

June 20, 2019

Daily Currency outlook

| Recommendation in the report | | | | | | |
|------------------------------|--------------|--------|-------|--------|----------|----------|
| Currency pair | Contract | Action | Price | Target | Stoploss | Duration |
| US\$INR | June futures | Sell | 69.80 | 69.55 | 69.95 | 1 day |

Other Product offerings

Monthly Currency and
Thematic reports

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

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Spot Currency

| Currency | Close | Pvs. Close | % Change |
|--------------|--------|------------|----------|
| US\$-INR | 69.70 | 69.69 | 0.01 |
| Dollar index | 97.12 | 97.64 | -0.54 |
| EUR-US\$ | 1.1226 | 1.1194 | 0.29 |
| GBP-US\$ | 1.2639 | 1.2558 | 0.65 |
| US\$-CNY | 6.9036 | 6.9032 | 0.01 |
| US\$-JPY | 108.10 | 108.45 | -0.32 |
| US\$-CHF | 0.9942 | 1.0005 | -0.63 |

Global Equity Indices

| Indices | Close | Pvs. Close | % Change |
|-----------|-------|------------|----------|
| Dow Jones | 26504 | 26466 | 0.15 |
| S & P 500 | 2926 | 2918 | 0.30 |
| FTSE | 7404 | 7443 | -0.53 |
| DAX | 12309 | 12332 | -0.19 |
| HangSang | 28435 | 28202 | 0.83 |
| Nikkei | 21481 | 21334 | 0.69 |
| SGX Nifty | 11757 | 11719 | 0.33 |

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee ended almost flat vs. the US\$. It is expected to open stronger today tracking gains in Asian currencies, after the Federal Reserve signalled it was ready to cut interest rates as early as next month
- The 10-year treasury yield dropped below 2% to its lowest since November 2016 and two-year rates continued to fall
- The yen rose 0.5% to 107.59 per dollar. The BoJ maintained its key interest rates and forward guidance. It said downside risks on overseas economies are likely significant

- Equity benchmarks pared intraday gains and ended a tad near the previous session's close. As a result, the Nifty remained unchanged at 11691
- The market breadth remained in favour of declines with A/D ratio of 1:2.7. Sectorally, metal and realty outperformed while pharma and auto continued to underperform

Benchmark yield

| | Close | Pvs. Close | % Change |
|-------------|-------|------------|----------|
| India 10-yr | 6.84 | 6.81 | 0.48 |
| US 10-yr | 2.02 | 2.06 | -1.76 |
| Eur 10-yr | -0.29 | -0.32 | -10.00 |
| UK 10-yr | 0.87 | 0.81 | 7.19 |
| JPY 10-yr | -0.14 | -0.12 | 10.48 |

Commodities

| | Close | pvs close | % change |
|--------|-------|-----------|----------|
| Gold | 1360 | 1347 | 1.02 |
| Copper | 268.1 | 270.3 | -0.83 |
| Brent | 61.8 | 62.1 | -0.51 |

FII Activity

| Segment | Purchase | Sell | Net ₹ crores |
|---------|----------|------|--------------|
| Equity | 4627 | 4561 | 66 |
| Debt | 1275 | 1457 | -181 |
| Net | | | -115 |

- Sovereign 10-year benchmark treasury yields rose to 6.84% tracking a cool-off in global yields and positive fund flow sentiment. Also, market participants would remain cautious ahead of the Union Budget presentation
- US 10-year treasury yields continue to decline and were trading near three year lows

- Gold continue its upward journey and moved to a five-year high after the Fed indicated at a readiness to cut interest rates
- Oil remained largely range bound amid rising trade optimism. US crude stockpiles fell more than forecast and as Opec's top producers progressed toward extending output cuts

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 115 crore on June 17, 2019
- FIIs have been net buyers of more than ₹ 6763 crore in June 2019

Currency futures on NSE

| Contracts | LTP | chnng (%) | OI | Vol | (%) change | |
|---------------|-------|-----------|---------|---------|-------------|-------|
| | | | | | OI | Vol |
| June | 69.78 | 0.01 | 1500620 | 1245901 | 3.68 | -5.38 |
| July | 70.11 | 0.04 | 729593 | 344768 | 7.24 | 39.33 |
| June - July | -0.33 | - | - | 901133 | - | 72.33 |
| July - August | -0.25 | - | - | 328486 | - | 95.28 |

- The dollar-rupee June contract on the NSE was at 69.78 in the previous session. June contract open interest rose 3.7% in the previous session
- We expect the US\$INR to meet supply pressure at higher levels. Utilise the upsides in the pair to initiate short positions

