

# HDFC securities Retail Research

## Currency Daily

21 September 2023



## Currency Movements

| Name               | Current Price | Previous Close* | Change | % Change |
|--------------------|---------------|-----------------|--------|----------|
| USDINR             | 83.080        | 83.270          | -0.190 | -0.23%   |
| DXY Index          | 105.67        | 105.02          | 0.655  | 0.62%    |
| EURUSD             | 1.0623        | 1.0701          | -0.008 | -0.73%   |
| GBPUSD             | 1.2307        | 1.2366          | -0.006 | -0.48%   |
| USDJPY             | 148.26        | 147.92          | 0.340  | 0.23%    |
| USDCNH             | 7.3122        | 7.3058          | 0.006  | 0.09%    |
| US 10 Yr. Yield    | 4.437         | 4.345           | 0.093  | 2.13%    |
| USDINR 1M FWD      | 83.310        | 83.220          | 0.090  | 0.11%    |
| India 10 Yr. Yield | 7.175         | 7.191           | -0.016 | -0.22%   |

## Global Equity Markets

| Name      | Current Price | Previous Close | Change | % Change |
|-----------|---------------|----------------|--------|----------|
| Nifty     | 19901         | 20133          | -232   | -1.15%   |
| Sensex    | 66801         | 67597          | -796   | -1.18%   |
| Hang Seng | 17655         | 17886          | -231   | -1.29%   |
| Nikkie    | 32645         | 33024          | -379   | -1.15%   |
| Shanghai  | 3092          | 3109           | -17    | -0.53%   |
| S&P Index | 4402          | 4444           | -42    | -0.94%   |
| Dow Jones | 34441         | 34518          | -77    | -0.22%   |
| Nasdaq    | 14970         | 15191          | -221   | -1.46%   |
| FTSE      | 7732          | 7660           | 71     | 0.93%    |
| CAC       | 7331          | 7282           | 49     | 0.67%    |
| DAX       | 15782         | 15664          | 117    | 0.75%    |

\* Prev. Close 5pm IST

## Market Roundup

- ▶ The Indian rupee may head toward its record low after the dollar strengthened following signals the Federal Reserve will keep longer-term rates elevated for some time to come. Spot USDINR fell 0.2% to 83.0813 on Wednesday. The strong CNY fixing today doesn't look enough to counter the narrative of a stronger dollar, as the market still needs concrete plans from policymakers on ways to revive the Chinese economy.
- ▶ The Implied opening from forwards suggests the spot may start trading around 83.15 from the previous 83.08. The technical set-up for the pair remains bullish. It may cross the record high of 83.29 in the coming days, while on the lower side 82.90 will act as strong support.
- ▶ Stocks in Asia fell and the dollar strengthened Thursday after the Federal Reserve signaled interest rates will be higher for longer.
- ▶ The Fed held its target range at 5.25% to 5.5%, while updated quarterly projections showed 12 of 19 officials favoured another rate hike in 2023. Policymakers also see less easing next year, with the median forecast for the federal funds rate at 5.1% by year-end, up from 4.6% when projections were last updated in June.
- ▶ With the Federal Reserve confirming its commitment to higher-for-longer interest rates, the US dollar should continue to outperform its G10 counterparts. The dot plots suggest the Fed funds rate will be at 5.625% by the end of 2023 and fall only 50bps in 2024. This means that short-end rate differentials position the dollar as the higher-yielding currency.
- ▶ The dollar rallied against major currencies but was flat against the yen, which traded around 148 per dollar after weakening on Wednesday to the lowest level since November. Japanese Yen's one-day implied volatility surges to its highest level since July 28 as investors factor in the risk posed by Friday's BOJ interest rate decision.
- ▶ Sterling falls to its lowest level versus the dollar since April 3 as investors position themselves ahead of BOE's interest rate decision later Thursday. After UK inflation unexpectedly slowed, traders pared bets on further tightening steps by the Bank of England, with the market pricing a 50% chance of a quarter-point hike later today.

