

Date: September 27, 2023

## Trend for the Day:

USDINR: 83.22 ↓

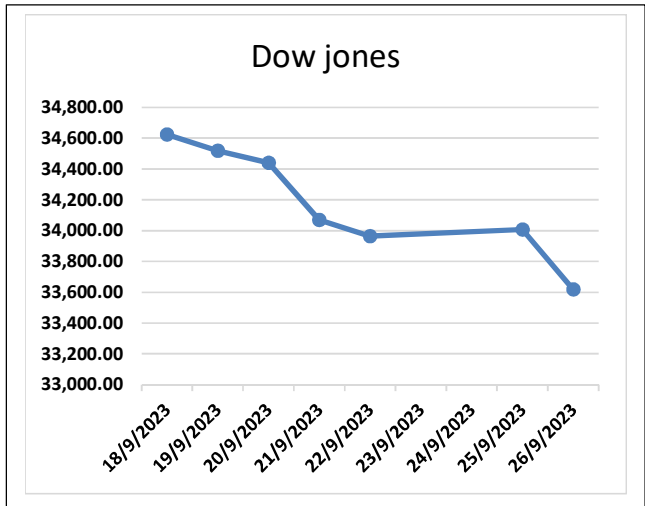
EURINR: 87.89 ↓

GBPINR: 101.08 ↓

JPYINR: 55.84 ↓

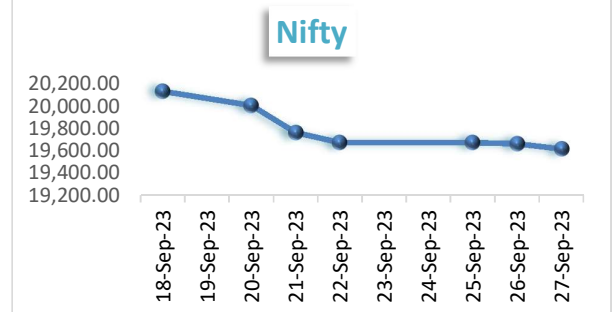
## Global Market

- **US Market:** Wall Street's main indices ended down over 1 percent on Tuesday as 10-year Treasury yields held their multi-year highs, with investors still wrestling with prospects for a long period of high-interest rates and the economic fallout. The Dow Jones Industrial Average fell 388.00 points, or 1.14 percent, to 33,618.88, the S&P 500 lost 63.91 points, or 1.47 percent, to 4,273.53 and the Nasdaq Composite dropped 207.71 points, or 1.57 percent, to 13,063.61.
- **Asian Markets:** Asia stocks traded mixed as benchmark US Treasury yields hit multi-year highs. The MSCI's broadest index of Asia-Pacific shares outside Japan was flat, down 0.01 per cent. Japan's Nikkei dropped 0.56 per cent; Australia's ASX 200 shed 0.23 per cent; New Zealand's DJ declined 0.33 per cent; China's Shanghai gained 0.28 per cent; Hong Kong's Hang Seng surged 0.80 per cent; South Korea's Kospi fell 0.31 per cent.



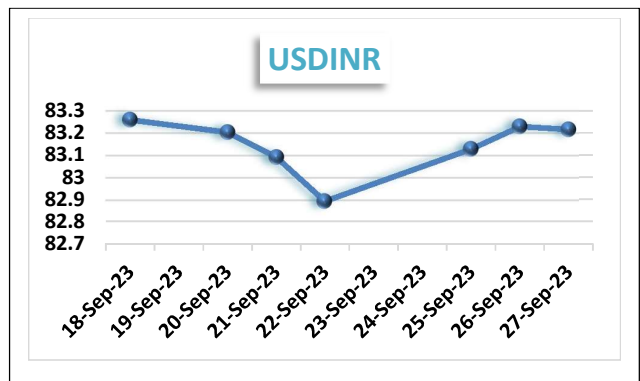
## Domestic Market

- **Indian Benchmarks:** Today, NSE Nifty 50 and Sensex traded down to 19,616.50 and 65,742.91 levels due to negative global cues.
- **FII and DII:** On Tuesday, Foreign institutional investors (FII) sold shares worth Rs 693.47 crore, while domestic institutional investors (DII) bought Rs 714.75 crore worth of stocks on September 26, provisional data from the National Stock Exchange (NSE) showed.



## Currency Market

- **USDINR:** USDINR opened little changed at Rs. 83.23/\$ on Wednesday compared to its previous close at Rs. 83.24/\$ level on Tuesday due to a firm greenback and higher crude oil prices.
- **Dollar Index:** The US dollar index which tracks the greenback against a basket of its peers surged at 106.24 on Wednesday after the Consumer confidence outcome was lower, but house prices rose despite high mortgage rates which led the



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investors to wrestle with prospects for a long period of high interest rates.

