May 11, 2023

Daily Currency Outlook

Daily Recommendation

Curreny Pair	Contract	Action	Price	Target	Stoploss	Duration
USDINR	May Futures	Sell	82.10	81.90	82.25	1 day

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Rupee Outlook and Strategy

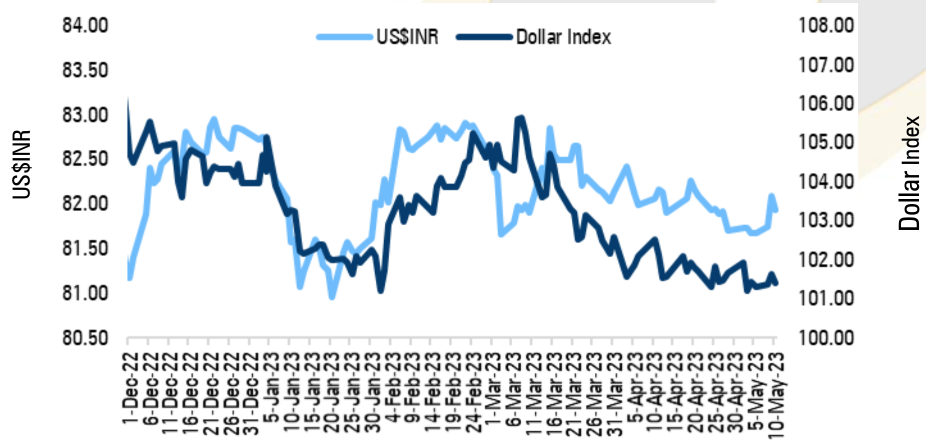
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th May)	82.10	-0.03%	3171439	-102587	1713406	-865439
EURINR (29th May)	89.96	-0.27%	223088	-14670	167912	16229
GBPINR (29th May)	103.46	-0.10%	363698	2790	117463	-61013

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US$INR (May)	81.96	82.03	82.09	82.16	82.23
US$INR (Jun)	82.08	82.14	82.21	82.27	82.34
EURINR (May)	89.72	89.84	90.05	90.17	90.38
EURINR (Jun)	89.98	90.08	90.24	90.34	90.50
GBPINR (May)	103.26	103.36	103.53	103.63	103.80
GBPINR (Jun)	103.39	103.49	103.66	103.76	103.92
JPYINR (May)	60.72	60.81	60.91	61.00	61.10
JPYINR (Jun)	61.11	61.19	61.28	61.36	61.45

Dollar Index vs US$INR



Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

- The US dollar index fell by 0.20% on Wednesday as the US CPI dropped below the expected 5% mark for the first time since June 2021. The drop in the April CPI to 4.9% knocked the Treasury yields lower and raised the bets that Fed would cut the rates in this year.
- Rupee future maturing on May 29 appreciated by 0.03% on Tuesday on the back of weak dollar
- US$INR is likely to face the hurdle near 82.15 and decline towards the 81.80 as the probability of rate cut towards the second half of the year has increased. US$INR could face the resistance of 50 day EMA at 82.15 and slide towards the immediate support at 81.80. A move below 81.80 would weaken further towards 81.60

US$INR Strategy

USDINR May futures contract (NSE)	
Sell USDINR in the range of 82.10-82.12	
Target:81.90	82.25
Support: 81.90/81.80	Resistance: 82.20/82.3

Follow-up

Curreny Pair	Contract	Action	Price	Target	Stoploss	Comment
USDINR	May Futures	Sell	82.25	82.00	82.40	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	101.45	101.65	-0.20%
US$INR	81.90	82.10	-0.25%
EURUSD	1.0980	1.0964	0.15%
EURINR	89.99	90.02	-0.03%
GBPUSD	1.2625	1.2624	0.01%
GBPINR	103.44	103.61	-0.17%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.036	7.046	-0.01
US	3.443	3.522	-0.079
UK	3.797	3.859	-0.062
Japan	0.412	0.416	-0.004
Germany	2.295	2.358	-0.063

Daily Trends in FPI Investment

Segment	Purchase	Sell	Net Rs Crore
Equity	9387.85	7387.07	2000.78
Debt	385.83	1328.67	-942.84
Net			1057.94

- The Euro bounced back form its day's lows and closed with a gain of 0.15% on Wednesday amid weakness in dollar. Further hawkish comments form the ECB president Lagarde boosted the Euro. She said the inflation outlook could face "significant upside risks," and the ECB still has "more ground to cover."
- The Euro is expected to move back towards 1.10 mark amid weakness in dollar. The pair held the key support near the 50 day EMA at 1.0940 and moved above the 20 day EMA suggesting bullishness in the trend. A move above 1.10 would open the doors towards the neat resistance at 1.1020-1.1040 levels. Further the strength in the oscillator RSI would also support the pair to hold its gains. EURINR is expected to hold the support of 20 day EMA at 89.80 and rebound towards 90.40. Only a close below 89.80 would weaken the pair towards 89.60
- The pound remained above the 1.26 mark as the dollar weakness helped it to stay near its one-year high. Further, expectation of rate hike in upcoming policy has raised the bullish outlook in the pair
- The pound is expected to trade with the positive bias ahead of today's key BoE policy. The anticipation of rates to hit the 4.8% mark by September would support the pair to stick to gains against the dollar. The pound could rise towards 1.2680 as long as it trades above the 1.26 mark. GBPINR is expected to trade with the bullish bias as long as it holds above 103. Above 103.70, it would rally towards 103.90-104.10

Source: Bloomberg, Reuters, Ticker, ICICI Direct Research

Economic Calendar

Data	Country	Time	Actual	Expected	Previous	Impact
Monetary Policy Summary	UK	4:30 PM	-	0.40%	0.40%	High
Official Bank Rate	UK	4:30 PM	-	4.50%	4.25%	High
PPI m/m	US	6:00 PM	-	0.30%	-0.50%	High
Unemployment Claims	US	6:00 PM	-	245k	242k	Medium

Source: Bloomberg, Reuters, ICICI Direct Research

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