

September 19, 2018

Daily Currency outlook

Recommendation in the report						
Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	September futures	Buy	72.84	73.20	72.70	1-2 days

Other Product offerings

Monthly Currency and Thematic reports

Currency	Action
US\$INR Put	-

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Spot Currency

Currency	Close	Pvs. Close	% Change
US\$INR	72.97	72.51	0.64
Dollar index	94.64	94.50	0.15
EUR-US\$	1.1667	1.1683	-0.14
GBP-US\$	1.3148	1.3157	-0.07
US\$-JPY	112.36	111.85	0.46
AUD-US\$	0.7219	0.7182	0.52
US\$-CHF	0.9645	0.9626	0.20

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	26247	26062	0.71
Nasdaq	7494	7435	0.80
FTSE	7300	7302	-0.03
DAX	12158	12096	0.51
HangSang	27353	27085	0.99
Nikkei	23777	23421	1.52
SGX Nifty	11341	11315	0.23

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee ended at record lows at 72.97, as comments from Opec regarding their comfort for higher oil prices in the background of a stronger US\$ weighed on EM currencies, including the rupee
- The US\$ was slightly higher supported by benchmark treasury yields, which sustained a higher close above 3% at 3.06%. China has retaliated with tariffs on \$60 billion worth of US products taking the total to \$110 billion. The US imposed 10% tariffs on \$200 bn worth of Chinese imports on Monday. This trade rift has overshadowed prospects of trade talks. The US President has threatened of imposing further tariffs on \$267 bn of Chinese imports if China retaliates

- Equity benchmarks extended their decline on Tuesday amid weak global cues as prospects of an escalating trade war weighed on sentiments. The Nifty settled at 11278, down 98 points or 0.8%
- Broader markets underperformed as the Nifty midcap and small cap indices corrected 1.4% and 2%, respectively

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	8.14	8.10	0.49
US 10-yr	3.06	2.99	2.29
Eur 10-yr	0.48	0.46	4.80
UK 10-yr	1.57	1.54	2.08
JPY 10-yr	0.12	0.12	-0.85

Commodities

	Close	Pvs. Close	% Change
Gold	1198	1201	-0.26
Copper	271.2	263.4	2.98
Brent	79.0	78.1	1.26

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	7247	6567	680
Debt	529	997	-468

- Government bonds declined as yields rose to 8.14% amid a weakening rupee and a spurt in oil prices. Yields may rise further tracking gains in US treasury yields
- US treasury yields rose sharply ending at 3.06% tracking widening rift in US-China trade friction as well as higher crude prices. Investors expect higher tariff may further stoke inflation and could induce Fed on faster rate hike trajectory

- Gold ended the session lower amid a rise in the US\$ as well as treasury yields. It continues to be anchored near \$1200/oz amid a hit to risk sentiment
- Oil was higher tracking bullish comments from Opec regarding the levels of crude oil prices. Opec sees declining supplies from Iran as a crucial factor for spurt in oil prices

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 650 crore on September 17, 2018
- FIIs have been net sellers to the more than ₹ 6604 crore in September 2018

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	chng (%)	
					OI	Vol
September	72.93	0.52	2864780	3124019	-0.55	17.31
October	73.23	0.49	851674	714985	25.12	75.86
Sep-Oct	-0.31	-	-	2409034	-	77.11
Oct-Nov	-0.28	-	-	686359	-	96.00

- The dollar-rupee September contract on the NSE was at 72.93 in the previous session. September contract open interest declined 0.55% in the previous session
- We expect the US\$INR to find supports at lower levels. Utilise downsides in pair to initiate long positions

Pivot levels

Futures	Pivot	S1	S2	R1	R2
US\$INR (Sep)	72.80	72.55	72.18	73.17	73.41
US\$INR (Oct)	73.11	72.87	72.51	73.47	73.71
EURINR (Sep)	85.11	84.84	84.45	85.50	85.78
EURINR (Oct)	85.68	85.37	84.95	86.11	86.42
GBPINR (Sep)	95.68	95.40	94.99	96.09	96.37
GBPINR (Oct)	96.19	95.92	95.52	96.60	96.86
JPYINR (Sep)	64.97	64.69	64.29	65.38	65.66
JPYINR (Oct)	65.43	65.08	64.65	65.86	66.22

