

January 23, 2023

Daily Currency Outlook

Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Jan Futures	Sell	81.25	80.90	81.45	1 day

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Rupee Outlook and Strategy

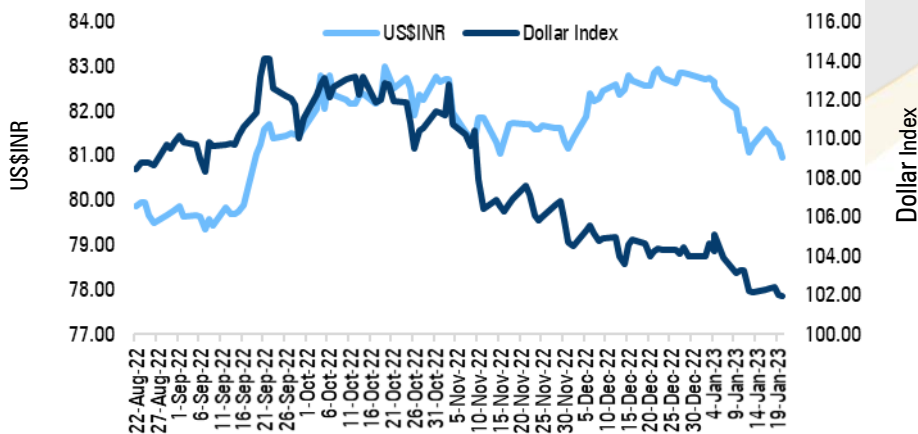
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Jan)	81.21	-0.29%	3163482	-76456	3304537	270757
EURINR (27th Jan)	88.01	-0.29%	128009	-4605	189098	13081
GBPINR (27th Jan)	100.39	-0.06%	123477	-5586	235673	1022

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	80.96	81.08	81.23	81.36	81.51
US\$INR (Feb)	81.12	81.22	81.34	81.45	81.57
EURINR (Jan)	87.78	87.89	88.02	88.13	88.25
EURINR (Feb)	88.31	176.61	88.31	176.61	88.31
GBPINR (Jan)	100.41	200.81	100.41	200.81	100.41
GBPINR (Feb)	100.59	201.18	100.59	201.18	100.59
JPYINR (Jan)	62.87	125.74	62.87	125.74	62.87
JPYINR (Feb)	63.21	126.43	63.21	126.43	63.21

Dollar Index vs US\$INR



- The US dollar index failed to recover from its seven month low and closed below the 102 mark as a weaker set of economic numbers triggered fears of a recession in the US economy. Further, weakness in US existing home sales, which marked an eleventh straight month of decline, added downward pressure on the dollar. US existing home sales dropped to the lowest level since November 2010
- Rupee future maturing on January 27 appreciated by 0.29% to settle at 81.21 on Friday amid weakness in the dollar
- The rupee is expected to appreciate against the dollar on the back of rising risk appetite in the domestic market and weakness in the dollar. The weaker set of economic numbers and moderating inflation in the US could force the Fed to dial back its aggressive rate hike policy. The CME Fed watch tool suggests the probability of a 25 bps hike has increased above 97%. US\$INR has breached the 100 day EMA support at 81.48 and is expected to weaken towards the next support at 80.80, followed by 80.60

US\$INR Strategy

USDINR Jan futures contract (NSE)

Sell USDINR in the range of 81.25-81.27

Target: 80.90

Support: 80.90/80.80

Stoploss: 81.45

Resistance: 81.45/81.60

Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Jan Futures	Sell	81.60	81.20	81.80	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	101.99	102.05	-0.06%
US\$INR	80.96	81.26	-0.37%
EURUSD	1.0854	1.0835	0.18%
EURINR	87.88	88.04	-0.17%
GBPUSD	1.2396	1.2395	0.01%
GBPINR	100.38	100.67	-0.28%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.347	7.313	0.034
US	3.484	3.399	0.085
UK	3.365	3.322	0.043
Japan	0.370	0.399	-0.029
Germany	2.171	2.056	0.115

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	7791.57	7203.67	587.9
Debt	516.6	145.96	370.64
Net			958.54

- The Euro moved above the 1.085 mark to settle near its eight-month high as hawkish comments from ECB President Lagarde at WEF in Davos suggests the continuance of a higher interest rate regime. In her speech she said that inflation is way too high and that they will stay the course on rate hikes, pushing back on recent reports suggesting that ECB officials are considering slowing their rate increments at the next meeting
- The Euro is expected to march towards 1.088-1.09 mark as long as it holds above 1.076, amid weakness in dollar and rising global risk appetite. A move above 1.09 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 erased its losses and hit the 1.24 mark on Friday despite a weaker set of the retail sales numbers. UK retail sales volume have declined 1% from November, suggesting higher cost of living has forced consumers to stay away from retail stores
- The pound is expected to trade with a positive bias amid expectation that the BOE will increase the interest rate by 50 bps in its upcoming policy following a higher set of inflation numbers. Technically, 1.23 holds key support to the pair. As long as it sustains above 1.23, it is likely to rally towards the 1.2445 mark. A move above 1.2445 would again open the door for 1.2650. GBPINR (January) is expected to rise towards 100.80, followed by 101 as long as it holds above the key support of 100.00

Data	Country	Time	Actual	Expected	Previous	Impact
Consumer Confidence	EUR	8:30 PM	-	-0.2	-0.22	Medium
ECB President Lagarde Speak	EUR	11:15 PM	-	-	-	Medium



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