

April 25, 2019

Daily Currency outlook

Recommendation in the report						
Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	May futures	Buy	70.28	70.60	70.12	1 day

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Currency	Action
-	-

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Spot Currency

Currency	Close	Pvs. Close	% Change
US\$INR	69.87	69.63	0.34
Dollar index	98.17	97.64	0.55
EUR-US\$	1.1155	1.1227	-0.64
GBP-US\$	1.2902	1.2938	-0.28
US\$-JPY	112.19	111.86	0.30
AUD-US\$	0.7015	0.7102	-1.23
US\$-CHF	1.0204	1.0203	0.01

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	26597	26656	-0.22
Nasdaq	7784	7811	-0.34
FTSE	7472	7523	-0.68
DAX	12313	12236	0.63
HangSang	29803	29806	-0.01
Nikkei	22273	22200	0.33
SGX Nifty	11728	11737	-0.08

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee sustained losses to end at 69.87 yesterday tracking gains in the dollar index as well as higher oil prices. Today would be the settlement of RBI's \$5 billion buy-sell dollar rupee swap. Also, a spike in forwards premium is adding to rupee volatility
- The Dollar Index ended on a strong note and ended above 98 levels, highest since June 2017. Strong back to back retail sales and new home sales data have spurred the dollar higher. While European economic data continue to remain subdued. Euro has breached the 1.12 levels. It risks testing 1.09 levels while EM currencies could also come under pressure

- Equity benchmarks staged a strong comeback as the Nifty snapped its last three session's decline and advanced 150 points, or 1.3%, to settle at 11726
- Broader markets relatively underperformed as the Nifty midcap, small cap indices rose 0.4% and 0.8%, respectively. As a result, market breadth turned positive with A/D ratio of 1.25:1

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	7.43	7.47	-0.66
US 10-yr	2.52	2.57	-1.83
Eur 10-yr	-0.01	0.04	-129.27
UK 10-yr	1.18	1.23	-4.07
JPY 10-yr	-0.04	-0.03	32.14

Commodities

	Close	pvs close	% change
Gold	1276	1272	0.26
Copper	291.0	289.4	0.57
Brent	74.6	74.5	0.08

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	3536	3703	-167
Debt	510	1685	-1174

- Sovereign benchmark treasury yields cooled off to 7.43% on Wednesday amid announcement of OMO as well as lower global yields. Strong oil prices as well as outflows seen in domestic markets in April are weighing on domestic debt
- US treasury yields fell 5 bps to end at 2.52%. Yields remain in a range awaiting further economic data. US new home sales for March jumped to 692000 units, which is the highest since December 2017

- Gold has managed to hold its ground in the face of a stronger dollar. Any weakness in dollar would spur non-interest paying asset higher
- Oil rose mildly to end higher at 74.6 even though US weekly report showed addition to inventories. Oil stocks rose by 5.4 mb against expectation of addition of 0.8 mb

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 1341 crore on April 23, 2019
- FIIs have been net sellers of more than ₹ 3519 crore in April 2019

Currency futures on NSE

Contracts	LTP	chnng (%)	OI	Vol	(%) change	
					OI	Vol
May	70.22	0.23	1173347	1276810	23.86	98.39
June	70.47	0.28	240972	110350	5.14	187.11
May-June	-0.25	-	-	1166460	-	91.36
June - July	-0.28	-	-	96010	-	87.00

- The dollar-rupee May contract on the NSE was at 70.22 in the previous session. May contract open interest increased 23.86% 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)	69.91	70.06	70.21	70.36	70.51
US\$INR (June)	70.23	70.35	70.48	70.60	70.72
EURINR (May)	78.67	78.78	78.93	79.04	79.18
EURINR (June)	79.12	79.24	79.37	79.48	79.61
GBPINR (May)	90.80	90.91	91.02	91.14	91.25
GBPINR (June)	91.10	91.28	91.44	91.62	91.78
JPYINR (May)	62.66	62.78	62.92	63.04	63.18
JPYINR (June)	63.04	63.15	63.25	63.36	63.46

