10 April 2018

Daily Currency outlook

Recommendation in the report						
Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US$INR	April futures	Sell	65.09	64.80	65.24	1-2 days

Other Product offerings

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

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Forex and global equities

Spot Currency

Currency	Close	Pvs. Close	% Change
Rupee	65.03	64.98	0.08
US$ index	89.84	90.11	-0.30
EuroUS$	1.2321	1.2281	0.33
GBPUS$	1.4131	1.4092	0.28
US$JPY	106.77	106.93	-0.15
AUDUS$	0.7697	0.7684	0.17
US$CHF	0.9562	0.9591	-0.30

- The rupee extended losses yesterday as market participants remained cautious in the backdrop of US-China trade war concerns. However, it is expected to open on a strong note amid a soothing speech by the Chinese premier
- The US$ declined against majors as the Euro rose to highest levels in four-sessions amid promises of more reforms and trade by the Chinese premier. Market were calmed by the Chinese premier Xi's speech. As such, JPY is currently lower while risk assets rose. Safe haven assets could see some more profit booking in the midst of easing US-China trade tensions

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	23979	23933	0.19
Nasdaq	6472	6433	0.61
FTSE	7195	7184	0.15
DAX	12262	12241	0.17
HangSang	30510	30230	0.93
Nikkei	21908	21678	1.06
SGX Nifty	10441	10393	0.46

- The equity benchmarks extended gains over a third consecutive session amid mixed global cues
- The Nifty settled at 10379, up 48 points or 0.5%. The broader markets saw a mixed bag performance, as the Nifty Midcap & Small cap gained 0.4% & 0.1%, respectively. Meanwhile, the market breadth remained positive with AD ratio of 1.4:1

*Asian equity indices at 8.00 am

Debt and FII activity

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	7.23	7.18	0.71
US 10-yr	2.78	2.77	0.20
Eur 10-yr	0.50	0.50	1.41
UK 10-yr	1.41	1.40	0.79
JPY 10-yr	0.04	0.05	-13.04

- Sovereign bonds rose over risks of cross border trade tariff war escalation. However, yields may remain in a range ahead of the upcoming Karnataka state elections
- US 10-year yields were mildly up at 2.78% ahead of Chinese premier Xi speech. We expect yields to remain in a range as lower US employment data may raise concerns on US inflation growth

Commodities

	Close	Pvs. Close	% Change
Gold	1336	1333	0.25
Copper	307.7	305.9	0.60
Brent	68.7	67.1	2.29

- Spot gold rose following weaker US March employment data. Gold may sustain sharp gains in the event of a fall in US inflation data while the recent soothing speech from the Chinese premier would weigh on gold's safe haven appeal
- Crude oil rose sharply as US$ declined amid easing US-China trade concerns. Meanwhile, US weekly inventories are expected to show a decline for a second week by 1.6 mb

FII Activity

Segment	Purchase	Sell	Net ₹crores
Equity	3993	4084	-91
Debt	2322	1392	930

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 839 crore in the previous session
- FIIs have been net buyers to the tune of almost ₹ 2816 crore in April 2018

INR futures and Outlook

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	chng (%)	
					OI	Vol
April	65.14	0.08	1337090	1272271	-3.76	63.33
May	65.39	0.07	409501	92537	1.09	184.29
Apr-May	-0.25	-	-	1179734	-	92.73
May-June	-0.19	-	-	82659	-	89.33

- The near-month dollar-rupee April contract on the NSE was at 65.14. The April contract open interest declined 3.76% from the previous day
- We expect US$INR to meet supply resistance at higher levels. Utilise upsides in the pair to go short in US$INR

