March 8, 2023

Daily Currency Outlook

Daily Recommendation

Curreny Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	Mar Futures	Buy	82.00	82.25	81.80	1 day

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Rupee Outlook and Strategy

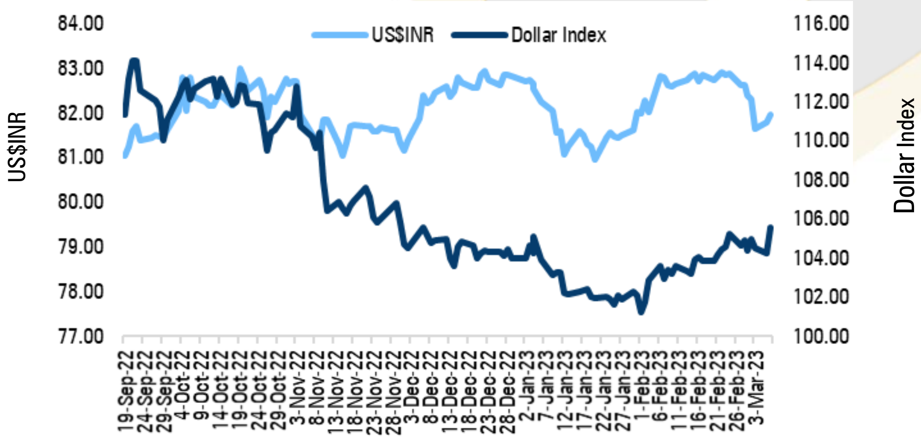
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (28th Mar)	82.03	-0.05%	2523941	56530	3349237	-603100
EURINR (28th Mar)	87.29	0.06%	106349	-2026	111545	-48312
GBPINR (28th Mar)	98.59	0.10%	118747	-2997	172559	-52420

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US$INR (Mar)	81.58	81.80	81.93	82.16	82.29
US$INR (Apr)	81.82	82.03	82.17	82.39	82.52
EURINR (Mar)	87.01	87.15	87.28	87.42	87.54
EURINR (Apr)	87.61	175.23	87.61	175.23	87.61
GBPINR (Mar)	98.62	197.24	98.62	197.24	98.62
GBPINR (Apr)	98.93	197.86	98.93	197.86	98.93
JPYINR (Mar)	60.58	121.15	60.58	121.15	60.58
JPYINR (Apr)	61.10	122.20	61.10	122.20	61.10

Dollar Index vs US$INR



Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

- The US dollar index rallied more than 1.25% on Tuesday. The hawkish comments from Fed chair Jerome Powell sent the dollar to its eight week high as he said the ultimate level of interest rate is likely to be higher than anticipated earlier. The robust economic numbers, particularly the tight labour market and sticky inflation numbers increased the likelihood that the Fed will take more aggressive steps to cool down inflation back to the target range of 2%
- The rupee future maturing on March 28 closed with a marginal gain of 0.03% on Monday amid a rise in risk appetite in domestic markets
- The rupee is expected to depreciate amid risk aversion in global markets and rally in the dollar index. As per the CME Fedwatch poll, the probability of a 50 basis point hike in the federal funds target has increased to 70%. US$INR is hovering near the key 100 day EMA support at 81.80. Hence, as long as it holds above 81.80 then it is expected to rebound towards 82.20-82.25 zone

US$INR Strategy

USDINR March futures contract (NSE)	
Buy USDINR in the range of 81.98-82.00	
Target:82.25	Stoploss: 81.80
Support: 81.80/81.60	Resistance: 82.25/82.40

Follow-up

Curreny Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	Mar Futures	Sell	82.10	81.78	82.30	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.

Euro and Pound Outlook

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	105.61	104.29	1.27%
US$INR	81.98	81.79	0.23%
EURUSD	1.0549	1.0678	-1.21%
EURINR	86.91	87.26	-0.40%
GBPUSD	1.1824	1.2070	-2.04%
GBPINR	97.02	98.37	-1.37%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.418	7.416	0.002
US	3.970	3.964	0.006
UK	3.849	3.878	-0.029
Japan	0.506	0.500	0.006
Germany	2.698	2.732	-0.034

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	6963.99	6727.15	236.84
Debt	317.6	1324.29	-1006.69
Net			-769.85

- The Euro fell more than 1% on Tuesday to its one week low on the back of a strong dollar and weaker risk sentiments. The Euro declined despite better-than-expected German January factory orders, which rose 1.0% against expectation of -0.7%

- The Euro is expected to trade with a negative bias amid expectation of moderation of inflation in the next 12 months from 5% to 4.9%. Further, a decline in median expectation of inflation three years ahead to 2.5% from 3.0% could also weigh on the Euro. On the downside, previous week's low of 1.053 would act as key support to the pair. Only a move below 1.053 would weaken the pair towards 1.0480. EURINR (March) is expected to dip towards 86.50. A move below 86.50 would weaken further towards 86.00. On the upside 87.50 holds key resistance to the pair

- The pound slid below its January 2023 lows as the dollar rallied after Fed chair signalled further tightening of monetary policy. Earlier, the pound gained after British house price jumped in February. The Halifax HPI marked again of 1.1% against the forecast of -0.6%

- The pound is expected to trade with a weaker tone as traders expect there to be less room for the BoE to match the pace of the Fed. Further, a rally in the dollar and diminishing global risk appetite could also weaken the pair towards 1.1780. The 20 day EMA at 1.2010 acts as key resistance. GBPINR (March) has failed to hold the key support at 98 and it is expected to weaken towards 96.80-96.60

Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
German Industrial Production m/m	Europe	12:30 PM	-	1.40%	-3.10%	Medium
German Retail Sales m/m	Europe	12:30 PM	-	2.30%	-5.30%	Medium
Revised GDP q/q	Europe	3:30 PM	-	0.00%	0.10%	Medium
Final Employment Change q/q	Europe	3:30 PM	-	0.40%	0.40%	Medium
ADP Non-Farm Employment Change	US	6:45 PM	-	197k	106k	High
Fed Chair Powell Testifies	US	8:30 PM	-	-	-	Medium
Crude Oil Inventories	US	9:00 PM	-	1.3M	1.2M	Medium

Source: Bloomberg, Reuters, ICICI Direct Research

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