

HDFC securities Retail Research

Currency Daily

6 October 2023



Currency Movements

Name	Current Price	Previous Close*	Change	% Change
USDINR	83.258	83.240	0.017	0.02%
DXY Index	106.41	106.68	-0.275	-0.26%
EURUSD	1.0545	1.0519	0.003	0.25%
GBPUSD	1.2186	1.2135	0.005	0.42%
USDJPY	148.61	148.90	-0.290	-0.19%
USDCNH	7.3047	7.3172	-0.012	-0.17%
US 10 Yr. Yield	4.723	4.721	0.002	0.04%
USDINR 1M FWD	83.360	83.410	-0.050	-0.06%
India 10 Yr. Yield	7.215	7.236	-0.021	-0.29%

Global Equity Markets

Name	Current Price	Previous Close	Change	% Change
Nifty	19546	19436	110	0.56%
Sensex	65632	65226	406	0.62%
Hang Seng	17525	17214	312	1.81%
Nikkie	31022	31075	-54	-0.17%
Shanghai	3110	3107	3	0.10%
S&P Index	4258	4264	-6	-0.13%
Dow Jones	33120	33130	-10	-0.03%
Nasdaq	14723	14776	-53	-0.36%
FTSE	7452	7412	39	0.53%
CAC	6998	6997	2	0.02%
DAX	15070	15100	-30	-0.20%

* Prev. Close 5pm IST

Market Roundup

- ▶ The Indian rupee heads for a second weekly decline in trot following a stronger greenback, which is set for the longest weekly run. The local rupee is expected to open slightly higher, following an overnight fall in the greenback and stronger regional peers. The sell-off in the crude oil prices and risk-on moods will help the rupee to hold the gains. However, one should not forget the inherent strength of the greenback and FPI outflows from domestic equities.
- ▶ FPI sold a net \$475.2 million of Indian equities on Oct. 4, according to exchange data, the most since Feb.28 and the fourth straight day of selling.
- ▶ Implied opening from forwards suggests spot USDINR may start trading around 83.21.
- ▶ On Thursday, spot USDINR little changed at 83.2563 while the benchmark India 10-year yields fell 2bps to 7.22%. The pair has support at 83.05 and resistance at 83.35. In the near term, it may consolidate between 82.80 and 83.35. The trend reversal can be seen only below 82.50.
- ▶ Indian bond and currency traders will watch the central bank's rate decision later on Friday, which is widely expected to hold the benchmark repo rate at 6.5%.
- ▶ We expect the Reserve Bank of India to hold rates and maintain a hawkish stance even with upside risks to inflation receding. The monetary policy committee is to vote unanimously for a fourth pause in a row and vote 5-1 again in favour of a hawkish stance at Friday's meeting. India's banking system liquidity, which has run a large deficit since mid-September due to midyear tax outflows, is already returning to banks as the government spends that cash. We think the Reserve Bank is likely to overlook any stopgap deficit and refrain from injecting durable liquidity as it stays focused on containing inflationary pressures.
- ▶ The dollar index edged higher as traders await US non-farm payrolls to confirm whether the labour market is softening. Shares in Asia rose before a monthly US payrolls report that will help define the path forward for Federal Reserve interest rates.
- ▶ Elsewhere, Oil edged higher in commodities after a Thursday decline on concern that slowing global growth will hit demand.

