

January 31, 2023

# Daily Currency Outlook

## Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
EURINR	Feb Futures	Sell	89.10	88.84	89.27	1 day

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# Rupee Outlook and Strategy

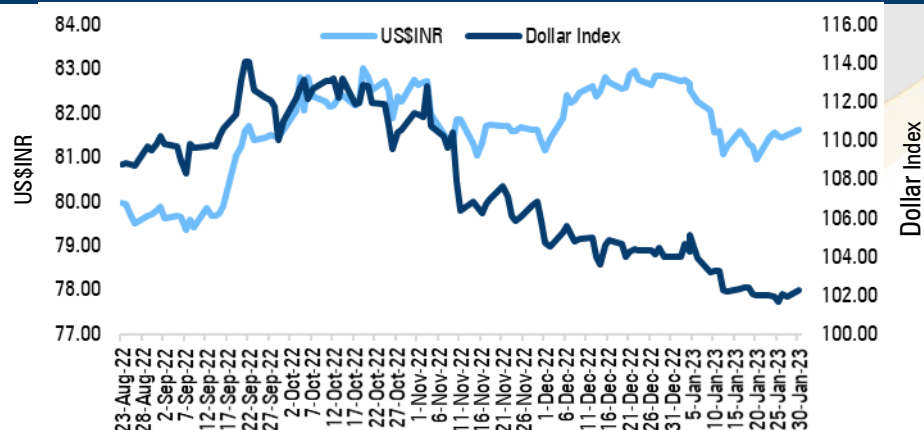
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Jan)	81.62	-0.07%	2826759	-356730	2641937	269096
EURINR (27th Jan)	89.05	0.01%	225252	84009	166309	-874
GBPINR (27th Jan)	101.19	0.10%	151747	37225	214341	15814

## Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (24th Feb-23)	81.44	81.53	81.69	81.78	81.93
US\$INR (28th Mar-23)	81.60	81.68	81.84	81.92	82.08
EURINR (24th Feb-23)	88.72	88.89	89.02	89.18	89.31
EURINR (28th Mar-23)	88.99	89.14	89.27	89.43	89.55
GBPINR (24th Feb-23)	100.84	101.02	101.23	101.41	101.63
GBPINR (28th Mar-23)	101.06	101.23	101.43	101.60	101.81
JPYINR (24th Feb-23)	62.67	62.84	63.20	63.38	63.74
JPYINR (28th Mar-23)	62.98	63.16	63.51	63.68	64.03

## Dollar Index vs US\$INR



Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

- The US dollar index continued to rise on Monday, a day before the Federal Reserve was due to begin a two-day policy meeting amid a rise in US 10 year's treasury yields. However, further upside was capped as the Fed is broadly expected to dial back the pace of rate hike and officials are likely to debate how much further they need to go in taming inflation before stopping rate increases
- Rupee future maturing on February 24 appreciated marginally by 0.06% after touching the level of 81.8450 on Monday amid an uptick in domestic equity markets
- The rupee is likely to depreciate today amid a strong dollar and persistent FII outflows. Moreover, investors will closely watch key macroeconomic data from the US like CB consumer confidence, which is expected to increase from 108.3 to 109. Meanwhile, a sharp fall in the rupee may be prevented on a rise in risk appetite in global markets as the Fed is likely to lower the size of rate increase for a second straight meeting. US\$INR is likely to break the key resistance level of 81.72 to start trading towards the level of 81.85

## EURINR Strategy

### EURINR Feb futures contract (NSE)

Sell EURINR in the range of 89.08-89.10

Target: 88.84

Support: 88.85/88.70

Stoploss: 89.27

Resistance: 89.25/89.40

## Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Feb Futures	Sell	81.78	81.30	81.95	Profit Booked

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
DXV	102.27	101.92	0.34%
US\$INR	81.62	81.68	-0.07%
EURUSD	1.0848	1.0865	-0.16%
EURINR	89.08	89.04	0.04%
GBPUSD	1.2350	1.2388	-0.31%
GBPINR	101.22	101.09	0.13%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.400	7.387	0.013
US	3.542	3.505	0.037
UK	3.345	3.328	0.017
Japan	0.482	0.481	0.001
Germany	2.308	2.225	0.083

## Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	12210.43	18346.69	-6136.26
Debt	607.16	1187.24	-580.08
Net			-6716.34

- The Euro erased its earlier gains and fell towards the level of 1.0839 yesterday amid a strong dollar and weaker than expected macroeconomic data from the Euro area. Germany's GDP shrank by 0.2% for the quarter in the final three months of 2022, below market expectations of stagnation. The contraction in Europe's largest economy was mainly led by a decline in household consumption amid rising interest rates and stubbornly high inflation
- We expect the Euro to continue its downward trend for the day amid a rise in the dollar. Further, market participants will stay cautious ahead of the series of key macroeconomic data from the Euro area like GDP YoY data, which is expected to drop from 2.3% to 2.2%. Meanwhile, forecasts of a increase in German CPI YoY numbers may underline expectations for a 50-basis-point hike from the ECB this week and also signal that rates will be moved higher. EURINR (February) is likely to slide towards the level of 88.84
- The pound edged lower by 0.30% towards the level of 1.2336 on Monday amid a rise in dollar. Meanwhile, sharp downside was cushioned by an uptick in UK 10 year's treasury yields. Additionally, Jeremy Hunt promised to tackle the country's weak productivity with post-Brexit reforms to boost growth
- The pound is expected to trade with a negative bias for the day amid stronger dollar. GBPUSD is likely to continue its downward trend towards the level of 1.2300, as long as it sustains below the 9 DMA level of 1.2380. GBPINR (February) is expected to drop towards the level of 100.90

# Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
German Retail Sales (MoM) (Dec)	Europe	12:30 PM	-	0.2%	1.1%	Medium
French CPI (MoM)	Europe	1:15 PM	-	0.50%	-0.10%	Medium
German Unemployment Rate (Jan)	Europe	2:25 PM	-	5.50%	5.50%	High
German Unemployment Change (Jan)	Europe	2:25 PM	-	5K	-13K	High
GDP (QoQ)	Europe	3:30 PM	-	-0.10%	0.30%	Medium
German CPI (YoY) (Jan)	Europe	6:30 PM	-	9.20%	8.60%	High
Chicago PMI (Jan)	US	8:15 PM	-	45.1	44.9	Medium
CB Consumer Confidence (Jan)	US	8:30 PM	-	109	108.3	High



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