

January 30, 2019

Daily Currency outlook

Recommendation in the report						
Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	February futures	Buy	71.30	71.60	71.14	1 day

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-	-

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Spot Currency

Currency	Close	Pvs. Close	% Change
US\$INR	71.11	71.11	0.00
Dollar index	95.82	95.75	0.08
EUR-US\$	1.1433	1.1428	0.04
GBP-US\$	1.3066	1.3163	-0.74
US\$-JPY	109.40	109.35	0.05
AUD-US\$	0.7155	0.7166	-0.15
US\$-CHF	0.9946	0.9918	0.28

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	24580	24528	0.21
Nasdaq	6633	6697	-0.96
FTSE	6834	6747	1.29
DAX	11219	11210	0.08
HangSang	27488	27532	-0.16
Nikkei	20560	20665	-0.51
SGX Nifty	10696	10694	0.02

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee ended unchanged in the previous session amid indecisiveness and caution ahead of Budget day and US FOMC policy meeting. However, it is expected to open weaker today tracking a rise in the US\$ as well as higher oil price
- The dollar ended on a slightly higher note as losses against Euro were more than offset by gains against GBP and JPY. The pound declined as lawmakers rejected a proposal to delay the UK's exit from EU. Uncertainty around Brexit has only increased as we head towards the actual Brexit date of March 29, 2019

- The volatile session ended on a flat note as the Nifty pared intraday losses and ended the session at 10652, down 9 points or 0.1%
- Broader markets outperformed as the Nifty midcap and small cap rose 0.3% and 0.2%, respectively. As a result, the market breadth turned flattish

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	7.32	7.33	-0.16
US 10-yr	2.71	2.74	-1.25
Eur 10-yr	0.20	0.21	-2.44
UK 10-yr	1.27	1.27	0.32
JPY 10-yr	0.01	0.00	350.00

Commodities

	Close	Pvs. Close	% Change
Gold	1312	1303	0.65
Copper	272.5	268.0	1.68
Brent	61.3	59.9	2.32

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	6429	6506	-77
Debt	1133	1275	-142

- Sovereign treasury yields remain in a range ahead of Budget day tracking muted moves in global yields. The upcoming Union Budget and RBI monetary policy meeting will provide signals for domestic debt in the near term
- US treasury yields declined yesterday's. However, market participants would be tracking the upcoming Fed monetary policy meeting in the backdrop of lower expectation of faster rate hikes

- Gold rallied as we expect a decline in US yields while the dollar remain key for gold to move higher. We see further gains in gold as the dollar could decline sharply if Fed reiterates dovish assessment
- Oil was upbeat yesterday tracking trade talk optimism as well as Venezuelan political crises. US weekly inventory report is expected to show additions of 3.05 mb against previous addition of 7.97 mb

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 219 crore on January 28, 2019
- FIIs have been net sellers of the more than ₹ 5361 crore in January 2019

Currency futures on NSE

Contracts	LTP	chnge (%)	OI	Vol	(% change)	
					OI	Vol
February	71.33	0.00	1408902	1683684	32.72	103.25
March	71.55	0.01	361542	161534	17.24	127.84
Feb -Mar	-0.22	-	-	1522150	-	90.41
Mar-Apr	-0.26	-	-	139666	-	86.46

- The dollar-rupee February contract on the NSE was at 71.33 in the previous session. January contract open interest increased 32.72 % in the previous session
- We expect the US\$INR to find support at lower levels. Utilise downsides in the pair to initiate long positions

Pivot levels

Futures	Pivot	S1	S2	R1	R2
US\$INR (Feb)	71.33	71.23	71.13	71.43	71.54
US\$INR (Mar)	71.55	71.46	71.36	71.65	71.75
EURINR (Feb)	81.75	81.63	81.48	81.90	82.02
EURINR (Mar)	82.17	82.06	81.97	82.27	82.37
GBPINR (Feb)	94.02	93.65	93.37	94.30	94.67
GBPINR (Mar)	94.32	94.14	93.97	94.49	94.67
JPYINR (Feb)	65.35	65.20	65.11	65.44	65.60
JPYINR (Mar)	65.65	65.51	65.44	65.72	65.86

