

August 12, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	August futures	Sell	74.85	74.60	74.99	1 day

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Spot Currency

Currency	Close	Pvs. Close	% Change
US\$-INR	74.77	74.89	-0.16
EUR-INR	87.94	88.21	-0.31
GBP-INR	97.87	98.02	-0.15
JPY-INR (Future)	70.51	70.73	-0.31

Global Bonds

Indices	Close	% Change
India 10 Year	5.90	0.17
India 2 Year	4.26	0.31
US 10 Year	0.61	9.93
US 2 Year	0.14	18.18
Germany 10 Year	-0.49	-8.83

FII Activity

Segment	Purchase	Sell	Net Rs. crores
Equity	5868	4595	1272
Debt	142	439	-297
Net			975

Source: Bloomberg, ICICI Direct Research

- Rupee spot prices appreciated after remaining in a narrow range for more than a week. Positive equities and a weakening dollar have helped the currency to move lower. Spot prices settled at the strongest levels of the day while futures strengthened by 28 paise during the day
- Upbeat US non-farm payrolls may have supported the US dollar early in the week. Now it is the lack of progress in Washington that can be mostly attributed to the greenback's advance. Expectations of a capital gains tax cut announcement have acted as a dampener for the US\$

- In the first half, the Nifty managed to cross 11300 but was unable to hold on to its decent gains. At higher levels, profit taking was seen in technology, pharma and auto stocks whereas buying interest was seen in banking and metal stocks. Looking at the OI build-up in 11400 and 11500 Calls, these levels should be immediate hurdles on upsides. On the other hand, 11200 remains a support on downsides
- On Tuesday, the Bank Nifty rose 1.5% to close above its Call base of 22000, led by HDFC Bank and Axis Bank while follow-up buying was also witnessed in midcap as well as PSU banks

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 975 crore on August 10, 2020. They bought ₹ 1272 crore in the equity market and sold ₹ 297 crore in the debt market. FIIs have bought equities worth ₹ 11336 in August so far while in the debt market they were net sellers of ₹ 270 crore

Currency futures on NSE

Contracts	LTP	chg (%)	OI	Vol	(% change)	
					OI	Vol
Aug	74.80	-0.40	1535661	1332791	2.82	44.89
Sep	75.01	-0.39	343885	180648	5.35	146.60
Aug-Sep	-0.21	-	-	1152143	-	-

- Market participants continued to look to the US political scenario, where Republicans and Democrats are still debating a new fiscal stimulus package to counteract the impact of the Coronavirus on the economy
- The dollar-rupee contract on the NSE was at 74.80 in the last session. Open interest in the August series increased 2.8% while it increased almost 5% in the next series

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Aug)	74.53	74.66	74.84	74.98	75.15
US\$INR (Sep)	74.76	74.89	75.06	75.19	75.36
EURINR (Aug)	87.74	87.97	88.11	88.33	88.48
EURINR (Sep)	88.04	88.26	88.39	88.61	88.74
GBPINR (Aug)	97.58	97.79	97.99	98.21	98.41
GBPINR (Sep)	97.88	98.08	98.23	98.43	98.58
JPYINR (Aug)	70.24	70.38	70.56	70.70	70.88
JPYINR (Sep)	70.44	70.58	70.79	70.93	71.14

US\$INR Strategy

US\$INR Aug futures contract (NSE)

Sell US\$ in the range of 74.83-74.87	Market Lot: US\$1000
Target: 74.60/ 74.45	Stop Loss: 74.99
Support: 74.60/74.45	Resistance: 74.99/75.11

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 which may have different view.



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