

January 24, 2023

Daily Currency Outlook

Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Jan Futures	Sell	81.65	81.20	81.85	1 day

Research Analysts

Raj Deepak Singh
rajdeepak.singh@icicisecurities.com

Saif Mukadam
saif.mukadam@icicisecurities.com

Rishikesh Lilawat
rishikesh.lilawat@icicisecurities.com

Anup Sahu
anup.sahu@icicisecurities.com

Rupee Outlook and Strategy

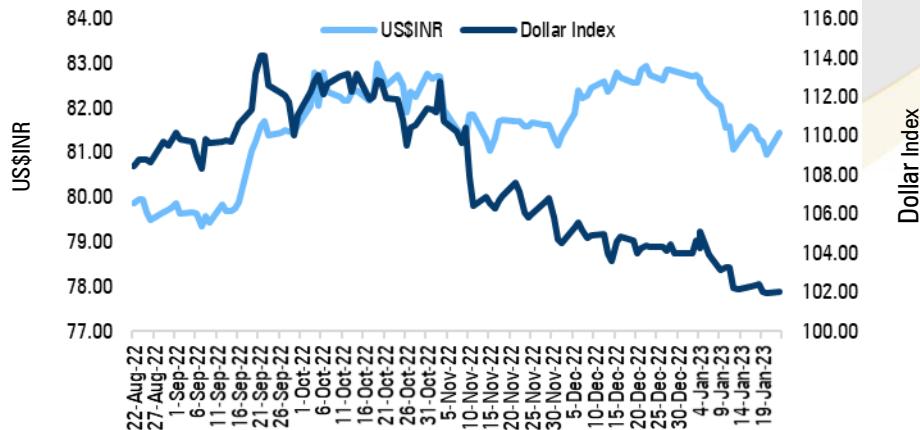
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Jan)	81.46	0.31%	3073459	-90023	3289838	-14699
EURINR (27th Jan)	88.73	0.31%	132523	4514	220180	31082
GBPINR (27th Jan)	100.73	0.34%	112097	-11380	243952	8279

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	80.69	81.08	81.29	81.68	81.89
US\$INR (Feb)	80.82	81.20	81.41	81.80	82.01
EURINR (Jan)	87.84	88.28	88.60	89.04	89.36
EURINR (Feb)	88.85	177.70	88.85	177.70	88.85
GBPINR (Jan)	100.79	201.58	100.79	201.58	100.79
GBPINR (Feb)	101.00	201.99	101.00	201.99	101.00
JPYINR (Jan)	62.69	125.38	62.69	125.38	62.69
JPYINR (Feb)	63.02	126.03	63.02	126.03	63.02

Dollar Index vs US\$INR



- The US dollar index recovered from its seven-month low and closed above the 102 mark following the rally in US 10 year bond yields. The base trend is weak in the dollar index amid concerns over US recession and prospects of less aggressive Fed. The weakness in the US housing and manufacturing sector raised growth concerns, which could force the Fed to change its hawkish stance
- Rupee future maturing on January 27 depreciated by 0.31% to settle at 81.46 on Monday amid expectations of softer tightening by the RBI
- The rupee is likely to appreciate today amid rising risk appetite in the global market and weakness in the dollar. Further expectation of weaker US service and manufacturing PMI numbers could restrict the dollar to recover. US\$INR is still hovering below the 20 day EMA at 81.75, which could act as key resistance for the pair. As long as it remains below 81.75 the pair is expected to slide towards the immediate support at 81.20, followed by 81.00

US\$INR Strategy

USDINR Jan futures contract (NSE)

Sell USDINR in the range of 81.65-81.67

Target: 81.20

Stoploss: 81.85

Support: 81.20/80.90

Resistance: 81.65/81.85

Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Jan Futures	Sell	81.25	80.90	81.45	SL Hit

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	102.02	101.99	0.03%
US\$INR	81.46	80.96	0.62%
EURUSD	1.0868	1.0854	0.13%
EURINR	88.57	87.88	0.78%
GBPUSD	1.2372	1.2396	-0.19%
GBPINR	100.81	100.38	0.43%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.352	7.347	0.005
US	3.517	3.484	0.033
UK	3.355	3.365	-0.01
Japan	0.377	0.370	0.007
Germany	2.209	2.171	0.038

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	8310.51	9951.26	-1640.75
Debt	1665.73	1320.43	345.3
Net			-1295.45

- The Euro gained against the dollar and settled near the 1.087 mark on Monday following hawkish comments from ECB President Lagarde. In her speech she reiterated that inflation is way too high and that the central bank will raise rates quickly to control inflation. Further improvement in consumer confidence in the region also supported the Euro to reach its nine month high
- The Euro is expected to rise towards 1.0925-1.0940 mark as long as it holds above 1.081 amid weakness in the dollar and rising global risk appetite. Further, expectation of improvement in the eurozone service and manufacturing PMI numbers could also support the single currency. EURINR (January) is expected to rise towards 89 as long as the pair remains above 88.20
- The pound hit a seven-month high at 1.2447 but erased its gains to settle below 1.24 as the dollar recovered from its lows. Meanwhile, expectation of 50 bps hike in interest rate by BoE in its upcoming policy has limited the downside in the pair
- The pound is likely to remain in a corrective phase ahead of today's weaker set of service and manufacturing PMI numbers. The numbers are still below the 50 mark suggesting a contraction in the sector. At present, 1.245 holds key resistance to the pair. As long as it remains below 1.245, it is likely to move towards the 1.2320 mark. GBPINR (January) is expected to move towards 100.50, as long as it stays below the key resistance of 101.40

Data	Country	Time	Actual	Expected	Previous	Impact
German Manufacturing PMI (Jan)	Europe	2:00 PM	-	47.9	47.1	High
German Services PMI (Jan)	Europe	2:00 PM	-	49.7	49.2	Medium
Manufacturing PMI (Jan)	Europe	2:30 PM	-	48.5	47.8	Medium
Services PMI (Jan)	Europe	2:30 PM	-	50.2	49.8	Medium
Flash Manufacturing PMI (Jan)	UK	3:00 PM	-	45.4	45.3	Medium
Flash Services PMI (Jan)	UK	3:00 PM	-	49.6	49.9	Medium
Manufacturing PMI (Jan)	US	8:15 PM	-	47.7	46.2	Medium
Services PMI (Jan)	US	8:15 PM	-	45.3	44.7	High



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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