

December 17, 2018

Daily Currency outlook

Recommendation in the report						
Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	December futures	Buy	71.81	72.16	71.65	1 day

Other Product offerings

Monthly Currency and
Thematic reports

Currency	Action
US\$INR	Theta Strategy

[Click here...](#)

Research Analysts

Amit Gupta

amit.gup@icicisecurities.com

Gaurav Shah

Gaurav.shah@icicisecurities.com

Spot Currency

Currency	Close	Pvs. Close	% Change
US\$INR	71.90	71.69	0.30
Dollar index	97.44	97.06	0.39
EUR-US\$	1.1306	1.1361	-0.48
GBP-US\$	1.2583	1.2643	-0.47
US\$-JPY	113.39	113.63	-0.21
AUD-US\$	0.7172	0.7227	-0.76
US\$-CHF	0.9980	0.9942	0.38

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	24101	24597	-2.02
Nasdaq	6595	6768	-2.56
FTSE	6845	6878	-0.47
DAX	10866	10925	-0.54
HangSang	26130	26095	0.14
Nikkei	21506	21375	0.61
SGX Nifty	10863	10831	0.30

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee declined on Friday due to the overall strength in US\$ as well as concerns ahead of Fed monetary policy meeting this week. Domestic monthly Trade deficit for November eased mildly to \$16.67 bn as against previously \$17.13 bn
- US\$ was higher on Friday as major currencies witnessed profit booking while EM currencies too were under pressure due to overall strength in dollar. Market participants await the Fed monetary policy meeting wherein an interest rate hike is almost a done deal. However the outlook for 2019 would provide the further cues in Dollar and other currencies

- Equity benchmarks witnessed a strong recovery during previous week, post the State election result outcome. Nifty recovered over 500 points from weekly low (10334) and closed higher by almost 1% on weekly basis.
- Broader markets outshone the benchmarks as the Nifty Midcap and small cap indices closed higher by 3.1% and 3.7% respectively.

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	7.44	7.41	0.45
US 10-yr	2.89	2.91	-0.81
Eur 10-yr	0.25	0.29	-11.58
UK 10-yr	1.24	1.29	-3.80
JPY 10-yr	0.04	0.06	-38.60

Commodities

	Close	Pvs. Close	% Change
Gold	1239	1242	-0.24
Copper	276.1	276.3	-0.07
Brent	60.3	61.5	-1.90

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	4900	4487	414
Debt	2703	1826	876

- Government bonds declined as yields rose owing to recent losses in Rupee as well as cautiousness ahead of FOMC monetary policy meeting this week
- US treasury yields were lower as investors bought debt ahead of Fed monetary policy meeting this week. However, a clear trend is expected to emerge post the Fed's December monetary policy meeting in the backdrop of weakening US data

- Gold was slightly lower as weaker oil prices could weigh on its inflation hedge appeal. A decline in the dollar from present levels would provide a fillip to gold
- Crude oil declined owing to strength in dollar as well as expectation of weak demand growth for 2019. Also lower than anticipated cuts by Opec and other members is weighing on oil prices

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 1290 crore on December 13, 2018
- FIIs have been net buyers of the more than ₹ 3871 crore in December 2018

Currency futures on NSE

Contracts	LTP	chnng (%)	OI	Vol	chnng (%)	
					OI	Vol
December	72.06	0.36	1498627	1529428	-0.63	0.75
January	72.31	0.37	367163	127556	5.48	4.43
Dec-Jan	-0.25	-	-	1401872	-	91.66
Jan-Feb	-0.22	-	-	115718	-	90.72

- The dollar-rupee December contract on the NSE was at 72.06 in the previous session. December contract open interest declined 0.63% in the previous session
- We expect the US\$INR to find supports at lower levels. Utilise downsides in the pair to initiate long positions

Pivot levels

Futures	Pivot	S1	S2	R1	R2
US\$INR (Dec)	71.96	71.76	71.45	72.26	72.46
US\$INR (Jan)	72.25	72.10	71.89	72.46	72.61
EURINR (Dec)	81.56	81.31	81.07	81.80	82.05
EURINR (Jan)	82.03	81.77	81.54	82.26	82.52
GBPINR (Dec)	90.72	90.56	90.38	90.90	91.06
GBPINR (Jan)	91.22	90.94	90.72	91.44	91.72
JPYINR (Dec)	63.53	63.40	63.23	63.70	63.83
JPYINR (Jan)	63.84	63.74	63.56	64.02	64.12

