

May 17, 2019

Daily Currency outlook

Recommendation in the report

Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	May futures	Buy	70.25	70.60	70.08	1 day

Research Analysts

Amit Gupta

amit.gup@icicisecurities.com

Gaurav Shah

Gaurav.shah@icicisecurities.com

Spot Currency

Currency	Close	Pvs. Close	% Change
US\$INR	70.03	70.34	-0.43
Dollar index	97.86	97.57	0.29
EUR-US\$	1.1174	1.1201	-0.24
GBP-US\$	1.2798	1.2845	-0.37
US\$-JPY	109.85	109.60	0.23
AUD-US\$	0.6892	0.6928	-0.52
US\$-CHF	1.0100	1.0087	0.13

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	25863	25648	0.84
S & P 500	2876	2851	0.89
FTSE	7354	7297	0.78
DAX	12310	12100	1.74
HangSang	28214	28275	-0.22
Nikkei	21378	21063	1.50
SGX Nifty	11299	11305	-0.05

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee extended gains for a third consecutive session to end at 70.03, gaining 31-paise vs. US\$. However, it is expected to open lower today tracking overnight gains in the dollar as well as depreciation in Chinese Yuan
- The Dollar Index rose yesterday supported by higher US data. US housing starts data for April jumped to 1235000 units against 1139000 units in March. However, the focus would remain on Chinese Yuan, which has depreciated to 6.90, down over 2.6% since the trade war re-escalated. EM currencies including rupee are likely to remain under pressure as the Chinese yuan continues to depreciate and crosses 7 vs. the US\$

- Equity benchmarks ended another volatile session on a buoyant note as the Nifty rose 100 points or 0.9% to settle for the session at 11257
- Broader markets relatively underperformed the benchmarks as the Nifty midcap, small cap gained 0.3% and 0.6%, respectively

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	7.38	7.38	-0.04
US 10-yr	2.39	2.37	0.89
Eur 10-yr	-0.10	-0.10	-3.06
UK 10-yr	1.07	1.07	0.56
JPY 10-yr	-0.06	-0.05	19.61

Commodities

	Close	pvs close	% change
Gold	1287	1296	-0.75
Copper	275.9	275.4	0.18
Brent	72.6	71.8	1.18

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	4209	5256	-1048
Debt	3897	1339	2558
Net			1510

- Sovereign benchmark treasury yields remained unchanged at 7.38% Yields remain in a range in the backdrop of gradual rising oil prices but subdued global yields
- US treasury yields rose to 2.39% tracking higher US housing data. 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 further profit booking on Thursday 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 1.18% on Tuesday 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 buyers to the tune of ₹ 1510 crore on May 15, 2019
- FIIs have been net sellers of more than ₹ 3558 crore in May 2019

Currency futures on NSE

Contracts	LTP	chnng (%)	OI	Vol	(%) change	
					OI	Vol
May	70.14	-0.45	1915192	1365399	-4.46	3.71
June	70.39	-0.45	913516	194917	2.17	1.59
May-June	-0.25	-	-	1170482	-	85.72
June - July	-0.28	-	-	185752	-	95.30

- The dollar-rupee May contract on the NSE was at 70.14 in the previous session. May contract open interest declined 4.46% 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 (May)	69.87	70.01	70.21	70.35	70.55
US\$INR (June)	70.12	70.25	70.46	70.60	70.81
EURINR (May)	78.41	78.55	78.79	78.92	79.16
EURINR (June)	78.87	78.99	79.22	79.34	79.57
GBPINR (May)	89.39	89.69	90.25	90.55	91.12
GBPINR (June)	89.95	90.20	90.65	90.90	91.35
JPYINR (May)	63.37	63.68	64.23	64.54	65.09
JPYINR (June)	64.07	64.21	64.45	64.60	64.84

US\$INR Strategy

US\$INR May futures contract (NSE)

