

February 8, 2019

Daily Currency outlook

Recommendation in the report						
Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	February futures	Sell	71.69	71.40	71.86	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	71.46	71.56	-0.15
Dollar index	96.51	96.39	0.12
EUR-US\$	1.1341	1.1362	-0.18
GBP-US\$	1.2952	1.2932	0.15
US\$-JPY	109.82	109.97	-0.14
AUD-US\$	0.7101	0.7105	-0.06
US\$-CHF	1.0021	1.0021	0.00

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	25170	25390	-0.87
Nasdaq	6905	6998	-1.32
FTSE	7094	7173	-1.11
DAX	11022	11325	-2.67
HangSang	27679	27990	-1.11
Nikkei	20384	20751	-0.78
SGX Nifty	11065	11095	-0.22

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee extended gains as the currency was buoyed by the RBI repo rate cut as well shift to “neutral stance”. Stability in currency would help contain outflows from debt markets. The rupee is expected to open further higher today while moves in major currencies during the European session would provide cues
- The dollar extended gains on Wednesday benefitting from other major central banks going on the back foot from their tightening outlook. BoE raised concerns on Brexit uncertainty, which has weighed on US growth. BoE lowered its growth forecast for the UK economy along with EU growth concerns, which have weighed in the Euro and supported GBP

- Equity benchmarks extended their winning streak over a sixth consecutive session as the Nifty settled at 11069, marginally up by 7 points or 0.1%
- However, broader markets outperformed as the Nifty midcap and small caps rose 0.7%, each, leading the market breadth to turn positive with A/D ratio of 1.4:1

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	7.32	7.36	-0.53
US 10-yr	2.66	2.69	-1.39
Eur 10-yr	0.12	0.16	-29.01
UK 10-yr	1.18	1.22	-3.21
JPY 10-yr	-0.01	-0.01	-38.46

Commodities

	Close	Pvs. Close	% Change
Gold	1310	1307	0.27
Copper	282.9	283.7	-0.28
Brent	61.6	62.7	-1.69

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	4468	3376	1093
Debt	89	360	-272

- Sovereign treasury yields declined to 7.32% as the RBI cut the repo rate to 6.25% and changed its stance on the monetary policy to “neutral” from “calibrated tightening”. Declining yields and strength in the rupee would help recover flows
- US treasury yields extended their decline to 2.66%, amid worsening global growth expectations. However, the Fed made recent hawkish comments regarding US employment and growth. As such, incoming data remains all the more important for further signals

- Gold recovered slightly as global equities remained in doldrums after lowered growth forecasts. The decline in the dollar remains key for gold to rally higher
- Oil declined yesterday weighed down by risks to demand growth as expectation of an economic slowdown would also weigh on oil

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 821 crore on February 06, 2019
- FIIs have been net sellers of the more than ₹ 68 crore in February 2019

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(% change)	
					OI	Vol
February	71.56	-0.22	1650907	2246131	-3.49	101.36
March	71.79	-0.23	448176	189465	3.95	19.04
Feb -Mar	-0.23	-	-	2056666	-	91.56
Mar-Apr	-0.27	-	-	173598	-	91.63

- The dollar-rupee February contract on the NSE was at 71.56 in the previous session. February contract open interest declined 3.49% in the previous session
- We expect the US\$INR to meet supply pressure at higher levels. Utilise upsides in the pair to initiate short positions

Pivot levels

Futures	Pivot	S1	S2	R1	R2
US\$INR (Feb)	71.64	71.35	71.13	71.85	72.14
US\$INR (Mar)	71.86	71.58	71.38	72.07	72.35
EURINR (Feb)	81.41	80.99	80.72	81.68	82.10
EURINR (Mar)	81.83	81.42	81.16	82.09	82.51
GBPINR (Feb)	92.58	92.08	91.73	92.93	93.44
GBPINR (Mar)	93.03	92.53	92.19	93.37	93.86
JPYINR (Feb)	65.28	65.03	64.83	65.48	65.74
JPYINR (Mar)	65.61	65.40	65.21	65.80	66.01