Pivot levels

| Futures | S2 | S1 | Pivot | R1 | R2 |
|----------------|-------|-------|-------|-------|-------|
| US\$INR (June) | 69.43 | 69.61 | 69.74 | 69.91 | 70.04 |
| US\$INR (July) | 69.74 | 69.93 | 70.06 | 70.24 | 70.37 |
| EURINR (June) | 77.65 | 77.97 | 78.26 | 78.58 | 78.87 |
| EURINR (July) | 78.26 | 78.52 | 78.69 | 78.95 | 79.12 |
| GBPINR (June) | 87.23 | 87.55 | 87.73 | 88.05 | 88.23 |
| GBPINR (July) | 87.59 | 87.98 | 88.19 | 88.58 | 88.80 |
| JPYINR (June) | 64.04 | 64.24 | 64.37 | 64.57 | 64.70 |
| JPYINR (July) | 64.44 | 64.63 | 64.76 | 64.94 | 65.07 |

US\$INR Strategy

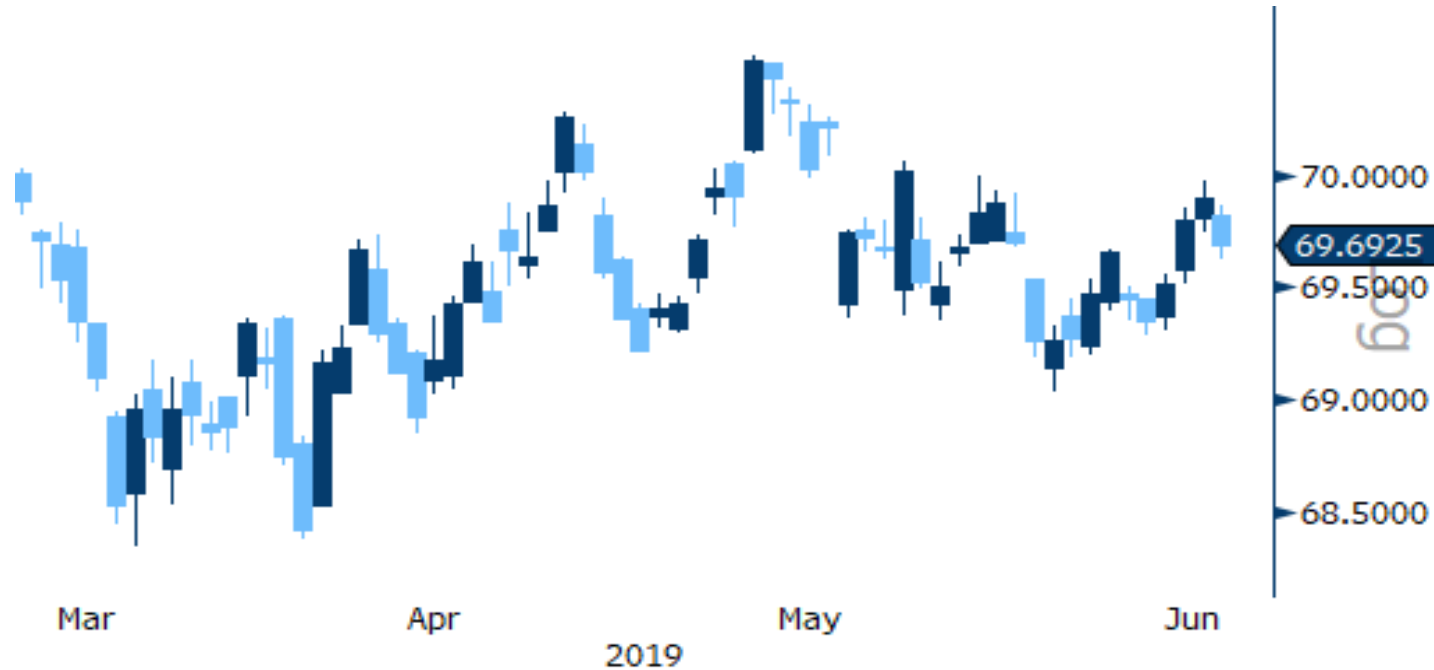
US\$INR June futures contract (NSE)

| | |
|----------------------------------------|----------------------|
| Sell US\$ in the range of 69.78 -69.82 | Market Lot: US\$1000 |
| Target: 69.65 / 69.50 | Stop Loss: 69.95 |
| Support | Resistance |
| S1/ S2: 69.61 / 69.43 | R1/R2:69.91 / 70.00 |

*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 25MAR2018-19JUN2019 Copyright© 2019 Bloomberg Finance L.P. 19-Jun-2019 07:54:00

Strategy Update

| Date | Currency pair | Strategy | Rec. | Target | SL | (P/L)* | Comment |
|-----------|---------------|--------------|-------|--------|-------|--------|----------------|
| 19-Jun-19 | US\$INR | Sell US\$INR | 69.78 | 69.62 | 69.89 | -20 | Exit near cost |

Open Recommendations



| Date | Currency | Product | Strategy | Recommendation price | Target | Stoploss | Time frame |
|------------|----------|------------------|--------------|----------------------|--------|----------|------------------|
| 18/06/2019 | US\$INR | Monthly currency | Sell US\$INR | 69.80 | 68.90 | 70.55 | Till June expiry |
| 18/06/2019 | EURINR | Monthly currency | Buy EURINR | 78.15 | 79.30 | 77.30 | Till June expiry |

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