

June 13, 2019

Daily Currency outlook

Recommendation in the report						
Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	June futures	Buy	69.42	69.75	69.26	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	69.35	69.45	-0.15
Dollar index	97.00	96.69	0.32
EUR-US\$	1.1287	1.1326	-0.34
GBP-US\$	1.2689	1.2725	-0.28
US\$-CNY	6.9177	6.9114	0.09
US\$-JPY	108.50	108.52	-0.02
US\$-CHF	0.9955	0.9924	0.31

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	26005	26049	-0.17
S & P 500	2880	2886	-0.20
FTSE	7368	7398	-0.42
DAX	12116	12156	-0.33
HangSang	26917	27308	-1.43
Nikkei	20943	21130	-0.88
SGX Nifty	11901	11926	-0.21

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee extended gains for another session to end almost 10-paise higher vs. the US\$ amidst weakness in oil prices and domestic yields cool off. It is expected to open mildly weaker today while moves in the CNY remain crucial trigger for EM currencies in the backdrop of consolidation seen in the dollar
- The Dollar Index was slightly higher against major currencies tracking higher real average earnings growth. However US May CPI fell to 1.8% v/s expectation of 1.9% which weighed on yields. For EM currencies, Chinese Yuan moves remains a key factor. Currently, it is trading near 6.9180. However, as trade tensions continue to simmer, a move towards 7 cannot be ruled out.

- Equity benchmarks snapped three sessions winning spree as Nifty dropped 59 points or 0.5% to end the session at 11906.
- The market breadth remained in favour of declines with A/D ratio of 1:1.5. Key point to highlight, during last two weeks consolidation NSE cash turnover has remained below 10 days average (35000 cr.), currently placed at 26000 cr., indicating lack of broader market participation

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	7.01	7.04	-0.36
US 10-yr	2.12	2.14	-1.05
Eur 10-yr	-0.24	-0.23	1.72
UK 10-yr	0.87	0.86	0.93
JPY 10-yr	-0.11	-0.11	1.83

Commodities

	Close	pvs close	% change
Gold	1334	1327	0.51
Copper	265.4	267.2	-0.66
Brent	60.0	62.3	-3.72

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	4419	4118	302
Debt	1155	723	432
Net			733

- Sovereign benchmark treasury yields fell to 7.01% tracking weakness 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 2.12% yesterday . Market sentiment remains cautious ahead of G-20 meeting with focus on development on the trade war front

- Gold staged recovery defying the dollar strength as yield cool off provided tail winds. A near term move in the US\$ is likely to be a key boost for gold amid safe haven buying
- Oil fell sharply by over 3.7% and is currently near \$60/bl. EIA weekly oil report showed US inventory rising by 2.2 mb as against expectation of decline of 0.71 mb

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 733 crore on June 11, 2019
- FIIs have been net buyers of more than ₹ 8829 crore in June 2019

Currency futures on NSE

Contracts	LTP	chnng (%)	OI	Vol	(%) change	
					OI	Vol
June	69.47	-0.15	1413689	1160044	0.46	-13.12
July	69.72	-0.13	395379	135408	7.92	-31.38
June - July	-0.25	-	-	1024636	-	88.33
July - August	-0.22	-	-	118110	-	87.23

- The dollar-rupee June contract on the NSE was at 69.47 in the previous session. June contract open interest increased 0.46% 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)	69.29	69.38	69.47	69.56	69.65
US\$INR (July)	69.55	69.63	69.72	69.81	69.90
EURINR (June)	78.58	78.67	78.79	78.88	79.01
EURINR (July)	79.03	79.12	79.24	79.33	79.46
GBPINR (June)	88.22	88.37	88.52	88.67	88.82
GBPINR (July)	88.64	88.80	88.96	89.13	89.29
JPYINR (June)	64.02	64.09	64.17	64.24	64.31
JPYINR (July)	64.36	64.44	64.52	64.59	64.67

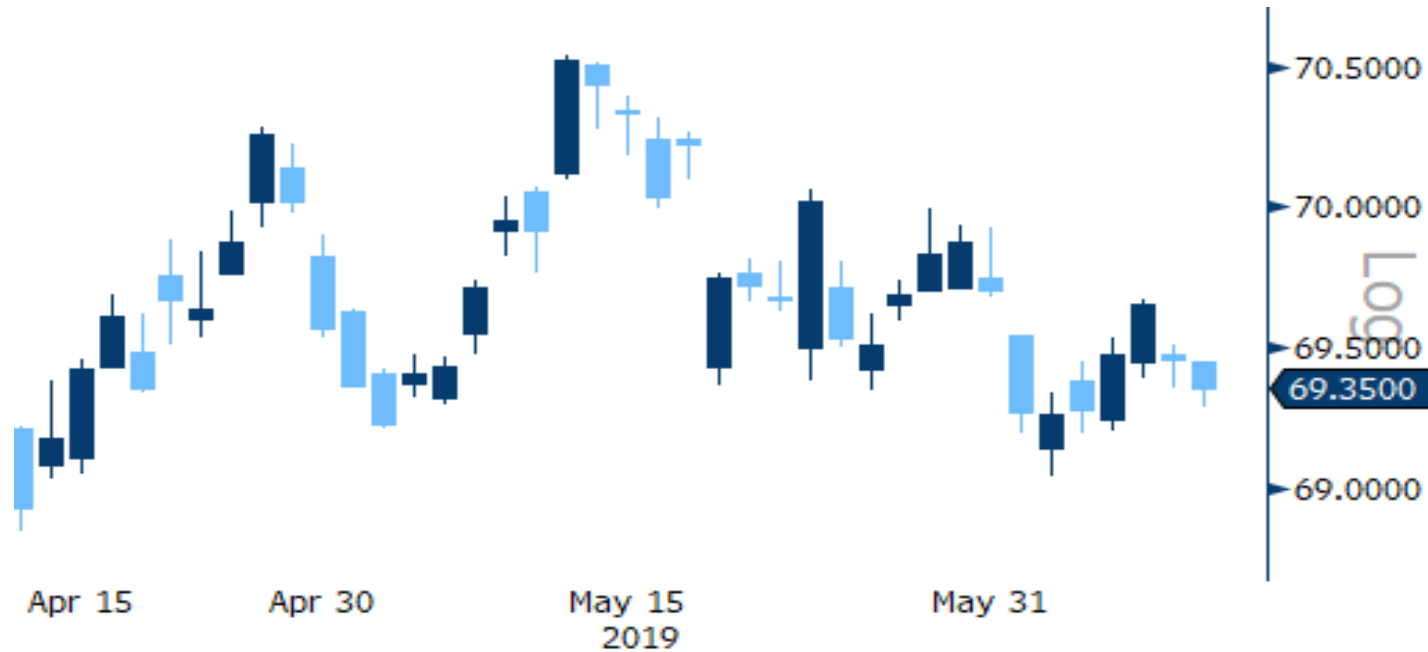
US\$INR Strategy

US\$INR June futures contract (NSE)

Buy US\$ in the range of 69.40 -69.44	Market Lot: US\$1000
Target: 69.70 / 69.80	Stop Loss: 69.26
Support	Resistance
S1/ S2: 69.40 / 69.25	R1/R2:69.60 / 69.75

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

US\$INR Spot



INR Curncy (Indian Rupee Spot) US\$INR Spot Daily 25MAR2018-13JUN2019 Copyright© 2019 Bloomberg Finance L.P. 13-Jun-2019 08:05:46

Strategy Update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
12-Jun-19	US\$INR	Buy US\$INR	69.45	69.75	69.28	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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