

February 3, 2023

Daily Currency Outlook

Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
GBPINR	Feb Futures	Sell	101.35	100.90	101.65	1 day

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Rupee Outlook and Strategy

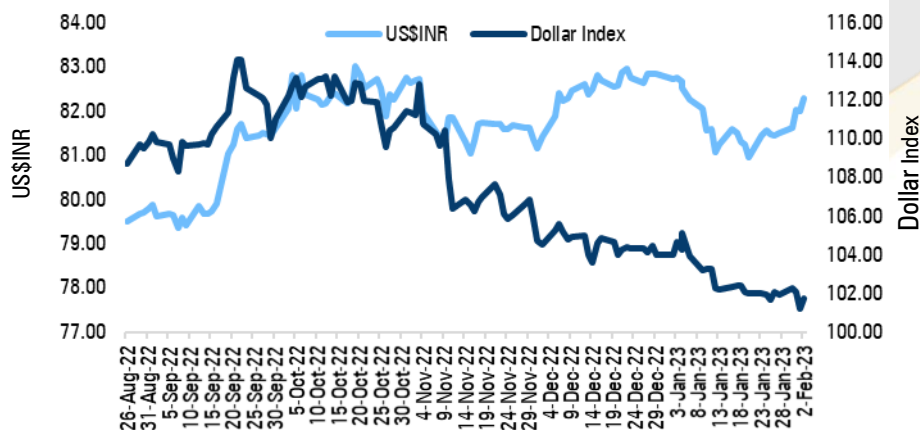
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (24th Feb)	82.28	0.34%	3076589	201647	3523356	109285
EURINR (24th Feb)	90.50	1.23%	272960	20719	224090	-27104
GBPINR (24th Feb)	101.37	0.27%	142270	8568	178359	-8471

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	81.60	81.94	82.15	82.49	82.71
US\$INR (Mar)	81.74	82.08	82.30	82.64	82.85
EURINR (Feb)	89.99	90.24	90.41	90.67	90.83
EURINR (Mar)	90.39	180.78	90.39	180.78	90.39
GBPINR (Feb)	101.44	202.88	101.44	202.88	101.44
GBPINR (Mar)	101.64	203.29	101.64	203.29	101.64
JPYINR (Feb)	63.96	127.93	63.96	127.93	63.96
JPYINR (Mar)	64.26	128.52	64.26	128.52	64.26

Dollar Index vs US\$INR



- US dollar index edged up on Thursday, recovering from a 10-month low amid a surprise decline in weekly jobless claims, which showed the number of Americans filing new claims for unemployment benefits fell to 183,000, the lowest since April and well below market expectations of 200,000
- Rupee future maturing on February 24 depreciated by 0.34% and closed at a more than three-week low amid FII outflow from the domestic markets
- The rupee is likely to depreciate today amid strong dollar and persistent FII outflow from domestic markets. Further, investors will closely watch key macroeconomic data from India like Nikkei services PMI data, which is expected to drop from 58.5 to 58.1. US\$INR is likely to surpass the hurdle of 82.37 to continue trading towards 82.50 levels

GBPINR Strategy

GBPINR Feb futures contract (NSE)

Sell GBPINR in the range of 101.35-101.36

Target: 100.90

Support: 100.90/100.80

Stoploss: 101.65

Resistance: 101.60/101.70

Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Feb Futures	Sell	81.80	81.60	81.93	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
DX	101.75	101.21	0.53%
US\$INR	82.26	82.00	0.32%
EURUSD	1.0909	1.0988	-0.72%
EURINR	90.49	89.40	1.22%
GBPUSD	1.2223	1.2372	-1.20%
GBPINR	101.36	101.10	0.26%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.296	7.277	0.019
US	3.395	3.420	-0.025
UK	2.992	3.295	-0.303
Japan	0.493	0.471	0.022
Germany	2.085	2.256	-0.171

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	14804.64	12262.01	2542.63
Debt	3041.96	176.02	2865.94
Net			5408.57

- The Euro fell from a nine-month high on Thursday amid strong dollar. Further, the Euro was pressurised after the data showed Germany's trade surplus fell in December compared to the previous month as both exports and imports declined sharply, reflecting continued weakness in global demand and lower energy prices. Meanwhile, further downside was prevented as the European Central Bank raised interest rates by 50 bps and signalled at least one more hike of the same magnitude next month
- We expect the Euro to trade with a negative bias for the day amid strong dollar and decline in the German 10 year bond yields. Further, traders will stay vigilant ahead of the key macroeconomic data from the euro area like services PMI and global composite PMI. EURUSD is likely to break the key support level of 1.0850 to continue its downward trend towards the level of 1.0800. EURINR (February) is likely to drop towards the 90.10 levels
- The pound depreciated by 1.20% yesterday after the Bank of England raised its interest rate by 50 basis points to 4.00% in its 10th straight hike while hinting that rates were near their peak. Further, the sterling was pressurised by a strong dollar and sharp drop in UK 10 year bond yields.
- The pound is expected to trade with a negative bias for the day amid strong dollar and sharp decline in UK 10 year bond yields. Further, market participants will closely watch services PMI and composite PMI data from the UK to gauge economic health of the country. GBPUSD is likely to break the key support level of 1.2180 to continue its downward trend towards the level of 1.2120. GBPINR (February) is expected to drop towards the level of 100.90

Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
Nikkei Services PMI (Jan)	India	10:30 AM	-	58.1	58.5	Medium
Services PMI (Jan)	Europe	2:30 PM	-	50.7	50.7	Medium
S&P Global Composite PMI (Jan)	Europe	2:30 PM	-	50.2	50.2	Medium
Composite PMI (Jan)	UK	3:00 PM	-	47.8	47.8	High
Services PMI (Jan)	UK	3:00 PM	-	48	48	High
FX Reserves, USD	India	6:30 PM	-	-	573.73B	Medium
Average Hourly Earnings (YoY) (YoY) (Jan)	US	7:00 PM	-	4.30%	4.60%	Medium
Nonfarm Payrolls (Jan)	US	7:00 PM	-	185K	223K	High
Unemployment Rate (Jan)	US	7:00 PM	-	3.60%	3.50%	High
S&P Global Composite PMI (Jan)	US	8:15 PM	-	-	46.6	Medium
Services PMI (Jan)	US	8:15 PM	-	46.6	46.6	Medium
ISM Non-Manufacturing PMI (Jan)	US	8:30 PM	-	50.4	49.6	High



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