US\$INR Strategy

US\$INR September futures contract (NSE)

Buy US\$INR in the range of 72.80 - 72.88

Market Lot: US\$1000

Target: 73.12 / 73.28

Stop Loss: 72.70

Support

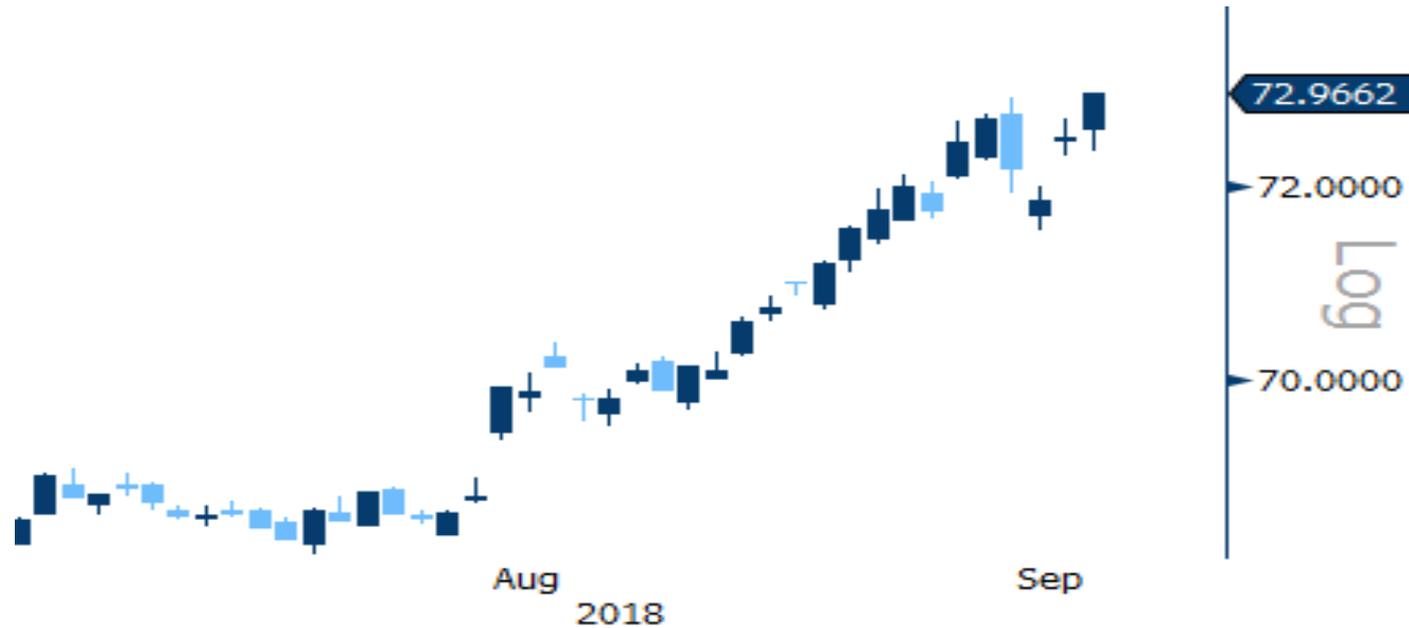
Resistance

S1/ S2: 72.90 / 72.70

R1/R2: 73.15 / 73.25

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

US\$INR Spot



INR Curncy (Indian Rupee Spot) US\$INR Spot Daily 28MAY2016-19SEP2018
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Strategy Update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
18-Sep-18	US\$INR	Buy future	72.59	72.78	72.46	-130	Exit in loss

Open Recommendations

Date	Currency	Product	Strategy	Recommendation price	Target	Stoploss	Time frame
7/9/2018	US\$INR	Positional Currency	US\$INR Bear Put strategy	0.38	0.95	-	Sep Expiry

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