (Dec)	US	8:30 PM	-	3.95M	4.09M	High



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