

February 2, 2023

Daily Currency Outlook

Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Feb Futures	Sell	81.80	81.60	81.93	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

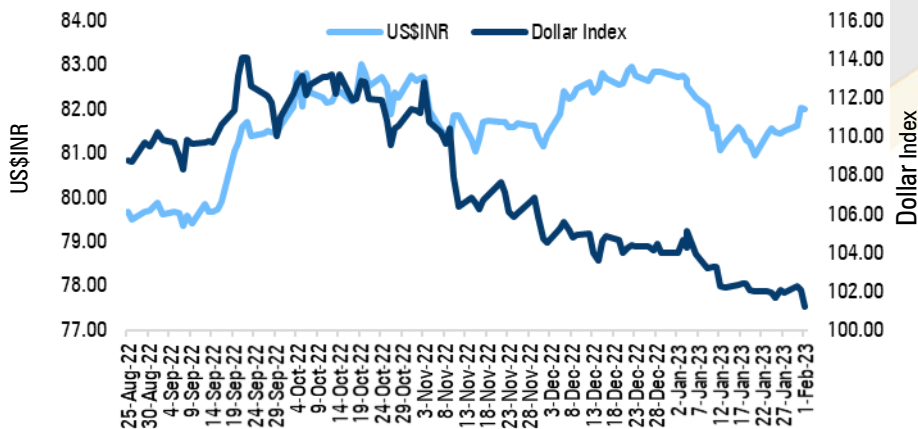
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (24th Feb)	82.00	-0.03%	2874942	-7474	3414071	-398071
EURINR (24th Feb)	89.40	-0.02%	252241	55351	251194	31184
GBPINR (24th Feb)	101.09	0.09%	133702	-2389	186830	-2305

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	81.61	81.80	81.97	82.17	82.34
US\$INR (Mar)	81.77	81.96	82.13	82.32	82.49
EURINR (Feb)	88.77	89.08	89.27	89.58	89.76
EURINR (Mar)	89.52	179.04	89.52	179.04	89.52
GBPINR (Feb)	101.01	202.03	101.01	202.03	101.01
GBPINR (Mar)	101.24	202.48	101.24	202.48	101.24
JPYINR (Feb)	63.16	126.33	63.16	126.33	63.16
JPYINR (Mar)	63.60	127.20	63.60	127.20	63.60

Dollar Index vs US\$INR



Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

- The US dollar index extended losses on Wednesday and fell to a nine-month low after Federal Reserve raised interest rate by 25 bps in line with market expectations. The Fed chairman Jerome Powell also spoke of making progress in bringing down inflation pressures. Further, the dollar was pressurised by a sharp drop in US 10 year's treasury yields and as private businesses in the US created 106,000 jobs in January 2023, well below market forecasts of 178,000. It is the lowest reading since January 2021
- Rupee future maturing on February 24 remained volatile because of the Union Budget but closed flat despite a weaker dollar index and drop in domestic equity markets
- The rupee is likely to appreciate today amid weakness in the dollar and rise in risk appetite in global markets. Further, the rupee may be supported as Government of India in the Budget said it will target a fiscal deficit of 5.9% of GDP for 2023/24 compared to 6.4% for the current fiscal year. US\$INR is likely to trade towards the level of 81.60

USDINR Strategy

USDINR Feb futures contract (NSE)

Sell USDINR in the range of 81.78-81.80

Target: 81.60

Stoploss: 81.93

Support: 81.60/81.50

Resistance: 81.90/82.00

Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
EURINR	Feb Futures	Buy	88.90	89.20	88.70	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	101.21	102.09	-0.86%
US\$INR	82.00	82.02	-0.02%
EURUSD	1.0988	1.0848	1.29%
EURINR	89.40	88.88	0.59%
GBPUSD	1.2372	1.2350	0.18%
GBPINR	101.10	101.00	0.10%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.277	7.343	-0.066
US	3.420	3.512	-0.092
UK	3.295	3.336	-0.041
Japan	0.471	0.485	-0.014
Germany	2.256	2.274	-0.018

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	15171.56	19829.43	-4657.87
Debt	2253.61	585.77	1667.84
Net			-2990.03

- The Euro edged higher by almost 1.20% to nine-month's high on Wednesday amid a sharp drop in the dollar index and optimistic global market sentiments. Further, Euro was supported as the annual inflation rate in the Euro Area fell to an eight-month low of 8.5% in January 2023 from 9.2% in December. Additionally, German manufacturing PMI was revised slightly higher to 47.3 in January 2023 from a preliminary of 47
- We expect the Euro to extend its gains for the day amid a rise in risk appetite in global markets and weakness in US dollar index. Further, investors will closely watch ECB interest rate decision as the central bank is expected to raise the interest rate by 50 bps, which will help to tame the inflation. EURUSD is expected to surpass the hurdle of 1.1040 level to continue its upward trend towards the level of 1.1080. EURINR (February) is likely to rise further till 89.80 levels
- The pound rose more than 0.40% yesterday amid a weaker dollar and optimistic global market sentiments. Further, the pound was supported as the UK manufacturing PMI was revised slightly higher to 47.0 in January 2023, up from a preliminary estimate of 46.7 and above December's 31-month low of 45.3
- The pound is expected to trade with a positive bias for the day amid softer dollar and optimistic global market sentiments. Further, market participants will closely watch BoE's interest rate decision, which is expected to increase by 50 bps. GBPUSD is likely to break the key resistance level at 1.2412 to continue its upward trend towards the level of 1.2440. GBPINR (February) is expected to continue its upward trend towards the level of 101.40

Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
German Trade Balance (Dec)	Europe	12:30 PM	-	9.2B	10.8B	Medium
Spanish Unemployment Change	Europe	1:30 PM	-	-15.2K	-43.7K	Medium
BoE Interest Rate Decision (Jan)	UK	5:30 PM	-	4.00%	3.50%	High
ECB Interest Rate Decision (Feb)	Europe	6:45 PM	-	3.00%	2.50%	High
Initial Jobless Claims	US	7:00 PM	-	200K	186K	High
Factory Orders (MoM) (Dec)	US	8:30 PM	-	2.20%	-1.80%	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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