US\$INR Strategy

US\$INR February futures contract (NSE)

Sell US\$ in the range of 71.65 -71.73

Market Lot: US\$1000

Target: 71.45 / 71.35

Stop Loss: 71.86

Support

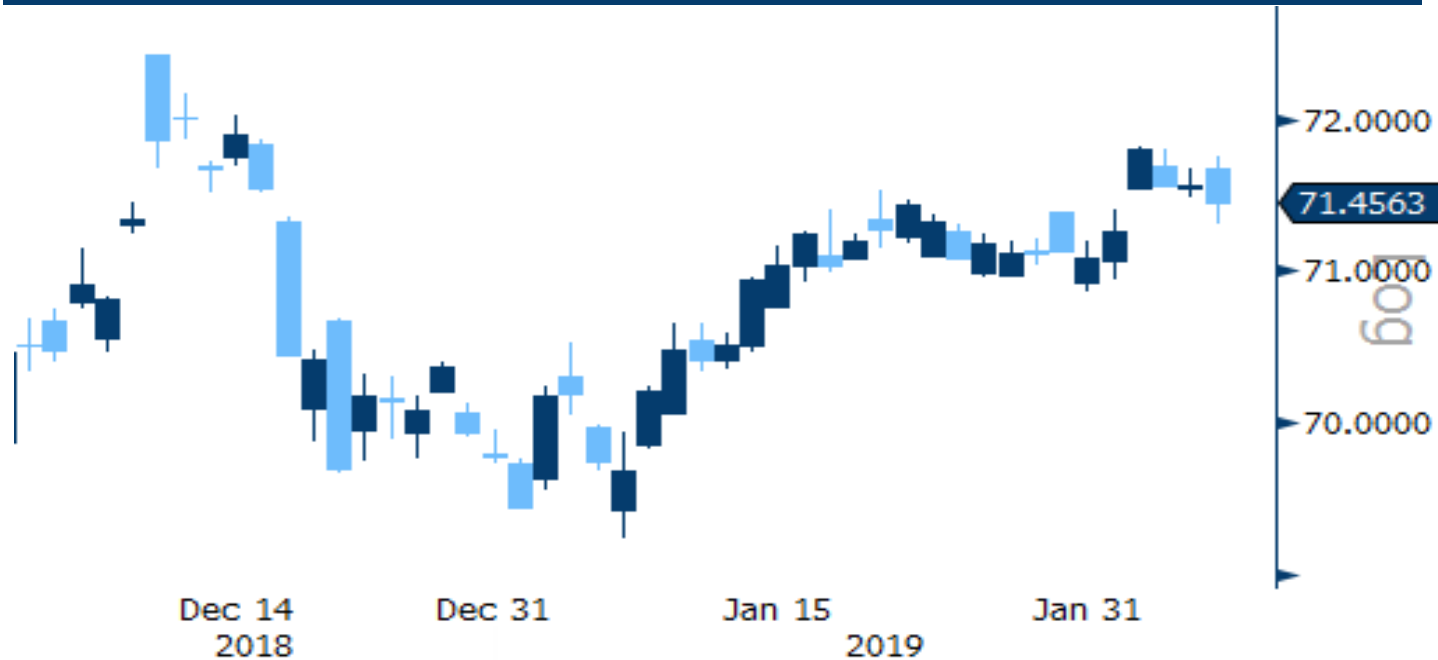
Resistance

S1/ S2: 71.60 / 71.45

R1/R2:71.80 /71.95

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

US\$INR Spot



INR Curncy (Indian Rupee Spot) US\$INR Spot Daily 28MAY2016-08FEB2019 Copyright© 2019 Bloomberg Finance L.P. 08-Feb-2019 08:14:24

Strategy Update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
7-Feb-19	US\$INR	Sell future	71.65	71.48	71.75	70	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

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