Pivot levels

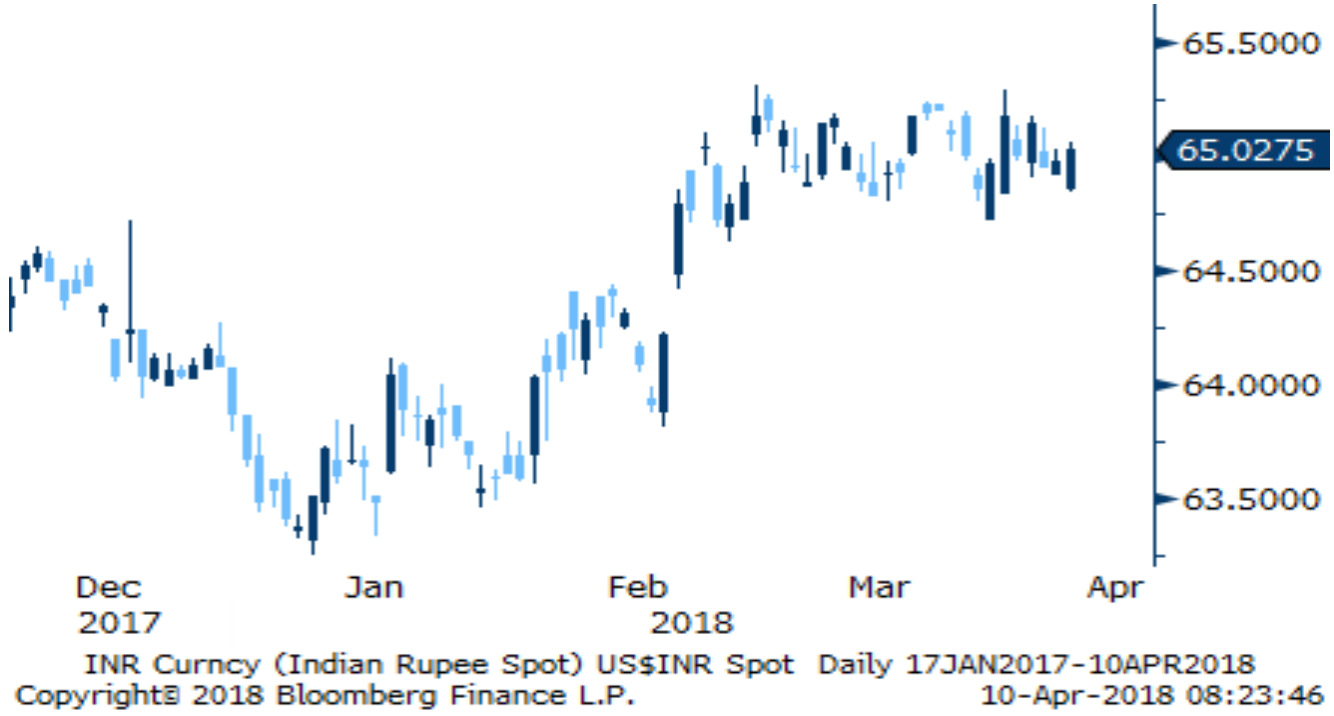
Futures	Pivot	S1	S2	R1	R2
US$INR (Apr)	65.09	65.26	64.86	65.23	65.31
US$INR (May)	65.34	65.50	65.13	65.47	65.55
EURINR (Apr)	79.96	80.16	79.70	80.13	80.23
EURINR (May)	80.43	80.63	80.18	80.59	80.68
GBPINR (Apr)	91.78	92.07	91.40	92.03	92.17
GBPINR (May)	92.25	92.51	91.91	92.47	92.60
JPY INR (Apr)	60.80	61.01	60.54	60.96	61.07
JPY INR (May)	61.17	61.31	61.03	61.25	61.32

US$INR Strategy

US$INR April futures contract (NSE)	View: Bearish on US$INR
Sell US$INR in the range of 65.06 - 65.12	Market Lot: US$1000
Target: 64.85 / 64.79	Stop Loss: 65.24
Support	Resistance
S1/ S2: 65.0 / 64.80	R1/R2:65.10 /65.20

US$INR Spot currency

US$INR Spot



Strategy Update

Date	Currency	Strategy	Rec.	Target	SL	(P/L)*	Comment
9-Apr-18	US$INR	Sell future	65.05	64.75	65.16	-110	Exit in loss

Open Recommendations

Date	Currency	Product	Strategy	Recommendation price	Target	Stoploss	Time frame
30-06-2017	EURJPY	Currency thematic	Buy EURINR & Sell JPYINR	16.10	28.00	10.00	6-9 months
28-07-2017	Rupee	Currency thematic	Sell US$INR	64.35	62.00	66.30	6-9 months
05-04-2018	EURINR	Monthly currency	Sell EURINR	65.25	64.5	65.95	1 month
05-04-2018	US$INR	Monthly currency	Sell US$INR	80.15	79.1	81.1	1 month

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