

June 18, 2019

Daily Currency outlook

Recommendation in the report

Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	June futures	Buy	69.76	70.10	69.60	1 day

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Spot Currency

Currency	Close	Pvs. Close	% Change
US\$-INR	69.90	69.80	0.15
Dollar index	97.56	97.57	-0.01
EUR-US\$	1.1218	1.1208	0.09
GBP-US\$	1.2534	1.2589	-0.44
US\$-CNY	6.9258	6.9255	0.00
US\$-JPY	108.54	108.56	-0.02
US\$-CHF	0.9991	0.9990	0.01

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	26113	26090	0.09
S & P 500	2890	2887	0.09
FTSE	7357	7346	0.16
DAX	12086	12096	-0.09
HangSang	27374	27227	0.54
Nikkei	21073	21124	-0.24
SGX Nifty	11722	11698	0.21

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee extended losses of almost 10-paise against the US\$ yesterday spooked by strength in the dollar as well as trade war concerns. It is expected to open mildly higher today while a move in the dollar ahead of FOMC policy meeting is likely to provide direction to EM currencies including the rupee
- The dollar was slightly changed against major currencies due to a recovery in Euro and caution ahead of Fed policy meeting. Although the Fed is not expected to raise rates in the June policy meeting, market participants would be looking ahead to Fed's rate trajectory and statements for cues on the interest rate path

- Equity benchmarks edged lower and formed a lower high-low over a fourth consecutive session, indicating an extended breather. The Nifty dropped 151 points or 1.3% to settle at 11672
- The market breadth remained in favour of declines with A/D ratio of 1:3.3

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	6.93	6.92	0.17
US 10-yr	2.09	2.08	0.66
Eur 10-yr	-0.24	-0.26	-4.31
UK 10-yr	0.85	0.85	0.35
JPY 10-yr	-0.12	-0.13	-4.65

Commodities

	Close	pvs close	% change
Gold	1340	1342	-0.15
Copper	264.7	263.0	0.65
Brent	60.9	62.0	-1.73

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	5177	5361	-184
Debt	5537	6279	-742
Net			-926

- Sovereign benchmark treasury yields rose mildly to 6.93% while an overall cool-off in global yields is supporting domestic debt. The cool-off in yields and strength in the rupee is supporting flow in domestic debt markets
- US treasury yields ended at 2.09%, slightly higher ahead of Fed's two-day policy meeting. Risk of US-China trade war is weighing on US yields while Fed's dovish assessment could see yields remain under pressure

- Gold settled slightly lower as market participants await the Fed policy meeting. Decline in US\$ remains key for gold to rally higher
- Oil slumped over 1.70% ahead of EIA weekly inventory report. It is expected to show stocks drawdown of 1.7 mb against previous week's addition of 2.2 mb

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 926 crore on June 14, 2019
- FIIs have been net buyers of more than ₹ 7293 crore in June 2019

Currency futures on NSE

Contracts	LTP	chnng (%)	OI	Vol	(%) change	
					OI	Vol
June	69.99	0.14	1518633	1340076	4.98	-24.60
July	70.29	0.19	684008	406771	17.31	50.68
June - July	-0.30	-	-	933305	-	69.65
July - August	-0.26	-	-	368216	-	90.52

- The dollar-rupee June contract on the NSE was at 69.99 in the previous session. June contract open interest increased 4.98% 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)	69.74	69.86	69.96	70.08	70.18
US\$INR (July)	70.02	70.16	70.25	70.38	70.47
EURINR (June)	78.26	78.43	78.58	78.74	78.89
EURINR (July)	78.77	78.93	79.03	79.18	79.29
GBPINR (June)	87.78	87.97	88.16	88.35	88.54
GBPINR (July)	88.26	88.46	88.62	88.81	88.97
JPYINR (June)	64.27	64.35	64.43	64.51	64.59
JPYINR (July)	64.35	64.58	64.94	65.17	65.54

US\$INR Strategy

US\$INR June futures contract (NSE)

Buy US\$ in the range of 69.74 -69.78

Market Lot: US\$1000

Target: 70.05 / 70.15

Stop Loss: 69.60

Support

Resistance

S1/ S2: 69.75 / 69.60

R1/R2:70.05 / 70.20

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

Note: The given recommendation in this report is intraday and should not be linked with positional view & recommendations given in Monthly currency derivatives and Positional Currency report which may have different view.

US\$INR Spot



INR Curncy (Indian Rupee Spot) US\$INR Spot Daily 25MAR2018-18JUN2019 Copyright© 2019 Bloomberg Finance L.P. 18-Jun-2019 08:00:15

Strategy Update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
17-Jun-19	US\$INR	Sell US\$INR	69.85	69.70	69.97	-120	Exit in loss



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