USDINR Oct Futures Hourly Chart



Technical Observations:

- ▶ USDINR Oct fut. has been trading in a symmetrical triangle pattern on the hourly chart. It has resistance at 83.35 and support at 82.21.
- ▶ Momentum Oscillator, RSI of 14 days period is placed above 50 and strengthening on the daily chart.
- ▶ MACD has been placed above the zero line with a positive histogram.
- ▶ Long build-up has been seen as price along with open interest rise.
- ▶ **Short Term Trend: Bullish**
- ▶ **Expected Trading Range: 83.10 to 83.40**
- ▶ **Intraday Recommendation: Buy USDINR Oct. Fut. abv 83.41 SL 83.29 Target 83.55**
- ▶ **Option Strategy: Buy USDINR (13 Oct.) 83.25 PE at 0.11 SL 0.04 Target 0.20**

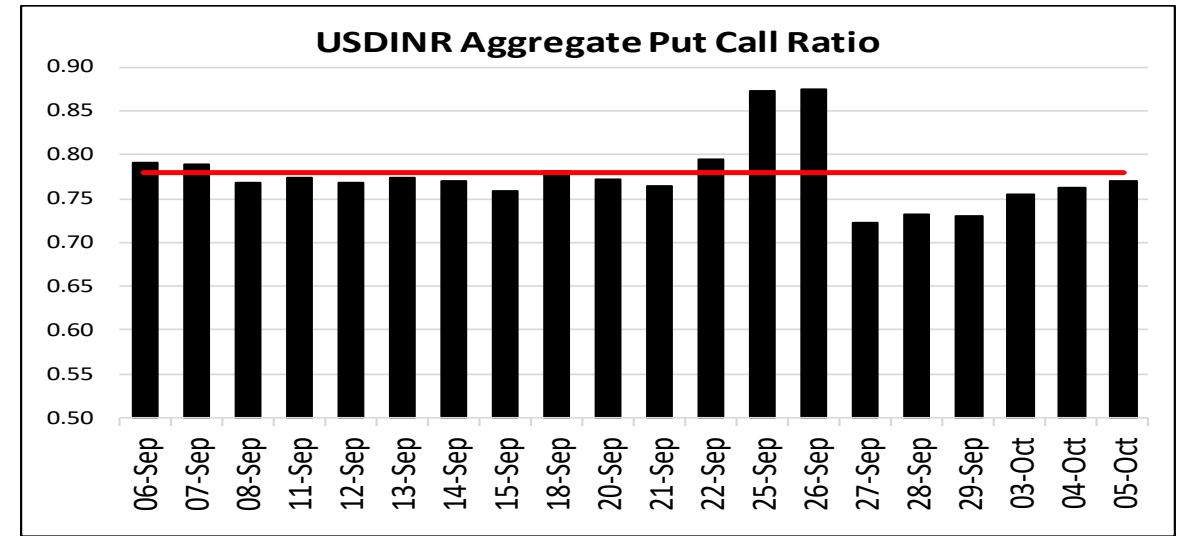
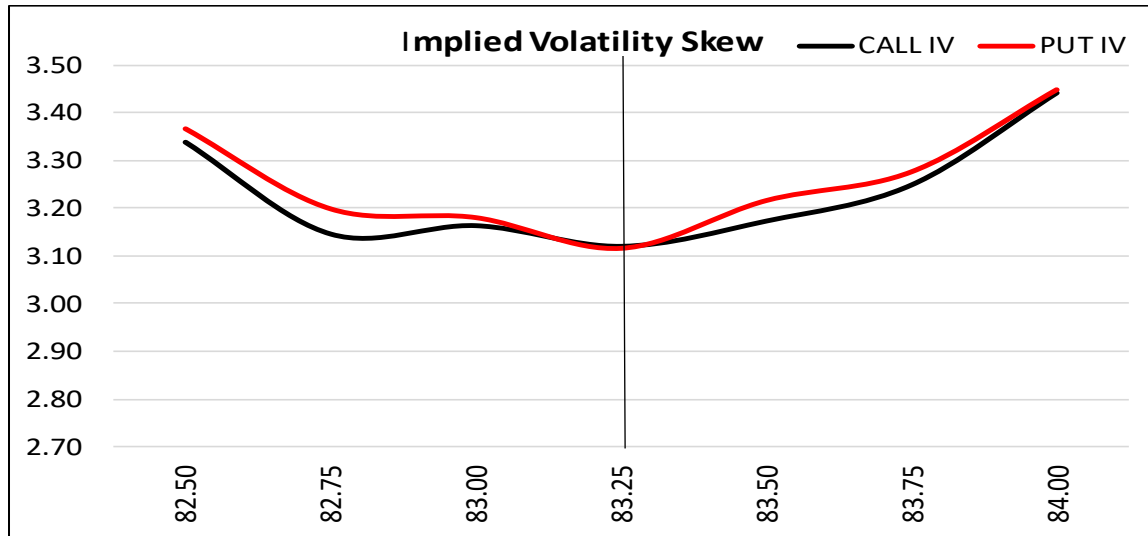
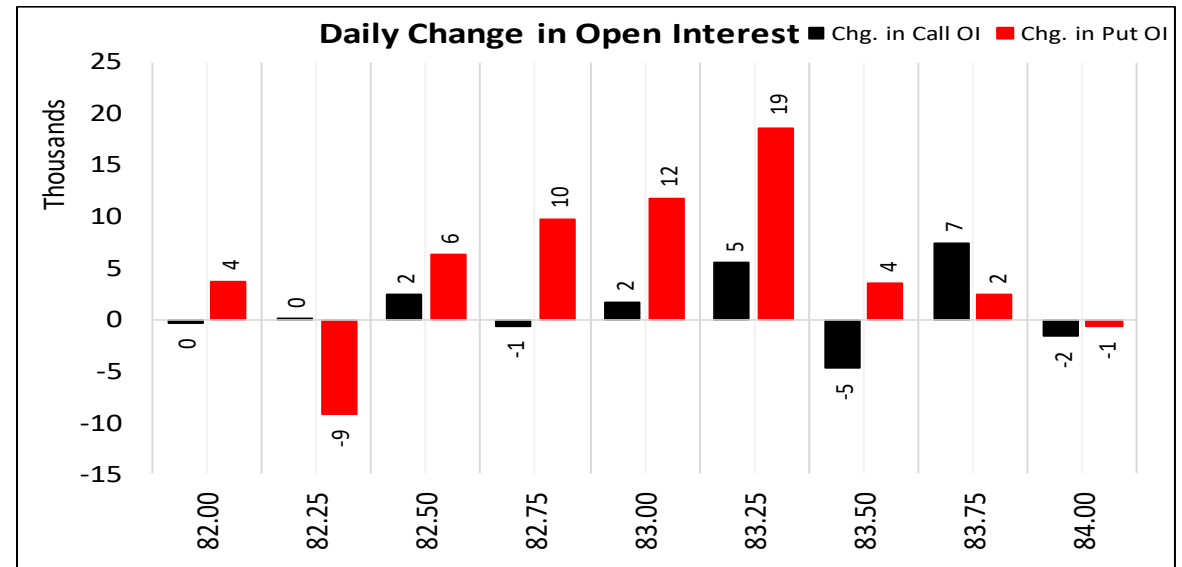
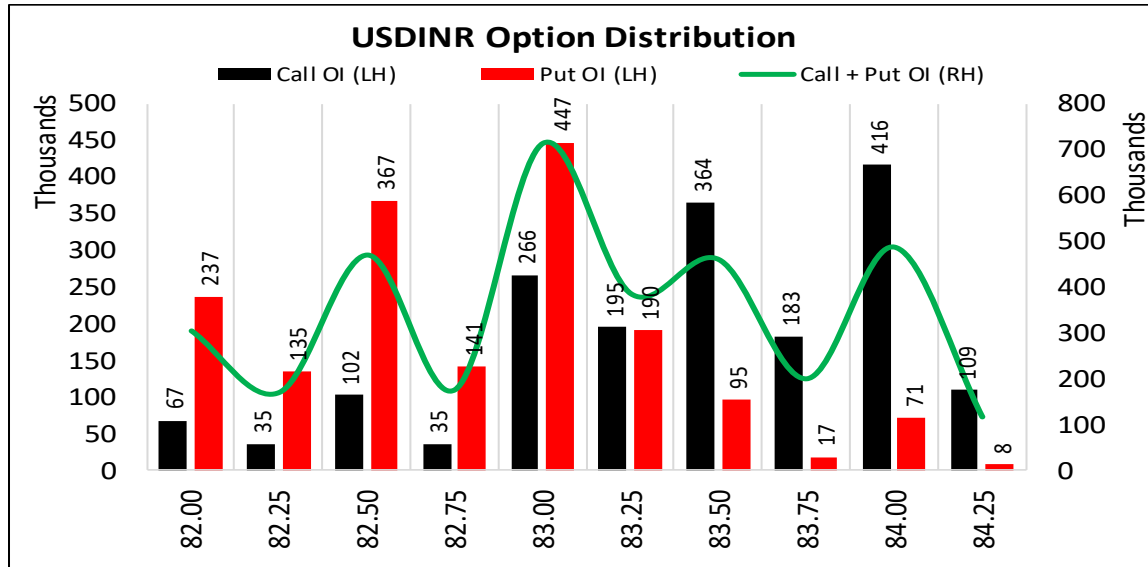
Currency Derivative Price Actions