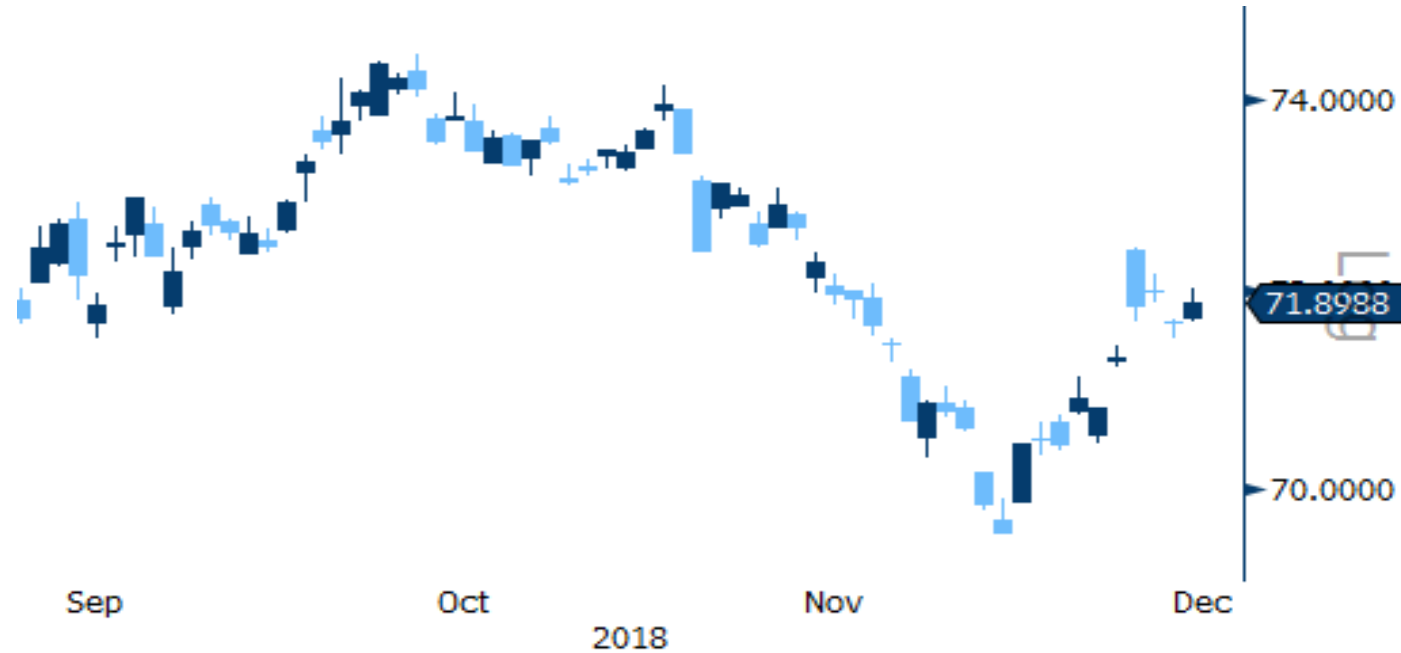
US\$INR Strategy

US\$INR December futures contract (NSE)

Buy US\$ in the range of 71.78 -71.84	Market Lot: US\$1000
Target: 72.12 / 72.22	Stop Loss: 71.65
Support	Resistance
S1/ S2: 71.85 / 71.70	R1/R2:72.10 /72.25

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

US\$INR Spot



INR Curncy (Indian Rupee Spot) US\$INR Spot Daily 28MAY2016-17DEC2018 Copyright© 2018 Bloomberg Finance L.P.
17-Dec-2018 08:07:19

Strategy Update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
14-Dec-18	US\$INR	Sell future	71.84	71.67	71.95	-110	Exit in loss

Open Recommendations



Date	Currency	Product	Strategy	Recommendation price	Target	Stoploss	Time frame
11/12/2018	US\$INR	Positional Currency	Sell 72.5 Call, Sell 71.25 put	0.64	0.05	1.00	1 month

[Back...](#)



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

DISCLAIMER

Disclaimer: ICICI securities Limited Sebi Registration is INZ000183631 for stock broker. 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 small number of shares/position in the above-referred companies as on date of release of this report. ICICI Securities Services Ltd (I-Sec) may be holding a small number of shares/ an open position in the above referred companies 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 judgement 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. ICICI Securities Ltd may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. 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.