US\$INR Strategy

US\$INR February futures contract (NSE)

Buy US\$ in the range of 71.26 -71.34

Market Lot: US\$1000

Target: 71.55 / 71.65

Stop Loss: 71.14

Support

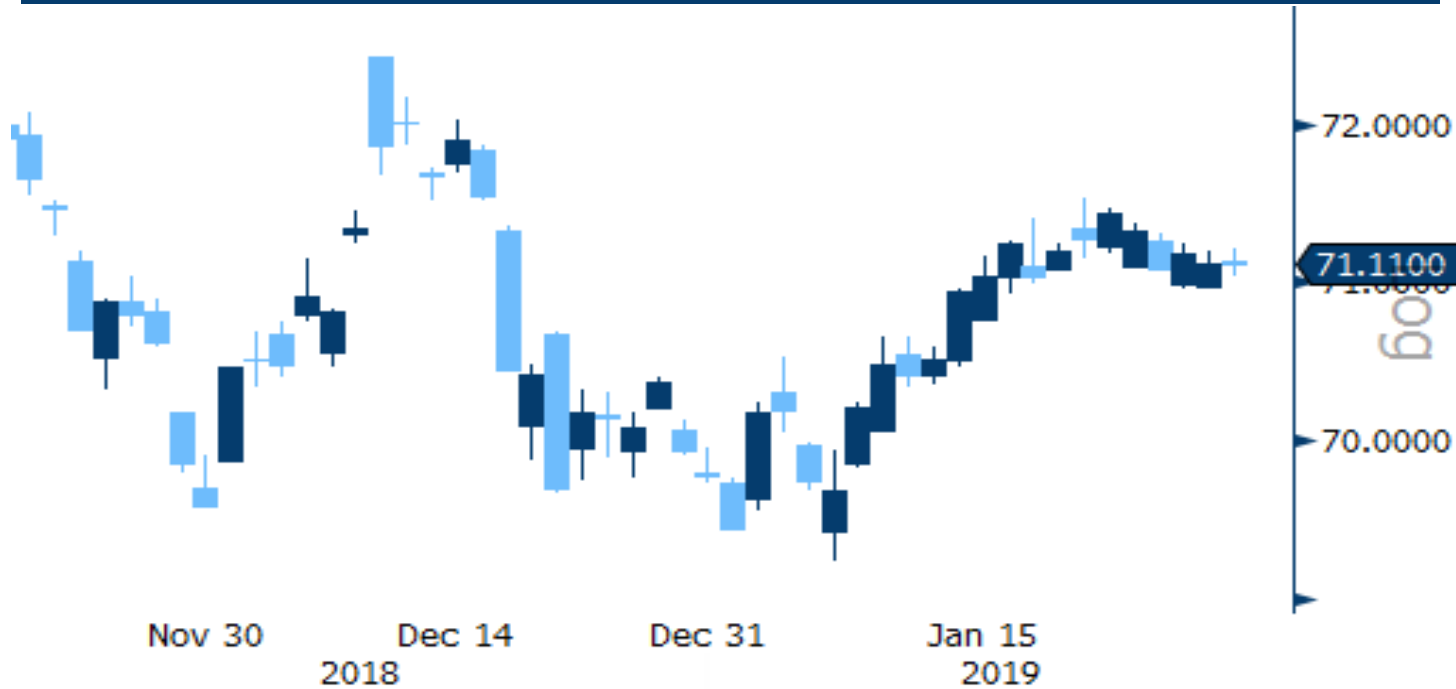
Resistance

S1/ S2: 71.35 / 71.25

R1/R2:71.55 /71.65

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

US\$INR Spot



INR Curncy (Indian Rupee Spot) US\$INR Spot Daily 28MAY2016-30JAN2019 Copyright© 2019 Bloomberg Finance L.P. 30-Jan-2019 08:08:23

Strategy Update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
29-Jan-19	US\$INR	Sell future	71.18	71.50	71.02	0	not initiated

Open Recommendations



Date	Currency	Product	Strategy	Recommendation price	Target	Stoploss	Time frame
-	-	-	-	-	-	-	-

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