Currency Pair	Open	High	Low	Close	% Change	Open Interest	% Chg. in OI	Agg. OI	% Chg. In Agg. OI	Volume	% Chg. Volume
USDINR Oct Fut	83.3175	83.3825	83.2625	83.3425	0.01%	5,088,877	7.9%	6,844,994	6.6%	2,201,975	-23.4%
EURINR Oct Fut	87.7350	87.8025	87.6050	87.7350	0.05%	140,431	6.5%	179,194	5.9%	115,639	-35.7%
GBPINR Oct Fut	101.2725	101.3925	101.0175	101.1875	0.02%	201,769	2.5%	253,340	2.2%	146,421	-42.7%
JPYINR Oct Fut	56.3000	56.3525	56.1300	56.2225	0.00%	124,144	-0.8%	143,812	-1.2%	46,694	-27.4%
EURUSD Oct Fut	1.0540	1.0545	1.0516	1.0534	0.06%	2,925	15.2%	3,440	11.9%	691	-20.8%
GBPUSD Oct Fut	1.2160	1.2182	1.2121	1.2128	-0.06%	743	-3.4%	748	-3.4%	183	-6.6%
USDJPY Oct Fut	147.88	148.34	147.80	148.28	0.09%	1,490	-0.7%	1,490	-0.7%	84	-32.8%

Technical Levels

Currency Pair	Close	Pivot	Supt.3	Supt.2	Supt.1	Resi.1	Resi.2	Resi.3	5 DMA	20 DMA	RSI
USDINR Oct Fut	83.34	83.33	83.09	83.21	83.28	83.40	83.45	83.57	83.29	83.25	56.41
EURINR Oct Fut	87.74	87.71	87.32	87.52	87.63	87.82	87.91	88.11	87.80	88.73	33.89
GBPINR Oct Fut	101.19	101.20	100.45	100.82	101.01	101.38	101.57	101.95	101.30	102.63	33.73
JPYINR Oct Fut	56.22	56.24	55.79	56.01	56.12	56.34	56.46	56.68	56.10	56.61	34.41
EURUSD Oct Fut	1.0534	1.0532	1.0474	1.0503	1.0518	1.0547	1.0561	1.0590	1.0545	1.0660	34.28
GBPUSD Oct Fut	1.2128	1.2144	1.2022	1.2083	1.2105	1.2166	1.2205	1.2266	1.2155	1.2322	32.64
USDJPY Oct Fut	148.28	148.14	147.06	147.60	147.94	148.48	148.68	149.22	148.39	147.21	65.50

USDINR Oct Month Option Charts



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