US\$INR Strategy

US\$INR May futures contract (NSE)

Buy US\$ in the range of 70.25-70.31

Market Lot: US\$1000

Target: 70.55 / 70.65

Stop Loss: 70.12

Support

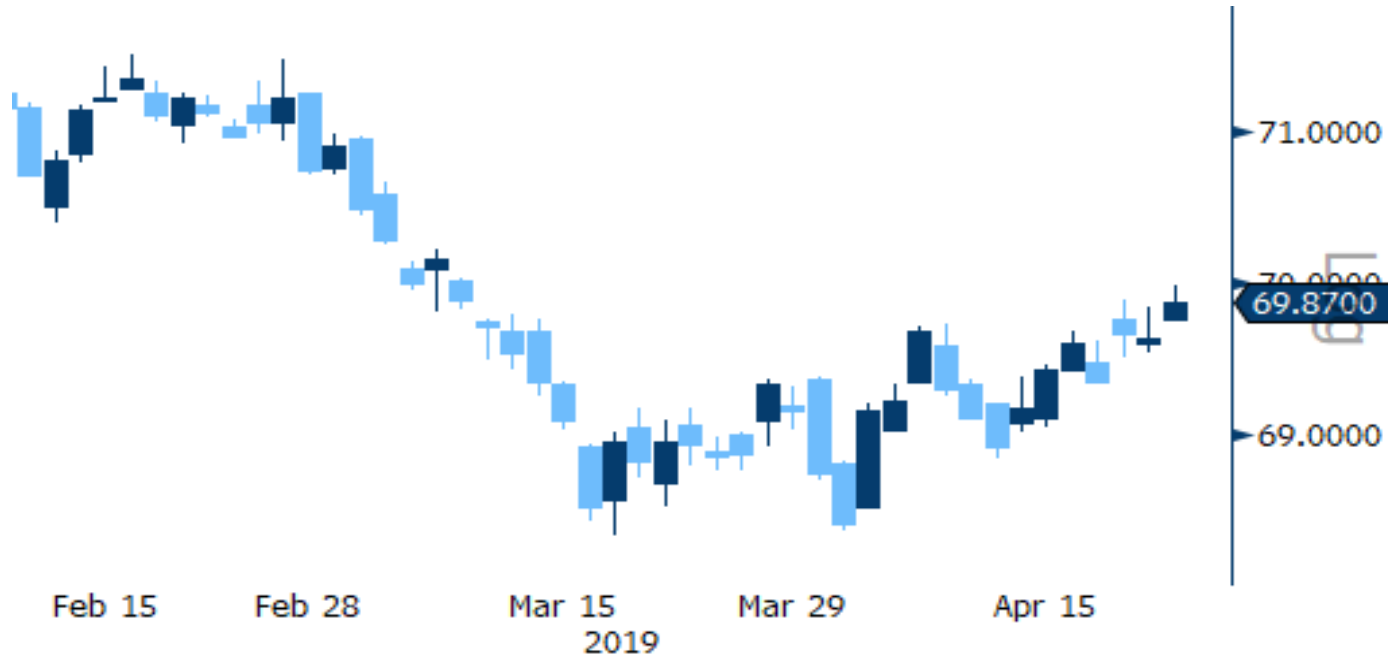
Resistance

S1/ S2: 70.20 / 70.05

R1/R2:70.50 /70.65

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

US\$INR Spot



INR Curncy (Indian Rupee Spot) US\$INR Spot Daily 25MAR2018-25APR2019 Copyright© 2019 Bloomberg Finance L.P. 25-Apr-2019 08:02:02

Strategy Update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
24-Apr-19	US\$INR	Buy US\$INR	69.96	70.14	69.82	-80	Exit in loss

Open Recommendations



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

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