20 April 2018

Daily Currency outlook

Recommendation in the report						
Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US$INR	April futures	Buy	66.03	66.35	65.88	1-2 days

Other Product offerings

Monthly Currency and Thematic reports	
Currency	Action
US$INR	Sell
EURJPY	Buy

Click here...

Research Analysts

Amit Gupta
amit.gup@icicisecurities.com

Gaurav Shah
Gaurav.shah@icicisecurities.com

Forex and global equities

Spot Currency

Currency	Close	Pvs. Close	% Change
US$INR	65.80	65.66	0.20
Dollar index	89.94	89.62	0.35
EUR-US$	1.2345	1.2374	-0.23
GBP-US$	1.4087	1.4203	-0.82
US$-JPY	107.37	107.23	0.13
AUD-US$	0.7730	0.7784	-0.69
US$-CHF	0.9713	0.9687	0.27

- The rupee ended with losses of almost 0.20% as suspected central bank intervention failed to stem rupee losses. It is expected to open sharply lower today owing to overnight dollar gains and may test almost one-year lows at 66.10 levels
- The US$ extended their gains against majors as profit booking from the recent rally in the Euro, GBP along with a sharp rise in US yields is aiding dollar gains. Emerging currencies, including the rupee, have posted sharp losses on the back of a rise in crude oil prices, outflows along with expectations of US interest rate hikes

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	24665	24748	-0.34
Nasdaq	6775	6833	-0.85
FTSE	7329	7317	0.16
DAX	12567	12591	-0.19
HangSang	30744	30708	0.12
Nikkei	22244	22191	0.24
SGX Nifty	10557	10588	-0.29

- Equity benchmarks held on to their opening gains after a choppy trading session as the Nifty settled at 10565, up 39 points or 0.35%
- Broader markets, represented by the Nifty Midcap100 and Small cap100, outperformed with gains of 0.7% and 0.9%, respectively. As a result, the market breadth remained in favour of advances

*Asian equity indices at 8.00 am

Debt and FII activity

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	7.63	7.54	1.26
US 10-yr	2.91	2.87	1.29
Eur 10-yr	0.60	0.53	12.99
UK 10-yr	1.52	1.41	7.50
JPY 10-yr	0.04	0.04	13.16

- Sovereign bonds continued their downward spiral on the back of strength in the US$ as well as a sharp rise in US yields. They could rise further today owing to losses in the rupee
- US 10-year yields rose above 2.91% and are in the vicinity of fresh highs owing to receding concerns over geopolitical risks

Commodities

	Close	Pvs. Close	% Change
Gold	1346	1349	-0.29
Copper	313.2	315.9	-0.84
Brent	73.8	73.5	0.41

- Spot gold ended lower undermined by US$ gains. However, in the backdrop of expected inflation growth, we expect gold to witness a limited downside
- Crude oil continued its northward journey over continued optimistic comments from Saudi Arabia as well as Opec deliberations to continue with supply curbs till the end of 2018 even though the global glut is receding fast

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	4096	4974	-878
Debt	1079	3544	-2465

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 3343 crore in the previous session
- FIIs have been net sellers to the tune of almost ₹ 6990 crore in April 2018

INR futures and Outlook

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	chng (%)	
					OI	Vol
April	65.80	0.17	1740136	1372194	7.99	-28.77
May	66.06	0.18	613705	218900	7.99	-32.30
Apr-May	-0.26	-	-	1153294	-	84.05
May-June	-0.19	-	-	186191	-	85.06

- The near-month dollar-rupee April contract on the NSE was at 65.80. The April contract open interest increased 7.99% from the previous day
- 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$INR (Apr)	65.80	65.94	65.68	65.86	65.93
US$INR (May)	66.06	66.19	65.94	66.12	66.19
EURINR (Apr)	81.42	81.72	81.15	81.54	81.68
EURINR (May)	81.86	82.15	81.61	81.97	82.11
GBPINR (Apr)	93.49	93.87	92.99	93.80	93.99
GBPINR (May)	93.94	94.31	93.45	94.24	94.43
JPYINR (Apr)	61.27	61.40	61.14	61.33	61.40
JPYINR (May)	61.60	61.72	61.49	61.65	61.71

US$INR Strategy

US$INR April futures contract (NSE)	View: Bullish on US$INR
Buy US$INR in the range of 66.00 - 66.06	Market Lot: US$1000
Target: 66.30 / 66.40	Stop Loss: 65.88
Support	Resistance
S1/ S2: 65.90 / 65.80	R1/R2:66.10 /66.30

US$INR Spot currency

US$INR Spot

Strategy Update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
19-Apr-18	US$INR	Buy future	65.73	66.02	65.57	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

Back...

Pankaj Pandey | **Head – Research** | **pankaj.pandey@icicisecurities.com**

ICICIdirect.com Research Desk,

ICICI Securities Limited,

1st Floor, Akruti Trade Centre,

Road No 7, MIDC,

Andheri (East)

Mumbai – 400 093

research@icicidirect.com

DISCLAIMER

Disclaimer: 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.