

January 10, 2019

Daily Currency outlook

Recommendation in the report						
Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	January futures	Buy	70.44	70.80	70.28	1 day

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Currency	Action
-	-

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Spot Currency

Currency	Close	Pvs. Close	% Change
US\$INR	70.47	70.20	0.39
Dollar index	95.22	95.90	-0.71
EUR-US\$	1.1543	1.1441	0.89
GBP-US\$	1.2789	1.2717	0.57
US\$-JPY	108.17	108.75	-0.53
AUD-US\$	0.7170	0.7140	0.42
US\$-CHF	0.9744	0.9813	-0.70

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	23879	23787	0.39
Nasdaq	6601	6552	0.75
FTSE	6907	6862	0.66
DAX	10893	10804	0.83
HangSang	26322	26462	-0.53
Nikkei	20142	20427	-1.40
SGX Nifty	10901	10876	0.23

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee sustained losses for yet another session as rising worries over fiscal slippage weighed. It is expected to open lower today even as the US\$ remains subdued against major currencies
- The dollar declined against major currencies as Euro and GBP continued to gain amid dovish Fed minutes. Signs that interest rates in the US may not rise as fast as expected has provided relief to major as well as EM currencies. We expect the Euro to rise but the Brexit deal vote next week in UK Parliament remains a crucial trigger for the Euro and GBP in the near term

- The winning streak of equity benchmarks endured over a fourth consecutive session, fuelled by positive global cues. The Nifty ended the session at 10855, up 53 points or 0.5%
- Broader markets underperformed as the Nifty midcap and small caps lost 0.1% and 0.2%, respectively. As a result, the market breadth turned negative with A/D ratio of 1:1.45

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	NA	7.53	NA
US 10-yr	2.71	2.73	-0.66
Eur 10-yr	0.22	0.23	-3.10
UK 10-yr	1.26	1.27	-1.02
JPY 10-yr	0.03	0.01	166.67

Commodities

	Close	Pvs. Close	% Change
Gold	1294	1285	0.64
Copper	265.7	265.6	0.04
Brent	61.4	58.7	4.63

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	3430	4147	-717
Debt	763	1567	-804

- Sovereign bond yields rose recently tracking a recovery in oil prices as well as concerns over fiscal slippage ahead of general elections this year
- US treasury yields declined as investors cheered the Fed minutes, which hinted that the Fed may not raise interest rates as fast as expected earlier

- Gold gained as the US dollar slumped yesterday. We expect gold to further rise amid declines in US yields as well as dovish fed minutes
- Oil extended sharp gains yesterday as the US\$ declined while progress over US-China trade talks further improved sentiment. Growing optimism over Opec oil cuts is also supporting prices

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 1521 crore on January 8, 2019
- FIIs have been net sellers of the more than ₹ 2211 crore in January 2019

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	chng (%)	
					OI	Vol
January	70.64	0.40	1512716	2395584	-6.13	11.17
February	70.85	0.40	382443	302251	5.07	32.71
Jan-Feb	-0.21	-	-	2093333	-	87.38
Feb -Mar	-0.21	-	-	284730	-	94.20

- The dollar-rupee January contract on the NSE was at 70.64 in the previous session. January contract open interest declined 6.13% in the previous session
- We expect the US\$INR to find supports at lower levels. Utilise downsides in the pair to initiate long positions

Pivot levels

Futures	Pivot	S1	S2	R1	R2
US\$INR (Jan)	70.49	70.20	69.75	70.94	71.23
US\$INR (Feb)	70.74	70.47	70.09	71.12	71.38
EURINR (Jan)	80.92	80.57	80.12	81.37	81.71
EURINR (Feb)	81.36	81.05	80.67	81.74	82.05
GBPINR (Jan)	89.94	89.50	89.02	90.43	90.86
GBPINR (Feb)	90.32	89.89	89.40	90.80	91.23
JPYINR (Jan)	64.84	64.60	64.25	65.19	65.43
JPYINR (Feb)	65.18	64.96	64.67	65.46	65.68

US\$INR Strategy

US\$INR January futures contract (NSE)

Buy US\$ in the range of 70.40 -70.48 Market Lot: US\$1000

Target: 70.75 / 70.85 Stop Loss: 70.28

Support Resistance

S1/ S2: 70.65 / 70.45 R1/R2:70.80 /71.0

*Recommendation initiation message shall be broadcasted on iclick2gain at relevant prices

US\$INR Spot



INR Currecy (Indian Rupee Spot) US\$INR Spot Daily 28MAY2016-10JAN2019 Copyright© 2019 Bloomberg Finance L.P. 10-Jan-2019 08:17:22

Strategy Update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
9-Jan-19	US\$INR	Sell future	70.64	70.45	70.76	-120	Exit in loss

Open Recommendations

Date	Currency	Product	Strategy	Recommendation price	Target	Stoploss	Time frame
1/9/2019	US\$INR	Monthly currency	Sell US\$Inr	70.60	69.60	71.55	1 month

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