

February 12, 2019

Daily Currency outlook

Recommendation in the report						
Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	February futures	Buy	71.15	71.40	70.98	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	71.17	71.31	-0.20
Dollar index	97.06	96.64	0.43
EUR-US\$	1.1276	1.1323	-0.42
GBP-US\$	1.2855	1.2944	-0.69
US\$-JPY	110.38	109.73	0.59
AUD-US\$	0.7062	0.7088	-0.37
US\$-CHF	1.0039	1.0005	0.34

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	25053	25106	-0.21
Nasdaq	6909	6913	-0.06
FTSE	7129	7071	0.82
DAX	11015	10907	0.99
HangSang	28144	27946	-0.21
Nikkei	20748	20333	2.04
SGX Nifty	10931	10947	-0.21

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee extended gains by another 14 paise on Monday buoyed by RBI's interest rate cut as well as lower oil price providing tailwinds. It is expected to open today near yesterday's close while moves in Euro and other currencies vs. the US\$ remain key triggers
- The dollar extended gains on Monday benefitting from other major central banks going on the back foot from their tightening outlook. Waning risk appetite has weighed on the Euro and other risk currencies. This week investors would be tracking the development on the Brexit front. Any positive news could see relief rally in Euro and British pound

- Equity benchmarks extended their breather over a second consecutive session. The Nifty ended the session at 10889, down 55 points or 0.5%
- Broader markets underperformed as the Nifty midcap and small caps dropped 1.7% and 1.8%, respectively

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	7.36	7.34	0.27
US 10-yr	2.65	2.63	0.75
Eur 10-yr	0.12	0.09	37.93
UK 10-yr	1.18	1.15	2.52
JPY 10-yr	-0.03	-0.03	0.00

Commodities

	Close	Pvs. Close	% Change
Gold	1308	1314	-0.47
Copper	279.0	281.1	-0.73
Brent	61.5	62.1	-0.95

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	4434	3622	812
Debt	4023	1876	2147

- Sovereign treasury yields rose to 7.36% as outflows from domestic debt markets and expectation of fiscal slippage would cap a runaway appreciation in domestic debt
- US treasury yields rose to 2.65% while worsening global growth expectations could cap on sharply rising yields. Incoming economic data remains important for further signals

- Gold declined as the US\$ rose while rise in yields would weigh. The decline in the dollar remains key for gold to rally higher
- Oil declined yesterday as worsening global growth outlook as well as a expected supply glut is capping rise in oil prices

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 2959 crore on February 8, 2019
- FIIs have been net buyers of the more than ₹ 2777 crore in February 2019

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(% change)	
					OI	Vol
February	71.30	-0.19	1577548	1124993	-3.55	-36.57
March	71.52	-0.19	482836	83742	1.63	-51.60
Feb -Mar	-0.23	-	-	1041251	-	92.56
Mar-Apr	-0.29	-	-	77285	-	92.29

- The dollar-rupee February contract on the NSE was at 71.30 in the previous session. February contract open interest declined 3.55% in the previous session
- 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 (Feb)	71.32	71.19	71.08	71.43	71.56
US\$INR (Mar)	71.54	71.43	71.34	71.63	71.74
EURINR (Feb)	80.82	80.65	80.53	80.94	81.10
EURINR (Mar)	81.25	81.06	80.92	81.40	81.59
GBPINR (Feb)	92.24	91.94	91.68	92.49	92.79
GBPINR (Mar)	92.64	92.43	92.21	92.85	93.06
JPYINR (Feb)	64.85	64.67	64.53	64.99	65.17
JPYINR (Mar)	65.20	65.01	64.87	65.33	65.52

US\$INR Strategy

US\$INR February futures contract (NSE)

Buy US\$ in the range of 71.12 -71.18

Market Lot: US\$1000

Target: 71.35 / 71.45

Stop Loss: 70.98

Support

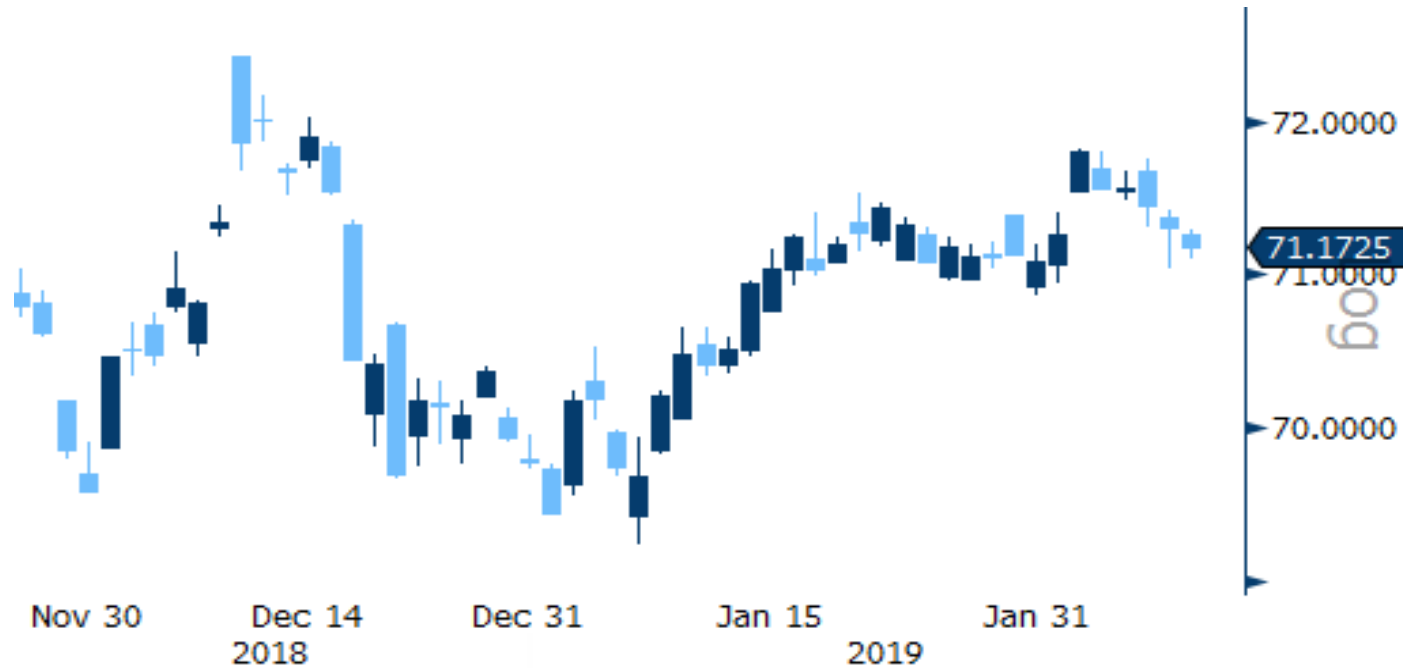
Resistance

S1/ S2: 71.20 / 71.0

R1/R2:71.40 /71.55

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

US\$INR Spot



INR Curncy (Indian Rupee Spot) US\$INR Spot Daily 28MAY2016-12FEB2019 Copyright© 2019 Bloomberg Finance L.P. 12-Feb-2019 08:13:15

Strategy Update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
11-Feb-19	US\$INR	Sell future	71.34	71.17	71.46	100	Exit in profit

Open Recommendations



Date	Currency	Product	Strategy	Recommendation price	Target	Stoploss	Time frame
6/2/2019	US\$INR	Positional Currency	Bear Put Strategy	0.35	1.00	0.00	Till Feb expiry

[Back...](#)



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