

February 15, 2023

# Daily Currency Outlook

## Daily Recommendation

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
EURINR	Feb Futures	Buy	89.20	89.50	89.00	1 day

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# Rupee Outlook and Strategy

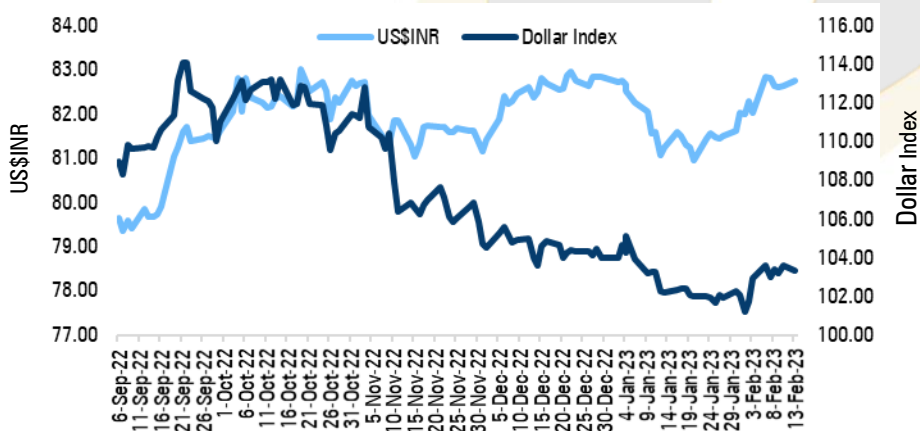
## Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (24th Feb)	82.83	0.08%	2995978	26824	1821983	-162518
EURINR (24th Feb)	89.16	0.81%	151962	-1338	183047	57526
GBPINR (24th Feb)	101.02	1.29%	126319	36130	267251	89169

## Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (24th Feb-23)	82.53	82.68	82.79	82.94	83.04
US\$INR (28th Mar-23)	82.68	82.82	82.93	83.07	83.18
EURINR (24th Feb-23)	88.46	88.80	89.00	89.35	89.55
EURINR (28th Mar-23)	88.79	89.09	89.27	89.58	89.75
GBPINR (24th Feb-23)	100.00	100.52	100.80	101.31	101.60
GBPINR (28th Mar-23)	100.24	100.73	100.99	101.49	101.75
JPYINR (24th Feb-23)	62.58	62.70	62.81	62.93	63.05
JPYINR (28th Mar-23)	62.78	62.94	63.10	63.25	63.41

## Dollar Index vs US\$INR



- The US dollar regained its strength after data showed the annual inflation rate in the US slowed slightly to 6.4% in January 2023 but was above market forecasts of 6.2%. Higher-than-expected inflation data and a strong labour market raised the prospects of Fed keeping rates elevated for longer period. Further, a rise in US 10 year's treasury yields supported the dollar
- The rupee future maturing on February 24 depreciated by 0.08% despite weakness in the dollar and uptick in domestic equity markets
- The rupee is expected to depreciate today on a strong dollar and weak global market sentiments. Dollar is gaining traction on expectations of two more interest rate hike of 25 bps and rates to remain higher for longer period. Further, India's trade deficit is likely to widen. Moreover, investors will closely watch retail sales and industrial production data from the US for further cues. The US\$INR is likely to continue its upward trend towards the level of 83.00 for the day

## EURINR Strategy

### EURINR Feb futures contract (NSE)

Buy EURINR in the range of 89.18-89.20

Target: 89.50

Stoploss: 89.00

Support: 89.00/88.90

Resistance: 89.50/89.60

## Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Feb Futures	Sell	82.75	82.50	82.90	Exit in loss

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	103.23	103.34	-0.11%
US\$INR	82.83	82.76	0.08%
EURUSD	1.0736	1.0718	0.17%
EURINR	89.16	88.44	0.81%
GBPUSD	1.2170	1.2135	0.29%
GBPINR	101.02	99.73	1.29%

## 10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.371	7.366	0.005
US	3.747	3.705	0.042
UK	3.526	3.401	0.125
Japan	0.500	0.501	-0.001
Germany	2.427	2.357	0.07

## Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	7413.55	5916.6	1496.95
Debt	872.48	119.75	752.73
Net			2249.68

- The Euro edged higher on Tuesday amid a sharp rise in German 10 years bond yields. Meanwhile, sharp upside was capped as the Euro Area economy expanded 1.9% YoY in the last quarter of 2022, the least since contractions in 2021 and matching the initial estimate
- We expect the Euro to trade with a positive bias for the day amid a rise in German government bond yields. Meanwhile, market participants will closely watch key economic data from the euro area and ECB President Lagarde's speech for more signs on ECB rate hike path. EURINR (February) is likely to continue its upward trade towards the level of 89.50
- The pound appreciated almost 0.30% yesterday after touching 1.2270 level amid a sharp rise in UK 10 years bond yields. Further, the pound was supported as the number of people claiming unemployment benefits in the UK fell by 12900 in January 2023, following a 3200 fall in December
- The pound is expected to trade with a positive bias for the day in anticipation that BoE will continue to raise rates as British wages rose quicker than expected in the last three months. Meanwhile, traders will closely watch inflation data from Britain, which is likely to ease further to 10.3% in January but will be still over five times the bank's 2% target. GBPUSD is likely to break the key resistance level of 1.2230 to continue its upward trend towards the level of 1.2290. GBPINR (February) is expected to rise towards the level of 101.40

# Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
CPI (YoY) (Jan)	UK	12:30 PM	-	10.30%	10.50%	High
Trade Balance (Dec)	Europe	3:30 PM	-	-12.5B	-11.7B	Medium
Industrial Production (MoM) (Dec)	Europe	3:30 PM	-	-0.80%	1.00%	Medium
Trade Balance	India	6:00 PM	-	-	-23.76B	Medium
Retail Sales (MoM) (Jan)	US	7:00 PM	-	1.80%	-1.10%	High
NY Empire State Manufacturing Index (Feb)	US	7:00 PM	-	-18	-32.9	Medium
ECB President Lagarde Speaks	Europe	7:30 PM	-	-	-	High
Industrial Production (YoY) (Jan)	US	7:45 PM	-	-	1.65%	Medium



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