

February 22, 2023

Daily Currency Outlook

Daily Recommendation						
Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Feb Futures	Buy	82.80	83.00	82.67	1 day

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Rupee Outlook and Strategy

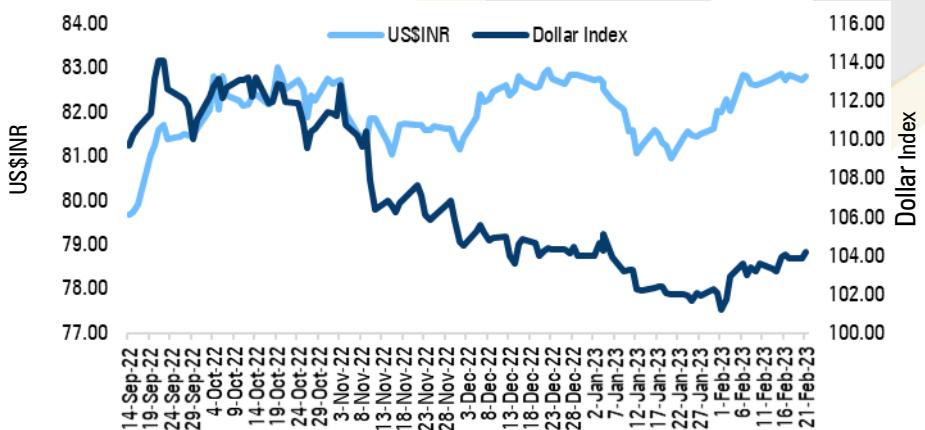
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (24th Feb)	82.83	0.11%	2561197	-117285	1396262	-469495
EURINR (24th Feb)	88.30	-0.16%	126870	-3424	180200	78166
GBPINR (24th Feb)	100.21	0.62%	73937	-12291	347294	181732

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	82.70	82.76	82.81	82.87	82.91
US\$INR (Mar)	82.86	82.91	82.95	83.01	83.05
EURINR (Feb)	88.07	88.19	88.36	88.47	88.64
EURINR (Mar)	88.59	177.18	88.59	177.18	88.59
GBPINR (Feb)	99.96	199.92	99.96	199.92	99.96
GBPINR (Mar)	100.13	200.26	100.13	200.26	100.13
JPYINR (Feb)	61.59	123.18	61.59	123.18	61.59
JPYINR (Mar)	61.96	123.91	61.96	123.91	61.96

Dollar Index vs US\$INR



Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

- The US dollar rose on Tuesday amid stronger than expected economic data from the US. The US services sector expanded in early February with S&P Global services PMI rising to 50.5 from 46.8 in January. This reading surpassed the market expectation of 47.2. Additionally, the manufacturing PMI edged higher to 47.8 from 46.9, compared to estimate of 47.3

- The rupee future maturing on February 24 depreciated by 0.10% amid strong dollar and drop in domestic equity markets
- The rupee is expected to depreciate for the day amid a strong dollar and weakness in domestic equity markets. Meanwhile, investors will closely watch RBI MPC meeting minutes for more cues on RBI interest rate tightening path. US\$INR is likely to surpass the hurdle of 82.90 to continue its upward trend towards the level of 83.00 for the day

USDINR Strategy

USDINR Feb futures contract (NSE)

Buy USDINR in the range of 82.80-82.81

Target: 83.00

Support: 82.70/82.60

Stoploss: 82.67

Resistance: 83.00/83.10

Follow-up

Currency Pair	Contract	Action	Price	Target	Stoploss	Comment
EURINR	Feb Futures	Buy	88.50	88.80	88.30	Stop loss Triggered

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	104.17	103.88	0.28%
US\$INR	82.83	82.74	0.10%
EURUSD	1.0643	1.0694	-0.48%
EURINR	88.30	88.45	-0.17%
GBPUSD	1.2111	1.2039	0.60%
GBPINR	100.21	99.59	0.62%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.391	7.370	0.021
US	3.956	3.842	0.114
UK	3.630	3.476	0.154
Japan	0.505	0.506	-0.001
Germany	2.553	2.467	0.086

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	4685.86	4215.8	470.06
Debt	679.6	835.8	-156.2
Net			313.86

- The Euro dropped by almost 0.40% yesterday amid strong dollar and risk aversion in global markets. Further, euro fell after data showed the S&P Global Germany manufacturing PMI unexpectedly fell to 46.5 in February 2023 from 47.3 in January, compared to forecasts of 48. The reading pointed to a deeper contraction in factory activity and an eighth consecutive month of falls in the manufacturing sector
- We expect the Euro to trade with a negative bias for the day amid strong dollar and pessimistic global markets sentiment. Meanwhile, traders will closely watch German CPI YoY data from the euro area, which is likely to rise from 8.6% to 8.7%. EURUSD is likely to trade in downward trend towards the level of 1.0600, as long as it sustains below the 9 DMA level of 1.0685. EURINR (February) is expected to drop towards the level of 88.00
- The pound appreciated by more than 0.60% on Tuesday amid stronger than expected macro economic data from the UK. The UK services PMI rose to 53.3 in February 2023 from 48.7 in January, the highest in eight months and beating market expectations of 49.2. Further, pound was supported on sharp rise in UK 10 years bond yields
- The pound is expected to trade with a negative bias for the day amid strong dollar and pessimistic global markets sentiment. GBPUSD is likely to break the key support level of 9 DMA at 1.2070 to trade in downward trend towards the level of 1.2000. GBPINR (February) is expected to drop towards the level of 99.70

Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
German CPI (YoY) (Feb)	Europe	12:30 PM	-	8.70%	8.60%	Medium
German Ifo Business Climate Index (Feb)	Europe	2:30 PM	-	91.4	90.2	High
RBI MPC Meeting Minutes	India	5:00 PM	-	-	-	Medium



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