USDINR Sept Futures Daily Chart



Technical Observations:

- ▶ USDINR Sept fut. erased the previous day's gain but managed to close above 10 DEMA.
- ▶ The pair has strong support at 82.95, the 21 DEMA, which coincides with the upward-sloping trendline.
- ▶ Momentum Oscillator, RSI of 14 days period is pierced above 50.
- ▶ DMI is strengthening with +DI placed well above -DI.
- ▶ Short buildup has been seen as the price fell while the open interest rose.
- ▶ **Short Term Trend: Bullish**
- ▶ **Expected Trading Range: 83 to 83.40**
- ▶ **Intraday Recommendation: Buy USDINR Sept. fut. At 83.15 & 83.10 SL 83.00 Target 83.40**

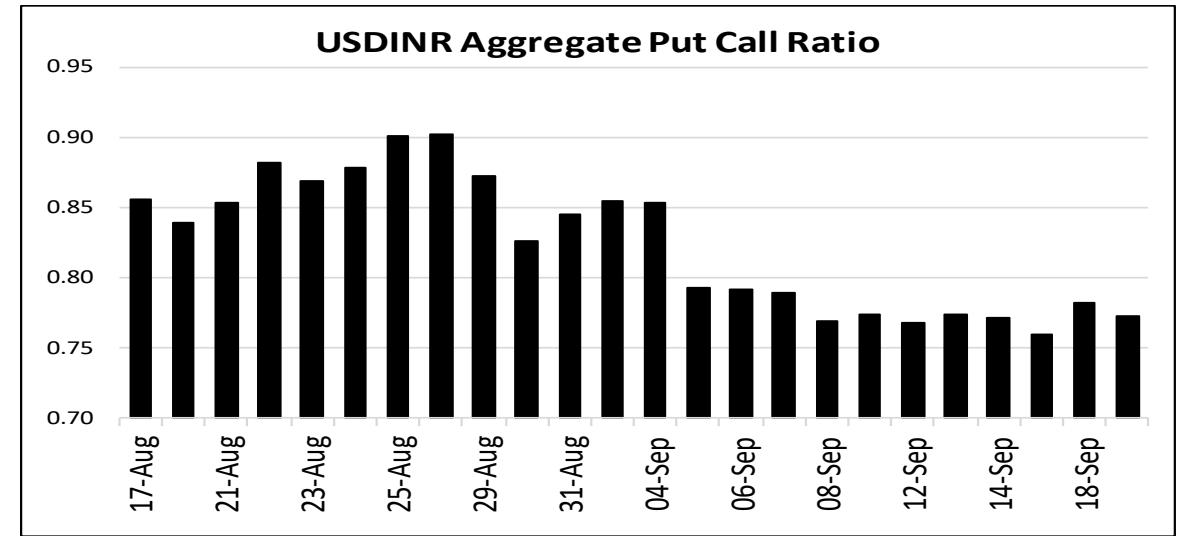
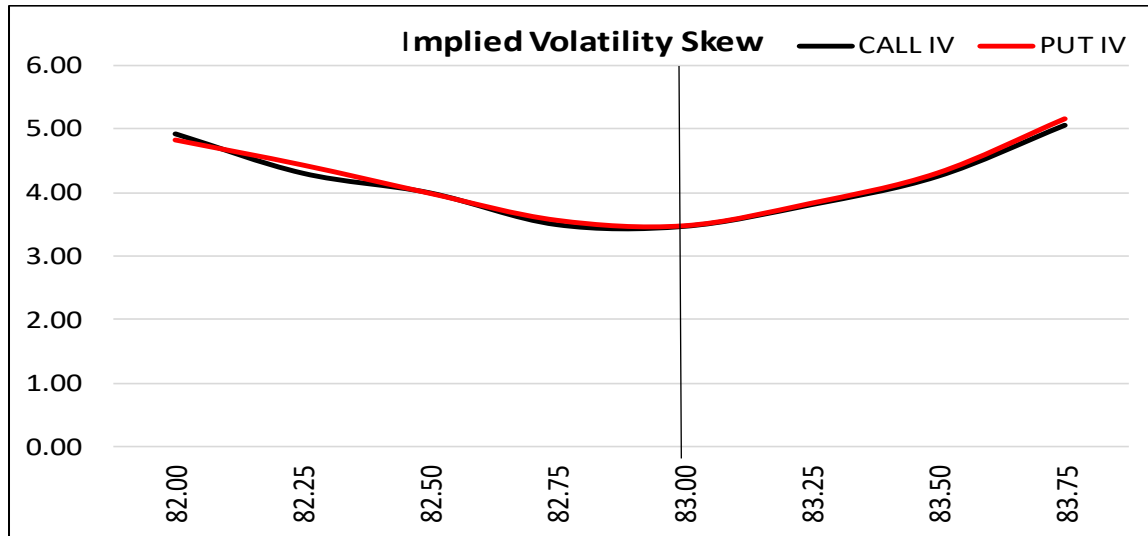
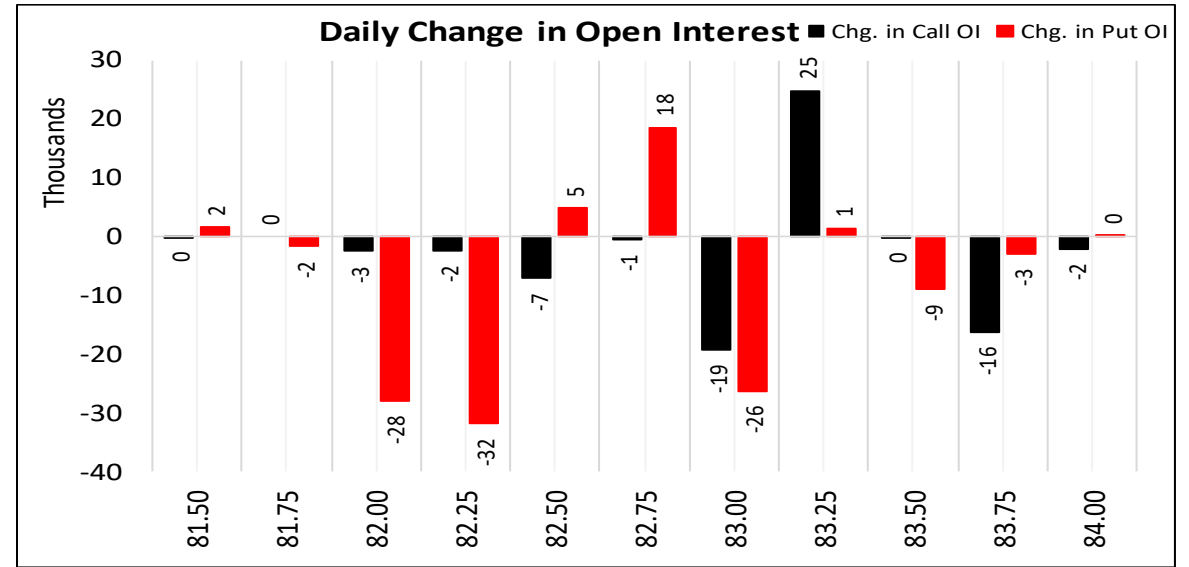
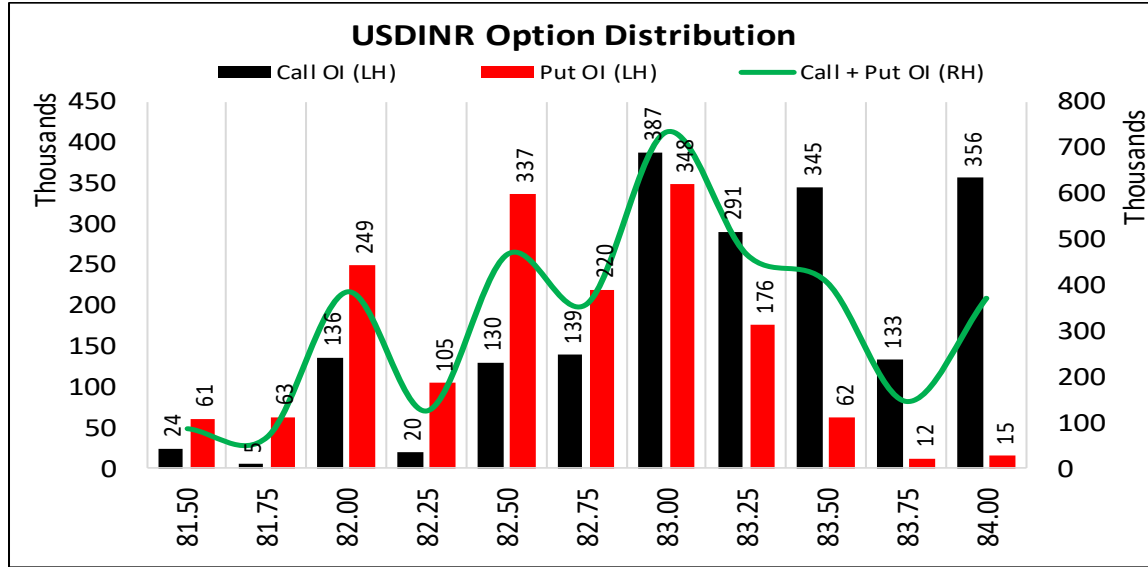
**Currency Derivative Price Actions**

