

October 16, 2018

## Daily Currency outlook

Recommendation in the report						
Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	October futures	Sell	74.02	73.75	74.17	1-2 days

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## Spot Currency

Currency	Close	Pvs. Close	% Change
US\$INR	73.82	73.57	0.34
Dollar index	95.06	95.22	-0.17
EUR-US\$	1.1579	1.1560	0.16
GBP-US\$	1.3152	1.3153	-0.01
US\$-JPY	111.77	112.21	-0.39
AUD-US\$	0.7130	0.7114	0.22
US\$-CHF	0.9874	0.9929	-0.55

## Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	25251	25340	-0.35
Nasdaq	7069	7157	-1.24
FTSE	7029	6996	0.48
DAX	11614	11524	0.78
HangSang	25587	25445	0.56
Nikkei	22413	22271	0.64
SGX Nifty	10540	10519	0.19

\*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee ended lower yesterday although it recovered from lows of 74.07 towards the session end. It is expected to open mildly changed today while a five-month low trade deficit at \$13.9 billion is positive for the rupee
- The US\$ was slightly lower on Monday amid geopolitical escalation between the US and Saudi Arabia. This led to safe haven buying in JPY ending higher against dollar and other risk currencies. Traders remain hooked to US economic data for a hint of a slowdown or growth pace to gauge the Fed 's rate hike trajectory

- Equity benchmarks extended gains over a second consecutive session and settled at 10513, up 40 points or 0.4%
- Broader markets outperformed the benchmarks as the Nifty midcap, small cap rose 0.9%, 1.4%, respectively. As a result, market breadth turned positive with AD ratio of 2:1

## Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	7.92	7.98	-0.75
US 10-yr	3.16	3.16	-0.18
Eur 10-yr	0.50	0.50	1.00
UK 10-yr	1.61	1.63	-1.41
JPY 10-yr	0.14	0.15	-4.00

## Commodities

	Close	Pvs. Close	% Change
Gold	1227	1217	0.82
Copper	278.9	280.1	-0.43
Brent	80.8	80.4	0.44

## FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	5550	6373	-823
Debt	872	1597	-725

- Government bonds extended gains as rupee depreciation was contained for now while crude oil prices fall is also positive for domestic debt. Crude has reversed sharply from \$85/bl while a fall in domestic trade deficit in September is positive for the rupee
- US treasury yields were unchanged while investors would be tracking Fed interest rate hike signals amid the recent barrage by the US President over rising interest rates as well as a stronger US\$

- Gold zoomed sharply amid escalating US-China trade war as well as US-Saudi Arabia geo-political disruptions. A consolidating dollar and geopolitical risks could see gold rising
- Crude oil was mildly higher on Monday while overall it may track the US-Saudi Arabia geopolitical rhetoric ahead of US weekly data

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 2664 crore on October 12, 2018
- FIIs have been net sellers to the more than ₹ 26876 crore in October 2018

## Currency futures on NSE

Contracts	LTP	chnng (%)	OI	Vol	chnng (%)	
					OI	Vol
October	73.92	0.30	3251618	2248752	0.31	-18.07
November	74.21	0.30	837400	197664	-0.94	-30.54
Oct-Nov	-0.29	-	-	2051088	-	91.21
Nov-Dec	-0.28	-	-	153571	-	77.69

- The dollar-rupee October contract on the NSE was at 73.92 in the previous session. October contract open interest increased 0.31% in the previous session
- We expect the US\$INR to meet resistance at higher levels. Utilise upsides in the pair to initiate short positions

## Pivot levels

Futures	Pivot	S1	S2	R1	R2
US\$INR (Oct)	73.99	73.77	73.62	74.14	74.36
US\$INR (Nov)	74.27	74.04	73.88	74.44	74.66
EURINR (Oct)	85.78	85.46	85.11	86.13	86.44
EURINR (Nov)	86.23	85.84	85.34	86.73	87.11
GBPINR (Oct)	97.12	96.64	95.84	97.92	98.41
GBPINR (Nov)	97.83	97.53	97.11	98.25	98.54
JPYINR (Oct)	66.22	65.93	65.66	66.49	66.78
JPYINR (Nov)	66.62	66.34	66.11	66.86	67.14

## US\$INR Strategy

### US\$INR October futures contract (NSE)

Sell US\$ in the range of 73.98 -74.06

Market Lot: US\$1000

Target: 73.80 / 73.70

Stop Loss: 74.17

Support

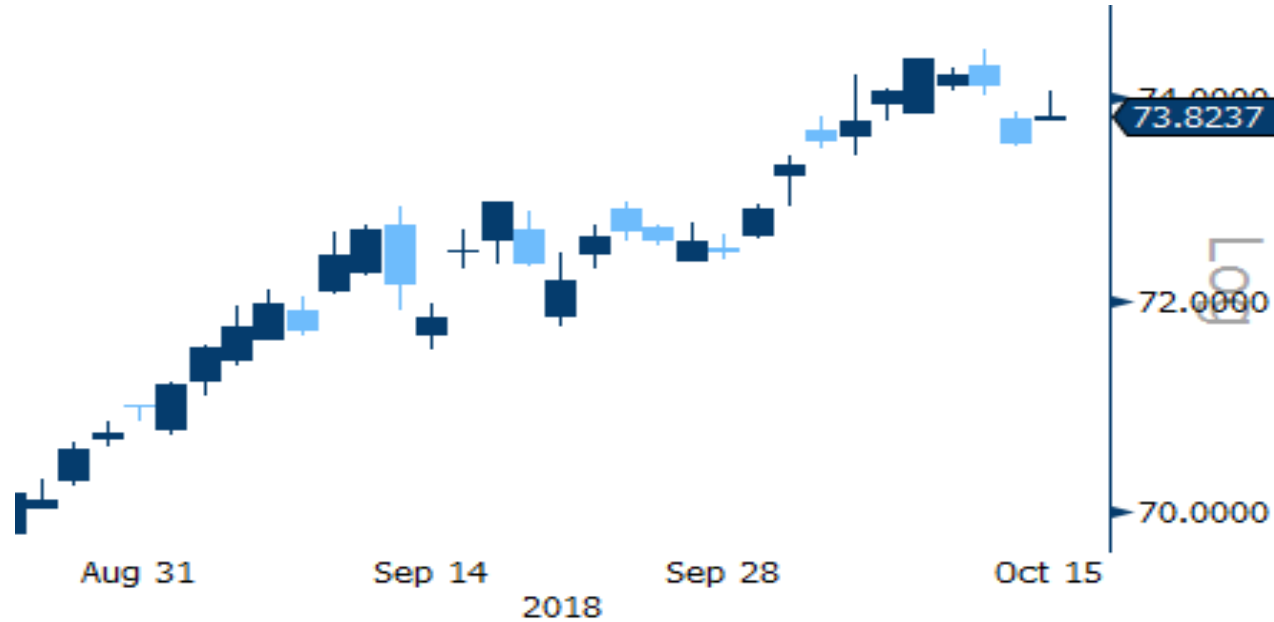
Resistance

S1/ S2: 73.80 / 73.65

R1/R2:74.05 /74.15

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

## US\$INR Spot



INR Currency (Indian Rupee Spot) US\$INR Spot Daily 28MAY2016-16OCT2018  
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Strategy Update							
Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
15-Oct-18	US\$INR	Sell future	73.96	73.81	74.07	-110	Exit in loss

# Open Recommendations



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

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