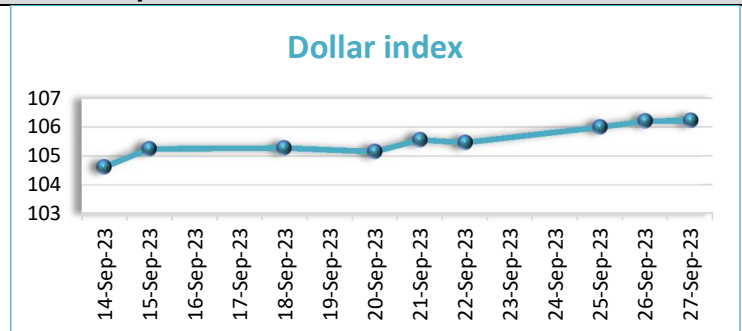
- **Crude Oil:** Crude Oil prices surged and hovered around the 95 levels at \$94.95/barrel on Wednesday as markets focused on supply tightness heading into winter and a 'soft landing' for the US economy.

#### Other Major Pairs

- **EURUSD:** The EURUSD tumbled below 1.0600 level to 1.0558 due to the stronger dollar index after the higher housing data release. This week on Friday, Europe's CPI data release is scheduled which will drive the Euro further. Currently, the inflation is at 5.2%. The EURUSD may remain in the range between 1.0540 and 1.0580 levels.
- **GBPUSD:** GBPUSD traded down to the 1.2147 level on Wednesday weighed by the firm dollar index. This week, on Friday, the UK's GDP data outcome is scheduled which will be the major event from the UK that will drive the British Pound. The GBPUSD may remain in the range of 1.2130 -1.2170.
- **USDJPY:** The Japanese Yen extended its losses to 149.05 against the dollar index, on Wednesday, weighed by the surge in the dollar index. JPY is being hammered each day on the lack of policy support from BOJ. It is widely expected that 150 will be level on USDJPY where BOJ may intervene. Tomorrow, Japan's inflation data and Unemployment data are the two major data releases that will drive the Japanese Yen. The USDJPY might remain in the range of 148.90 – 149.30.

#### Domestic Currency Pairs

Futures	Close	% Change
EURINR	88.47	0.1783%
GBPINR	101.8	0.0983%
JPYINR	56.0075	-0.0089%
USDINR	83.14	0.2079%



#### Upcoming major events

Date	Time(IST)	Currency	Data & Evts	Actual	Forecast	Previous
26-Sep	7.30PM	US	CB Consumer Confidence	-	105.5	106.1
26-Sep	7.30PM	US	New Home Sales MoM	-	4.40%	-1.70%
28-Sep	6.00PM	US	GDP Growth Rate QoQ Final	-	2.10%	2.00%
28-Sep	6.00PM	US	Initial Jobless Claims	-	205K	201K
29-Sep	5.30PM	IND	Infrastructure Output YoY A	-	7.00%	8.00%
29-Sep	5.30PM	IND	Current Account	-	\$ -8.0B	\$-1.3B
29-Sep	5.30PM	IND	External Debt	-	\$615B	\$624.7B

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## USD/INR Outlook &amp; Strategy

The domestic currency pair USD/INR has been consolidating since October 2022 and as the prospects for further policy tightening by the Federal Reserve (Fed) continue to push the US Treasury bond yields higher and underpin the US Dollar (USD). Technically the USDINR pair has posted gains on Tuesday's trading sessions and the weekly chart structure on USDINR is suggesting the 83.00 mark could now be seen as a buying opportunity. The momentum indicators are signaling consolidation mode with positive bias. The support for the currency pair (27<sup>th</sup> Oct 2023 Expiry) will be seen at 83.29/83.24/83.10 levels. Break down of 83.10 can test at 82.94/82.58/82.28 levels. On the higher side, the immediate resistance will be at 83.60-84.10 levels. Technically the overall short-term trend on USDINR is likely to remain positive and traders are advised to apply buy on dips strategy for short term gains



## ➤ OUTLOOK:

In the short term, the Indian rupee may stay in the depreciating zone against the US dollar weighed by a firm greenback, multi-year high US yields, and higher crude oil prices. Worries about the coming September 30<sup>th</sup> deadline on government spending in the US is keeping markets jittery. If the deadline passes without Congress passing the spending bill, the US government will be shut down, creating some uncertainty for the markets.

## ➤ RECOMMENDATION:

The above factors could influence the USDINR pair, which could range **between 83.00 and 83.40 levels**. Exporters are advised to cover long-term hedges around the levels of **83.40 and beyond**. For Importers, it is advised to cover near-term payable around **83.00 levels**.

## Today's Currency Trading Strategy

Currency Futures	Expiry	Action	Entry	Target	Stop loss
USD/INR	27th October 2023	Buy	above 83.40	83.60	83.28
EUR/INR	27th October 2023	Buy	above 88.80	89.28	88.07
GBP/INR	27th October 2023	Buy	above 101.79	102.49	101.47

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## Day Trading Guide – Support & Resistance

Pair	LTP	S2	S1	Pivot	R1	R2
EURINR	88.495	88.1467	88.3208	88.4317	88.6058	88.7167
GBPINR	101.665	101.3850	101.5250	101.6575	101.7975	101.9300
JPYINR	56.4125	56.2558	56.3342	56.3908	56.4692	56.5258
USDINR	83.385	83.1933	83.2892	83.3483	83.4442	83.5033

**Date: September 27, 2023****Currency Research Desk**

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