

June 12, 2019

Daily Currency outlook

Recommendation in the report						
Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	June futures	Buy	69.45	69.75	69.28	1 day

Other Product offerings

Monthly Currency and
Thematic reports

Currency	Action
US\$INR	Sell

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Spot Currency

Currency	Close	Pvs. Close	% Change
US\$-INR	69.45	69.65	-0.29
Dollar index	96.69	96.76	-0.08
EUR-US\$	1.1326	1.1312	0.12
GBP-US\$	1.2725	1.2685	0.32
US\$-CNY	6.9114	6.9311	-0.28
US\$-JPY	108.52	108.45	0.06
US\$-CHF	0.9924	0.9898	0.26

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	26049	26063	-0.05
S & P 500	2886	2887	-0.03
FTSE	7398	7376	0.31
DAX	12156	12045	0.92
HangSang	27449	27789	-1.23
Nikkei	21213	21204	0.04
SGX Nifty	11964	11981	-0.14

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee reversed previous losses to end almost 20-paise higher vs. the US\$ as the dollar weakened against major currencies and CNY also recovered. It is expected to open mildly changed today while moves in the CNY remain crucial triggers for EM currencies in the backdrop of consolidation seen in the dollar
- The Dollar Index was slightly lower against major currencies on the back of profit booking. For EM currencies, Chinese Yuan move remains a key factor. Currently, it is trading near 6.9155. However, as trade tensions continue to simmer, a move towards 7 cannot be ruled out. In that scenario, all EM currencies, including the rupee, may see some depreciation

- Equity benchmarks extended gains over a third consecutive session and ended at 11966, up 43 points or 0.4%
- Broader markets saw a mixed bag performance as the Nifty Midcap rose 0.7% while small cap gained just 0.1%. The market breadth remained slightly in favour of declines with A/D ratio of 1:1.2 underpinned by below average turnover of ₹ 28800 crore

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	7.04	7.08	-0.55
US 10-yr	2.14	2.15	-0.25
Eur 10-yr	-0.23	-0.22	5.94
UK 10-yr	0.86	0.84	2.38
JPY 10-yr	-0.11	-0.12	-8.40

Commodities

	Close	pvs close	% change
Gold	1327	1328	-0.09
Copper	267.2	266.2	0.38
Brent	62.3	62.3	0.00

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	3761	3440	320
Debt	3271	1485	1786
Net			2106

- Sovereign benchmark treasury yields fell to 7.04% tracking mild profit booking in oil prices as well as hopes of monsoon recovery. Also, market participants would remain cautious ahead of the domestic budget.
- US treasury yields witnessed a mild cool off to 2.14% yesterday. Market sentiment remains cautious ahead of G-20 meeting with focus on development on the trade war front.

- Gold witnessed profit booking tracking ranged moves in most assets. A near term weakness in the US\$ is likely to be a key boost for gold amid safe haven buying.
- Oil closed almost unchanged yesterday. However, it is currently trading almost 1.4% lower ahead of weekly inventory data. EIA report is likely to witness a drawdown of almost 0.71 mb against the previous week's addition of 6.7 mb.

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 2106 crore on June 10, 2019.
- FIIs have been net buyers of more than ₹ 8095 crore in June 2019.

Currency futures on NSE

Contracts	LTP	chnng (%)	OI	Vol	(%) change	
					OI	Vol
June	69.57	-0.28	1407191	1335202	-5.49	6.04
July	69.81	-0.29	366371	197321	11.07	19.36
June - July	-0.24	-	-	1137881	-	85.22
July - August	-0.22	-	-	177101	-	89.75

- The dollar-rupee June contract on the NSE was at 69.57 in the previous session. June contract open interest declined 5.49% in the previous session
- We expect the US\$INR to find supports at lower levels. Utilise the downsides in the pair to initiate long positions

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (June)	69.36	69.47	69.57	69.67	69.77
US\$INR (July)	69.63	69.72	69.81	69.90	69.99
EURINR (June)	78.66	78.74	78.81	78.90	78.97
EURINR (July)	79.10	79.19	79.27	79.35	79.43
GBPINR (June)	88.01	88.23	88.42	88.63	88.82
GBPINR (July)	88.46	88.67	88.86	89.08	89.27
JPYINR (June)	63.90	63.99	64.09	64.18	64.28
JPYINR (July)	64.27	64.35	64.45	64.53	64.63

US\$INR Strategy

US\$INR June futures contract (NSE)

Buy US\$ in the range of 69.43 -69.47	Market Lot: US\$1000
Target: 69.70 / 69.80	Stop Loss: 69.28
Support	Resistance
S1/ S2: 69.45 / 69.30	R1/R2:69.65 / 69.75

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

US\$INR Spot



Strategy Update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
11-Jun-19	US\$INR	Buy US\$INR	69.58	69.90	69.42	0	Not initiated

Open Recommendations



Date	Currency	Product	Strategy	Recommendation price	Target	Stoploss	Time frame
6/4/2019	US\$INR	Positional Currency	Bear Put strategy	0.42	1.00	0.04	Till June expiry

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