

19 April 2018

Daily Currency outlook

| Recommendation in the report | | | | | | |
|------------------------------|---------------|--------|-------|--------|----------|----------|
| Currency pair | Contract | Action | Price | Target | Stoploss | Duration |
| US\$INR | April futures | Buy | 65.73 | 66.00 | 65.57 | 1-2 days |

Other Product offerings

Monthly Currency and Thematic reports

| Currency | Action |
|----------|--------|
| US\$INR | Sell |
| EURJPY | Buy |

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Spot Currency

| Currency | Close | Pvs. Close | % Change |
|--------------|--------|------------|----------|
| US\$INR | 65.66 | 65.65 | 0.02 |
| Dollar index | 89.62 | 89.52 | 0.12 |
| EUR-US\$ | 1.2374 | 1.2370 | 0.03 |
| GBP-US\$ | 1.4203 | 1.4288 | -0.59 |
| US\$-JPY | 107.23 | 107.00 | 0.21 |
| AUD-US\$ | 0.7784 | 0.7766 | 0.23 |
| US\$-CHF | 0.9687 | 0.9663 | 0.25 |

Global Equity Indices

| Indices | Close | Pvs. Close | % Change |
|-----------|-------|------------|----------|
| Dow Jones | 24748 | 24787 | -0.16 |
| Nasdaq | 6833 | 6816 | 0.25 |
| FTSE | 7317 | 7226 | 1.26 |
| DAX | 12591 | 12586 | 0.04 |
| HangSang | 30661 | 30284 | 1.24 |
| Nikkei | 22296 | 22158 | 0.62 |
| SGX Nifty | 10588 | 10555 | 0.31 |

*Asian equity indices at 8.00 am

- The rupee ended almost unchanged as suspected central bank intervention helped the rupee cap losses at higher levels. However, it is expected to open lower due to US\$ strength overnight
- The US\$ rose against majors on the back of profit booking in the British Pound and JPY. US\$ rose ahead of US PCE data. We expect the US\$ to see some mild recovery in the backdrop of expected profit booking from a steep rise in major currencies, especially GBP

- Equity benchmarks snapped their nine day winning streak as the Nifty settled down 23 points or 0.2%, at 10526
- Broader markets underperformed as the Nifty Midcap, Small cap lost 0.1%, 0.5%, respectively. As a result, the market breadth turned negative with AD ratio of 1:1.5

Benchmark yield

| | Close | Pvs. Close | % Change |
|-------------|-------|------------|----------|
| India 10-yr | 7.54 | 7.49 | 0.61 |
| US 10-yr | 2.87 | 2.83 | 1.57 |
| Eur 10-yr | 0.53 | 0.51 | 4.73 |
| UK 10-yr | 1.41 | 1.44 | -1.53 |
| JPY 10-yr | 0.04 | 0.05 | -15.56 |

Commodities

| | Close | Pvs. Close | % Change |
|--------|-------|------------|----------|
| Gold | 1349 | 1348 | 0.14 |
| Copper | 315.9 | 308.0 | 2.57 |
| Brent | 73.5 | 71.6 | 2.65 |

FII Activity

| Segment | Purchase | Sell | Net ₹ crores |
|---------|----------|------|--------------|
| Equity | 4565 | 5705 | -1140 |
| Debt | 1894 | 4872 | -2978 |

- Sovereign bonds got spooked by an unabated rise in crude oil prices, which are at over four-year highs as well as a sharp rise in US sovereign yields
- US 10-year yields rose sharply following the rise in crude oil prices as well as subsiding risk over the Syria conflict. Traders await US PCE core data for further trends in US yields

- Spot gold was mildly higher while overall staying in a range. Gold may continue its gradual ascent in the backdrop of expected inflation growth in developed economies and a dent to risk-on sentiment
- Crude oil posted sharp gains rising over 2.60% and is currently trading at almost near four-year highs. Traders are mulling the US President's next move over sanctions on Iran, which poses a further threats to Iran's exports of almost 0.8 mbpd over next six months

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 4117 crore in the previous session
- FIIs have been net sellers to the tune of almost ₹ 3650 crore in April 2018

Currency futures on NSE

| Contracts | LTP | chng (%) | OI | Vol | chng (%) | |
|-----------|-------|----------|---------|---------|----------|-------|
| | | | | | OI | Vol |
| April | 65.69 | -0.01 | 1611369 | 1926388 | 20.86 | -5.84 |
| May | 65.94 | -0.03 | 568274 | 323346 | 2.79 | 10.04 |
| Apr-May | -0.25 | - | - | 1603042 | - | 83.21 |
| May-June | -0.18 | - | - | 279881 | - | 86.56 |

- The near-month dollar-rupee April contract on the NSE was at 65.69. The April contract open interest increased 20.86% from the previous day
- We expect 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 (Apr) | 65.73 | 66.01 | 65.49 | 65.83 | 65.97 |
| US\$INR (May) | 65.98 | 66.24 | 65.76 | 66.07 | 66.20 |
| EURINR (Apr) | 81.31 | 81.71 | 80.92 | 81.51 | 81.70 |
| EURINR (May) | 81.71 | 82.20 | 81.18 | 82.00 | 82.25 |
| GBPINR (Apr) | 93.55 | 94.74 | 92.56 | 93.95 | 94.54 |
| GBPINR (May) | 94.00 | 95.20 | 93.02 | 94.39 | 94.99 |
| JPYINR (Apr) | 61.28 | 61.48 | 61.08 | 61.38 | 61.48 |
| JPYINR (May) | 61.62 | 61.82 | 61.42 | 61.71 | 61.81 |

US\$INR Strategy

| US\$INR April futures contract (NSE) | View: Bullish on US\$INR |
|---|--------------------------|
| Buy US\$INR in the range of 65.70 - 65.76 | Market Lot: US\$1000 |
| Target: 66.00 / 66.04 | Stop Loss: 65.57 |
| Support | Resistance |
| S1/ S2: 65.80 / 65.60 | R1/R2:65.90/66.10 |

US\$INR Spot



INR Curncy (Indian Rupee Spot) US\$INR Spot Daily 17JAN2017-19APR2018
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Strategy Update

| Date | Currency pair | Strategy | Rec. | Target | SL | (P/L)* | Comment |
|-----------|---------------|------------|-------|--------|-------|--------|---------------|
| 19-Apr-18 | US\$INR | Buy future | 65.62 | 65.83 | 65.47 | 0 | Not initiated |

Open Recommendations

| Date | Currency | Product | Strategy | Recommendation price | Target | Stoploss | Time frame |
|-----------|----------|-------------------|--------------------------|----------------------|--------|----------|------------|
| 6/30/2017 | EURJPY | Currency thematic | Buy EURINR & Sell JPYINR | 16.10 | 28.00 | 10.00 | 6-9 months |
| 7/28/2017 | Rupee | Currency thematic | Sell US\$INR | 64.35 | 62.00 | 66.30 | 6-9 months |
| 4/5/2018 | US\$INR | Monthly currency | Sell US\$INR | 65.25 | 64.5 | 66 | 1 month |

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