

May 24, 2019

Daily Currency outlook

Recommendation in the report

Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	May futures	Buy	69.75	70.05	69.58	1 day

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Spot Currency

Currency	Close	Pvs. Close	% Change
US\$-INR	70.02	69.67	0.50
Dollar index	97.86	98.04	-0.19
EUR-US\$	1.1181	1.1150	0.28
GBP-US\$	1.2657	1.2665	-0.06
US\$-CNY	6.9105	6.9063	0.06
US\$-JPY	109.61	110.36	-0.68
US\$-CHF	1.0033	1.0097	-0.63

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	25490	25777	-1.11
S & P 500	2822	2856	-1.19
FTSE	7231	7334	-1.41
DAX	11952	12169	-1.78
HangSang	27340	27267	0.27
Nikkei	21028	21151	-0.58
SGX Nifty	11740	11679	0.52

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee ended lower yesterday as global worries weighed on local tailwinds. It depreciated 0.50% even as the ruling NDA got a majority mandate for a second term. It is expected to open higher today amid a decline in oil prices as well as a cool-off in the US\$
- The Dollar Index ended lower as Fed minutes reiterated a pause either way on interest rates. A rebound in the Euro and JPY weighed on the US\$. GBP remains weighed amid political turmoil in the UK with expectation that UK PM May could resign soon. The Chinese Yuan continues to trade around 6.91 levels. Depreciation in CNY vs. US\$ is likely to weigh on all EM currencies

- Equity benchmarks soared over 2.5% in the initial part of the session amid early indications of a strong lead by the BJP led NDA in the recently held Lok Sabha elections. The Nifty ended the session at 11657, down 81 points or 0.7%
- Broader markets relatively outperformed as the Nifty midcap, small cap slid merely 0.2%

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	7.24	7.26	-0.33
US 10-yr	2.32	2.38	-2.67
Eur 10-yr	-0.12	-0.09	39.53
UK 10-yr	0.95	1.02	-6.11
JPY 10-yr	-0.06	-0.06	5.36

Commodities

	Close	pvs close	% change
Gold	1283	1273	0.79
Copper	268.7	268.6	0.02
Brent	67.8	71.0	-4.55

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	4867	5608	-741
Debt	634	1192	-558
Net			-1299

- Sovereign benchmark treasury yields declined to 7.24% as the current ruling party led NDA won a second term with a majority. Slump in oil prices and cool off in global yields is likely to provide succour to domestic yields
- US treasury yields declined to 2.32% yesterday tracking a patient approach stance from Fed minutes. Risk of US-China trade war is weighing on US yields

- Gold rose swiftly yesterday tracking fragile US-China trade relations. A move in US\$ is likely to provide direction to gold in the near term
- Oil witnessed a sharp slump in oil prices as traders reassess global demand outlook in face of rising trade war risks. US EIA agency reported that inventories rose by 4.74 mb against expectation of drawdown of 1.28 mb

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 1299 crore on May 22, 2019
- FIIs have been net sellers of more than ₹ 4091 crore in May 2019

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(%) change	
					OI	Vol
May	70.04	0.42	1543247	2602513	-0.58	69.67
June	70.27	0.42	971737	815781	-3.53	188.90
May-June	-0.23	-	-	1786732	-	68.65
June - July	-0.27	-	-	739073	-	90.60

- The dollar-rupee May contract on the NSE was at 70.04 in the previous session. May contract open interest declined 0.58% in the previous session
- We expect the US\$INR to find supports at lower levels. Utilise the downsides in the pair to initiate long positions

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (May)	69.14	69.59	69.83	70.28	70.53
US\$INR (June)	69.38	69.82	70.06	70.51	70.75
EURINR (May)	77.17	77.61	77.85	78.29	78.53
EURINR (June)	77.48	77.97	78.24	78.74	79.01
GBPINR (May)	87.46	88.04	88.37	88.95	89.28
GBPINR (June)	87.64	88.34	88.70	89.40	89.77
JPYINR (May)	62.61	63.12	63.42	63.93	64.24
JPYINR (June)	62.95	63.45	63.75	64.25	64.55

