

May 16, 2019

Daily Currency outlook

Recommendation in the report						
Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	May futures	Buy	70.24	70.55	70.08	1 day

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-	-

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Spot Currency

Currency	Close	Pvs. Close	% Change
US\$INR	70.34	70.44	-0.15
Dollar index	97.57	97.53	0.04
EUR-US\$	1.1201	1.1204	-0.03
GBP-US\$	1.2845	1.2905	-0.46
US\$-JPY	109.60	109.61	-0.01
AUD-US\$	0.6928	0.6944	-0.23
US\$-CHF	1.0087	1.0087	0.00

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	25648	25532	0.45
S & P 500	2851	2834	0.58
FTSE	7297	7242	0.76
DAX	12100	11992	0.90
HangSang	28279	28269	0.04
Nikkei	21021	21189	-0.79
SGX Nifty	11185	11162	0.21

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee extended gains for a second consecutive session as soothing trade war sentiment as well as soft US\$ supported gains. It is expected to open further stronger today. However, adverse April trade balance at a six-month high of \$15.3 billion as well as strength in oil prices are expected to cap runaway appreciation
- The Dollar Index was mildly higher yesterday even as most currencies remained in a narrow range. US-China trade war worries are keeping forex markets on the boil. Chinese Yuan is consolidating near 6.88 levels. Move in CNY holds key for a move in EM currencies

- Equity benchmarks ended a volatile session on a subdued note as the Nifty pared intraday gains and fell 65 points or 0.6% to settle at 11157
- Broader markets relatively underperformed the benchmarks as the Nifty midcap, small cap lost 0.7%, 1.2%, respectively. The market breadth turned negative with A/D ratio of 1:1.7

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	7.38	7.38	0.03
US 10-yr	2.37	2.41	-1.54
Eur 10-yr	-0.10	-0.07	40.00
UK 10-yr	1.07	1.11	-3.35
JPY 10-yr	-0.05	-0.05	2.00

Commodities

	Close	pvs close	% change
Gold	1296	1297	-0.03
Copper	275.4	273.5	0.69
Brent	71.8	71.2	0.74

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	4679	6637	-1958
Debt	2061	960	1101
Net			-857

- Sovereign benchmark treasury yields remained unchanged at 7.38% on Wednesday. Yields remain in a range in the backdrop of gradual rising oil prices but subdued global yields
- US treasury yields fell to 2.37% even as the US President's move to effectively constrain Chinese giant Huawei comes at a fragile time. China has retaliated with punitive tariffs while the US is readying the list of \$325 billion worth of Chinese imports into the US for further up to 25% tariffs

- Gold witnessed mild profit booking on Wednesday even as worsening risk sentiment has supported safe haven buying. A near term move in the US\$ is likely to be a key trigger for gold
- Oil posted gains of over 0.74% on Wednesday even though a US report showed addition to inventories. US weekly report showed addition of 5.41 mb against previous week's drawdown of 3.96 mb

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 857 crore on May 14, 2019
- FIIs have been net sellers of more than ₹ 5068 crore in May 2019

Currency futures on NSE

Contracts	LTP	chnng (%)	OI	Vol	(%) change	
					OI	Vol
May	70.46	-0.19	2004558	1316494	-2.08	-20.28
June	70.70	-0.19	894129	191868	5.20	-9.26
May-June	-0.25	-	-	1124626	-	85.43
June - July	-0.27	-	-	179782	-	93.70

- The dollar-rupee May contract on the NSE was at 70.46 in the previous session. May contract open interest declined 2.08% 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 (May)	70.19	70.32	70.43	70.56	70.67
US\$INR (June)	70.31	70.51	70.74	70.94	71.18
EURINR (May)	78.67	78.82	79.05	79.20	79.43
EURINR (June)	79.14	79.28	79.46	79.60	79.79
GBPINR (May)	90.62	90.81	91.00	91.19	91.38
GBPINR (June)	91.01	91.22	91.46	91.67	91.91
JPYINR (May)	63.79	64.11	64.45	64.78	65.12
JPYINR (June)	64.30	64.54	64.72	64.96	65.14

US\$INR Strategy

US\$INR May futures contract (NSE)

Buy US\$ in the range of 70.22 -70.26

Market Lot: US\$1000

Target: 70.50 / 70.60

Stop Loss: 70.08

Support

Resistance

S1/ S2: 70.30 / 70.15

R1/R2:70.50 /70.60

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

US\$INR Spot



INR Curncy (Indian Rupee Spot) US\$INR Spot Daily 25MAR2018-16MAY2019 Copyright© 2019 Bloomberg Finance L.P. 16-May-2019 08:00:01

Strategy Update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
15-May-19	US\$INR	Buy US\$INR	70.36	70.52	70.23	140	Exit in profit

Open Recommendations



Date	Currency	Product	Strategy	Recommendation price	Target	Stoploss	Time frame
-	-	-	-	-	-	-	-

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