

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

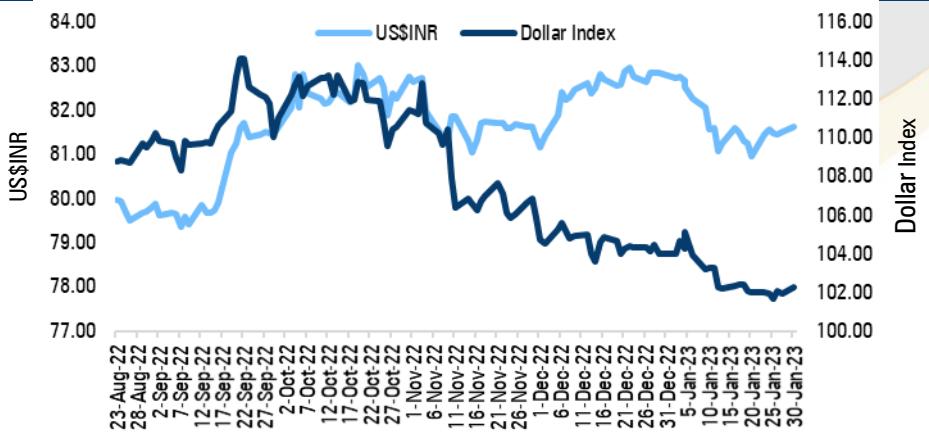
Domestic Currencies

| 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

Stoploss: 89.27

Support: 88.85/88.70

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.

Euro and Pound Outlook

Major Currency Pairs

| Currencies | Close | Pvs. Close | % Change |
|------------|--------|------------|----------|
| DXY | 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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