

May 23, 2019

## Daily Currency outlook

### Recommendation in the report

Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	May futures	Sell	69.80	69.30	69.98	1 day

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## Spot Currency

Currency	Close	Pvs. Close	% Change
US\$INR	69.67	69.72	-0.08
Dollar index	98.04	98.06	-0.02
EUR-US\$	1.1150	1.1161	-0.10
GBP-US\$	1.2665	1.2706	-0.32
US\$-JPY	110.36	110.50	-0.13
AUD-US\$	0.6882	0.6883	-0.01
US\$-CHF	1.0097	1.0111	-0.14

## Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	25777	25877	-0.39
S & P 500	2856	2864	-0.28
FTSE	7334	7329	0.07
DAX	12169	12143	0.21
HangSang	27368	27706	-1.22
Nikkei	21098	21283	-0.87
SGX Nifty	11754	11780	-0.22

\*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee ended mildly higher ahead of general election outcome today. Strong mandate and continuance of current establishment is likely to propel the rupee higher even as crude oil prices have reverted from \$73/bl to currently at \$70.5/bl
- The Dollar Index was slightly changed at 98.04 levels even as most currencies remained in a range. GBP remains under pressure over rising concerns that UK PM May's renewed deal is likely to get rejected in first week of June. Investors await the next development on the US-China trade war while further action by Chinese authorities is likely to weigh on EM currencies including the rupee. The CNY is currently trading at 6.91 and risks approaching 7 per US\$

- Equity benchmarks witnessed a choppy session ahead of General Election outcome. The Nifty ended the session at 11738, up 29 points or 0.25%
- Broader markets saw a mixed bag of performance as the Nifty midcap remained unchanged while small cap rose 0.5%, resulting in market breadth turned positive

## Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	7.26	7.30	-0.60
US 10-yr	2.38	2.43	-1.83
Eur 10-yr	-0.09	-0.06	36.51
UK 10-yr	1.02	1.08	-6.28
JPY 10-yr	-0.06	-0.05	24.44

## Commodities

	Close	pvs close	% change
Gold	1273	1275	-0.11
Copper	268.6	272.4	-1.38
Brent	71.0	72.2	-1.65

## FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	7069	5508	1560
Debt	634	430	204
Net			1764

- Sovereign benchmark treasury yields declined to 7.26% on Wednesday. A move in crude oil prices and rupee as well as election results today will decide the further course of direction
- US treasury yields declined to 2.38% yesterday. However, overall they remain in a range. The US President's softened stance on Huawei has soothed the fragile risk sentiment

- Gold extended declines while the dollar was strengthened by US-China trade tensions. A move in the US\$ is likely to provide direction to gold in the near term
- Oil witnessed profit booking yesterday. Oil fell over 1.6% to end at \$71/bl. US EIA agency reported that inventories rose by 4.74 mb as against expectation of drawdown of 1.28 mb

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 1764 crore on May 23, 2019
- FIIs have been net sellers of more than ₹ 2797 crore in May 2019

## Currency futures on NSE

Contracts	LTP	chnng (%)	OI	Vol	(% ) change	
					OI	Vol
May	69.74	-0.06	1552240	1533885	0.38	20.24
June	69.97	-0.06	1007269	282370	3.29	0.25
May-June	-0.23	-	-	1251515	-	81.59
June - July	-0.28	-	-	260435	-	92.23

- The dollar-rupee May contract on the NSE was at 69.74 in the previous session. May contract open interest increased 0.38% 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 (May)	69.55	69.65	69.76	69.85	69.96
US\$INR (June)	69.79	69.88	69.99	70.08	70.19
EURINR (May)	77.76	77.85	77.93	78.02	78.10
EURINR (June)	78.19	78.27	78.36	78.44	78.53
GBPINR (May)	87.82	88.07	88.47	88.72	89.12
GBPINR (June)	88.26	88.51	88.92	89.16	89.57
JPYINR (May)	62.96	63.07	63.20	63.32	63.44
JPYINR (June)	63.34	63.44	63.55	63.65	63.76