US\$INR Strategy

US\$INR May futures contract (NSE)

Buy US\$ in the range of 69.73 -69.77

Market Lot: US\$1000

Target: 70.0 / 70.10

Stop Loss: 69.58

Support

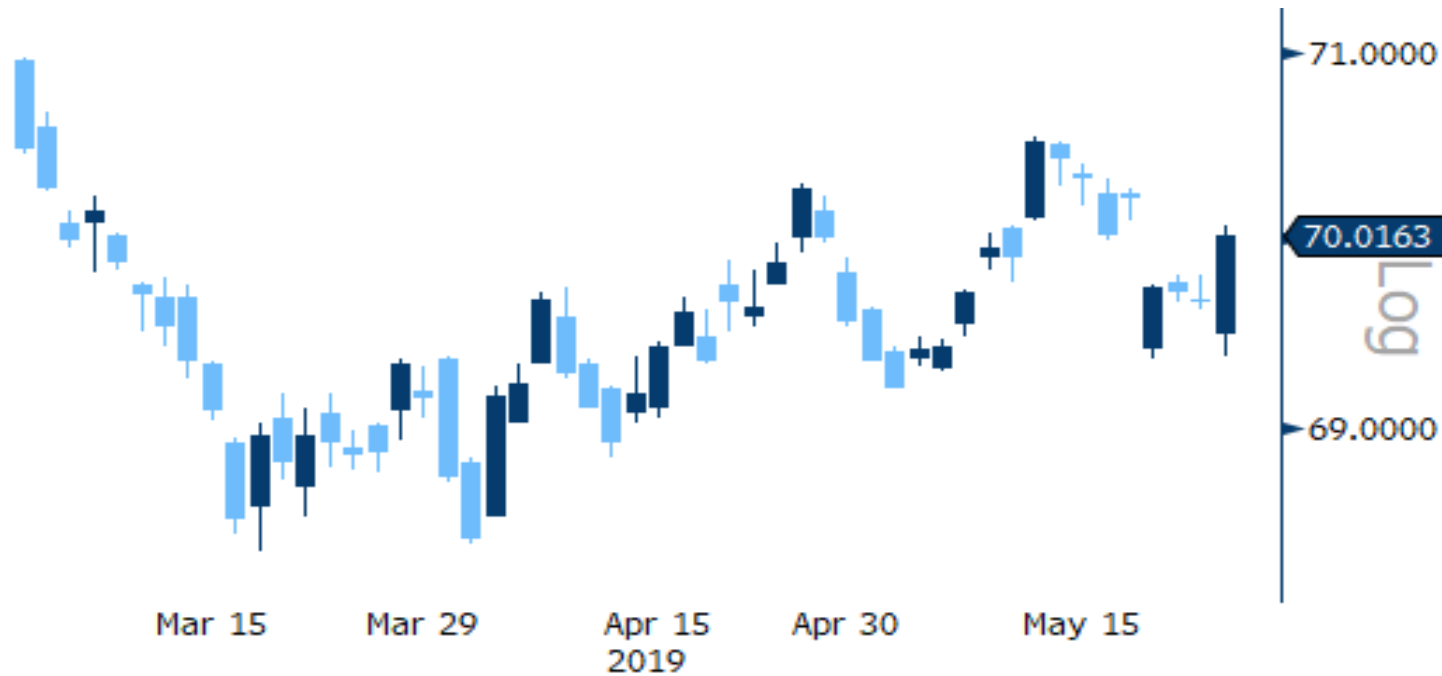
Resistance

S1/ S2: 69.75 / 69.60

R1/R2:69.90 /70.05

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

US\$INR Spot



INR Currency (Indian Rupee Spot) US\$INR Spot Daily 25MAR2018-24MAY2019 Copyright© 2019 Bloomberg Finance L.P.
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Strategy Update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
23-May-19	US\$INR	Sell US\$INR	69.44	69.20	69.60	-160	Exit in loss



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