| Currency Pair  | Open     | High     | Low      | Close    | % Change | Open Interest | % Chg. in OI | Agg. OI   | % Chg. In Agg. OI | Volume    | % Chg. Volume |
|----------------|----------|----------|----------|----------|----------|---------------|--------------|-----------|-------------------|-----------|---------------|
| USDINR Sep Fut | 83.2925  | 83.3000  | 83.0625  | 83.1225  | -0.28%   | 3,631,063     | 3.0%         | 6,450,080 | 9.2%              | 3,057,226 | 33.9%         |
| EURINR Sep Fut | 88.9800  | 89.0900  | 88.8800  | 88.9975  | 0.03%    | 114,258       | -0.8%        | 185,358   | 2.8%              | 107,613   | 20.1%         |
| GBPINR Sep Fut | 103.1500 | 103.2375 | 102.7000 | 102.8200 | -0.51%   | 200,164       | 8.7%         | 297,760   | 11.4%             | 277,256   | 52.9%         |
| JPYINR Sep Fut | 56.5050  | 56.5050  | 56.2375  | 56.3025  | -0.48%   | 140,223       | 0.4%         | 169,396   | 3.6%              | 39,409    | -1.0%         |
|                |          |          |          |          |          |               |              |           |                   |           |               |
| EURUSD Sep Fut | 1.0681   | 1.0712   | 1.0680   | 1.0708   | 0.35%    | 1,135         | -1.7%        | 1,141     | -1.7%             | 88        | 49.2%         |
| GBPUSD Sep Fut | 1.2379   | 1.2379   | 1.2341   | 1.2373   | -0.22%   | 733           | -32.5%       | 733       | -32.5%            | 802       | 1504.0%       |
| USDJPY Sep Fut | 147.48   | 147.75   | 147.48   | 147.60   | 0.19%    | 1,716         | -5.8%        | 1,822     | -5.5%             | 145       | 1015.4%       |

**Technical Levels**

| Currency Pair  | Close  | Pivot  | Supt.3 | Supt.2 | Supt.1 | Resi.1 | Resi.2 | Resi.3 | 5 DMA  | 20 DMA | RSI   |
|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| USDINR Sep Fut | 83.12  | 83.16  | 82.69  | 82.92  | 83.02  | 83.26  | 83.40  | 83.64  | 83.15  | 82.97  | 55.04 |
| EURINR Sep Fut | 89.00  | 88.99  | 88.57  | 88.78  | 88.89  | 89.10  | 89.20  | 89.41  | 89.02  | 89.42  | 38.96 |
| GBPINR Sep Fut | 102.82 | 102.92 | 101.84 | 102.38 | 102.60 | 103.14 | 103.46 | 103.99 | 103.32 | 104.09 | 30.78 |
| JPYINR Sep Fut | 56.30  | 56.35  | 55.81  | 56.08  | 56.19  | 56.46  | 56.62  | 56.88  | 56.46  | 56.78  | 32.47 |
|                |        |        |        |        |        |        |        |        |        |        |       |
| EURUSD Sep Fut | 1.0708 | 1.0700 | 1.0636 | 1.0668 | 1.0688 | 1.0720 | 1.0732 | 1.0764 | 1.0706 | 1.0777 | 37.97 |
| GBPUSD Sep Fut | 1.2373 | 1.2364 | 1.2288 | 1.2326 | 1.2350 | 1.2388 | 1.2402 | 1.2440 | 1.2428 | 1.2545 | 28.87 |
| USDJPY Sep Fut | 147.60 | 147.61 | 147.07 | 147.34 | 147.47 | 147.74 | 147.88 | 148.15 | 147.24 | 146.15 | 69.86 |

USDINR Sept Month Option Charts



**Disclosure:**

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