## US\$INR Strategy

### US\$INR May futures contract (NSE)

Sell US\$ in the range of 69.75 -69.85

Market Lot: US\$1000

Target: 69.35 / 69.25

Stop Loss: 69.98

Support

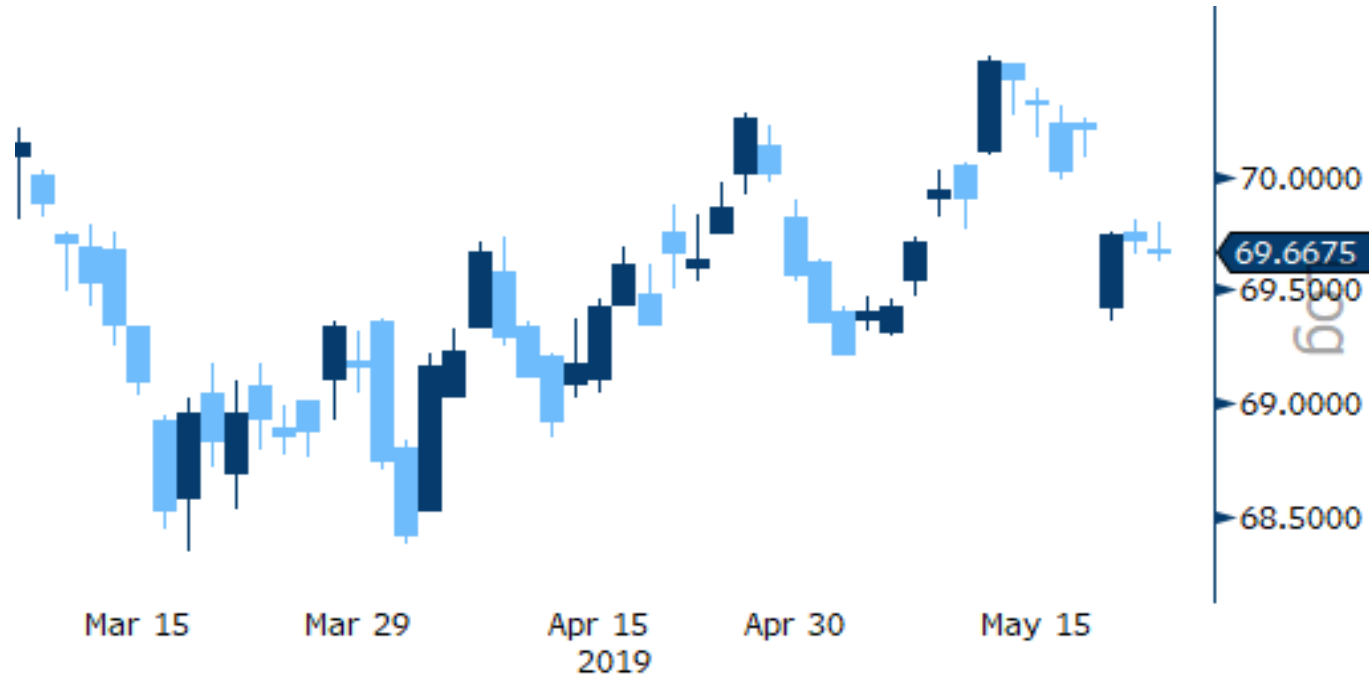
Resistance

S1/ S2: 69.40 / 69.20

R1/R2:69.75 /69.90

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

## US\$INR Spot



INR Currecy (Indian Rupee Spot) US\$INR Spot Daily 25MAR2018-23MAY2019 Copyright© 2019 Bloomberg Finance L.P. 23-May-2019 07:57:58

Strategy Update							
Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
22-May-19	US\$INR	Buy US\$INR	69.76	69.90	69.63	60	Exit in profit



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