Buy US\$ in the range of 70.23 -70.27

Market Lot: US\$1000

Target: 70.55 / 70.65

Stop Loss: 70.08

Support

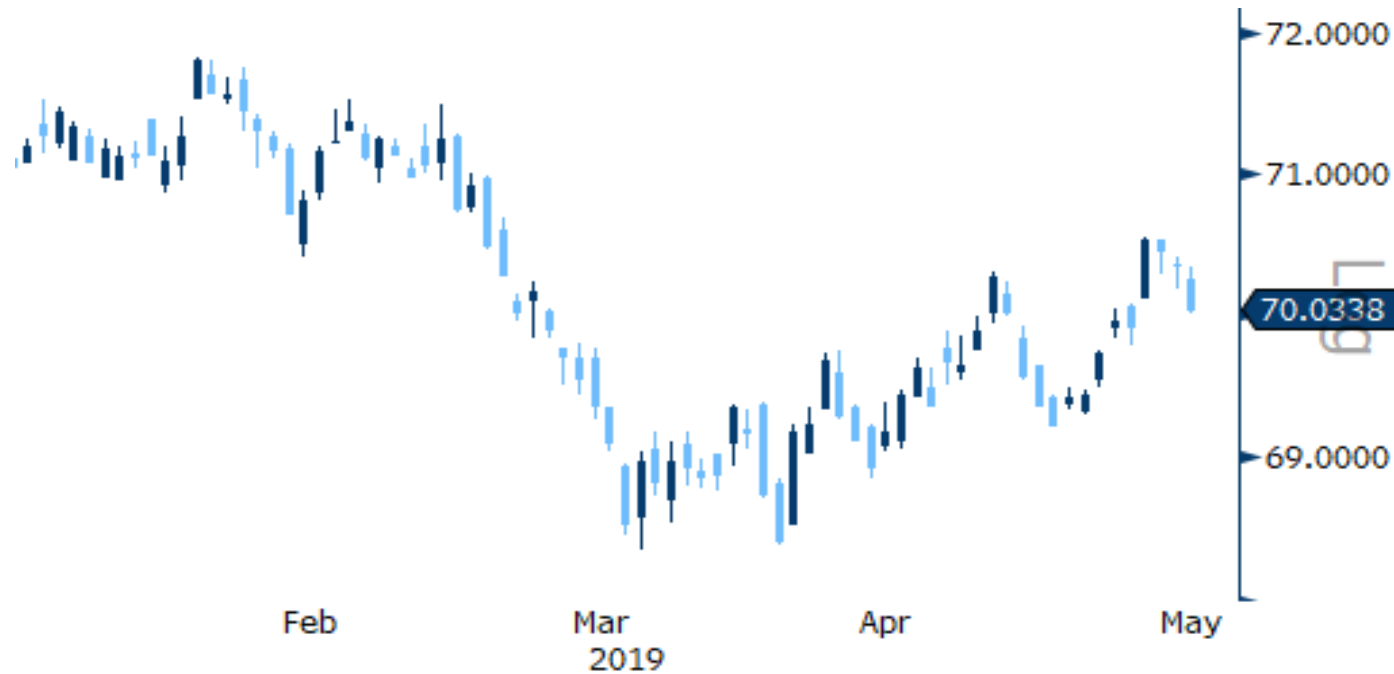
Resistance

S1/ S2: 70.20 / 70.05

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 25MAR2018-17MAY2019 Copyright© 2019 Bloomberg Finance L.P. 17-May-2019 07:58:40

Strategy Update							
Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
16-May-19	US\$INR	Buy US\$INR	70.36	70.52	70.24	-120	Exit in loss



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,

ICICI Securities Limited,

1st Floor, Akruiti Trade Centre,

Road No 7, MIDC,

Andheri (East)

Mumbai – 400 093

research@icicidirect.com

I/We, Gaurav shah (MMS Finance), Amit Gupta (B.E, MBA), authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a SEBI registered Research Analyst with SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities Limited. The author may be holding a position in currency derivatives as on date of release of this report. ICICI Securities Limited may be holding a proprietary position in currency derivatives as on the date of release of this report." This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. ICICI Securities Ltd and affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Actual results may differ materially from those set forth in projections. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities Ltd and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.