March 12, 2020

Daily Currency outlook

Recommendation in the report						
Curreny Pair	Contract	Action	Price	Target	Stoploss	Duration
US$INR	March futures	Buy	74.30	74.75	74.15	1 day

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Forex and global equities

Spot Currency

Currency	Close	Pvs. Close	% Change
US$-INR	73.64	74.09	-0.60
Dollar index	96.51	96.41	0.10
EUR-US$	1.1270	1.1281	-0.10
GBP-US$	1.2820	1.2911	-0.70
US$-CNY	6.9600	6.9572	0.04
US$-JPY	104.54	105.64	-1.09
US$-CHF	0.9385	0.9400	-0.54

- The rupee may head toward a record low reached in 2018 as foreign funds pull out of local assets amid growing concerns over the Coronavirus outbreak. Traders are focused on retail inflation data due later on Thursday, which is expected to ease

- The US dollar rallied against multiple currency competitors midweek after the World Health Organization (WHO) officially declared that the Coronavirus is now a global pandemic. Investors fled to traditional safe-haven asset following the international body's announcement

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	23553	25018	-5.86
S & P 500	2741	2882	-4.89
FTSE	5877	5960	-1.40
DAX	10439	10475	-0.35
HangSang	24398	25232	-3.30
Nikkei	18538	19416	-4.52
SGX Nifty	9951	10417	-4.47

- Equity benchmarks took a breather after the past two session's decline as the Nifty ended on a flat note at 10458, up 7 points. Sectorally, metal, pharma and IT underperformed while FMCG outperformed

- The Bank Nifty traded with high volatility and closed on a flat note marginally lower on Wednesday after Monday's sharp decline. PSU banking stocks continue to underperform as the Nifty PSU bank index closed down by ~ 4%, whereas the private bank index closed the session marginally higher by 0.4%. The Bank Nifty ended the session at 26440, down by 22 points or 0.1%

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

Debt and FII activity

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	6.13	6.07	0.99
US 10-yr	0.87	0.80	8.28
Eur 10-yr	-0.74	-0.79	-6.08
UK 10-yr	0.30	0.24	23.33
JPY 10 yr	-0.07	-0.05	37.50

- India's sovereign bonds fell ahead of a debt auction, partly reversing a rally in the previous session, which sent yields to the lowest in a decade. The rupee edged up in line with emerging Asian peers
- Treasuries surged with 10-year yields falling another 15 bps on Thursday as large cross-asset risk-off moves provide a powerful lift

Commodities

	Close	pvs close	% change
Gold	1635	1649	-0.87
Copper	251.2	253.4	-0.87
Brent	35.8	37.2	-3.84

- Gold held its ground as the disruption to the global economy from the Coronavirus pandemic intensified, with the US announcing that it will suspend travel from Europe in a bid to battle the outbreak
- Oil plummeted after President Donald Trump said the US would suspend all travel from Europe for the next 30 days to try and contain the Coronavirus, pummelling fuel demand even further

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	6045	13057	-7012
Debt	2132	1213	919
Net			-6093

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 6093 crore in equities on March 9, 2020. For the month, they remained net sellers of ₹ 16994 crore

Source: Bloomberg, ICICI Direct Research, CDSL

INR futures and Outlook

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(%) change OI	(%) change Vol
March	73.81	-0.69	4587712	3292773	-1.71	12.42
April	74.11	-0.71	1400223	672935	15.68	45.26
MAR-APR	-0.30	-	-	2619838	-	79.56
APR-MAY	-0.18	-	-	641182	-	95.28

- The dollar-rupee March contract on the NSE was at 73.81 in the previous session. Open interest declined 1.7% in the last session
- Utilise downsides in the pair to initiate long positions

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US$INR (Mar)	73.44	73.63	73.95	74.13	74.45
US$INR (Apr)	73.74	73.93	74.25	74.43	74.75
EURINR (Mar)	82.98	83.32	83.81	84.14	84.64
EURINR (Apr)	83.43	83.75	84.23	84.54	85.02
GBPINR (Mar)	94.21	94.79	95.41	95.99	96.62
GBPINR (Apr)	94.64	95.20	95.82	96.39	97.01
JPYINR (Mar)	69.46	69.88	70.58	71.00	71.71
JPYINR (Apr)	69.85	70.27	70.96	71.37	72.06

US$INR Strategy

US$INR March futures contract (NSE)	
Buy US$ in the range of 74.29-74.31	Market Lot: US$1000
Target: 74.75/ 74.90	Stop Loss: 74.15
Support: 74.15/74.05	Resistance: 74.75/74.95

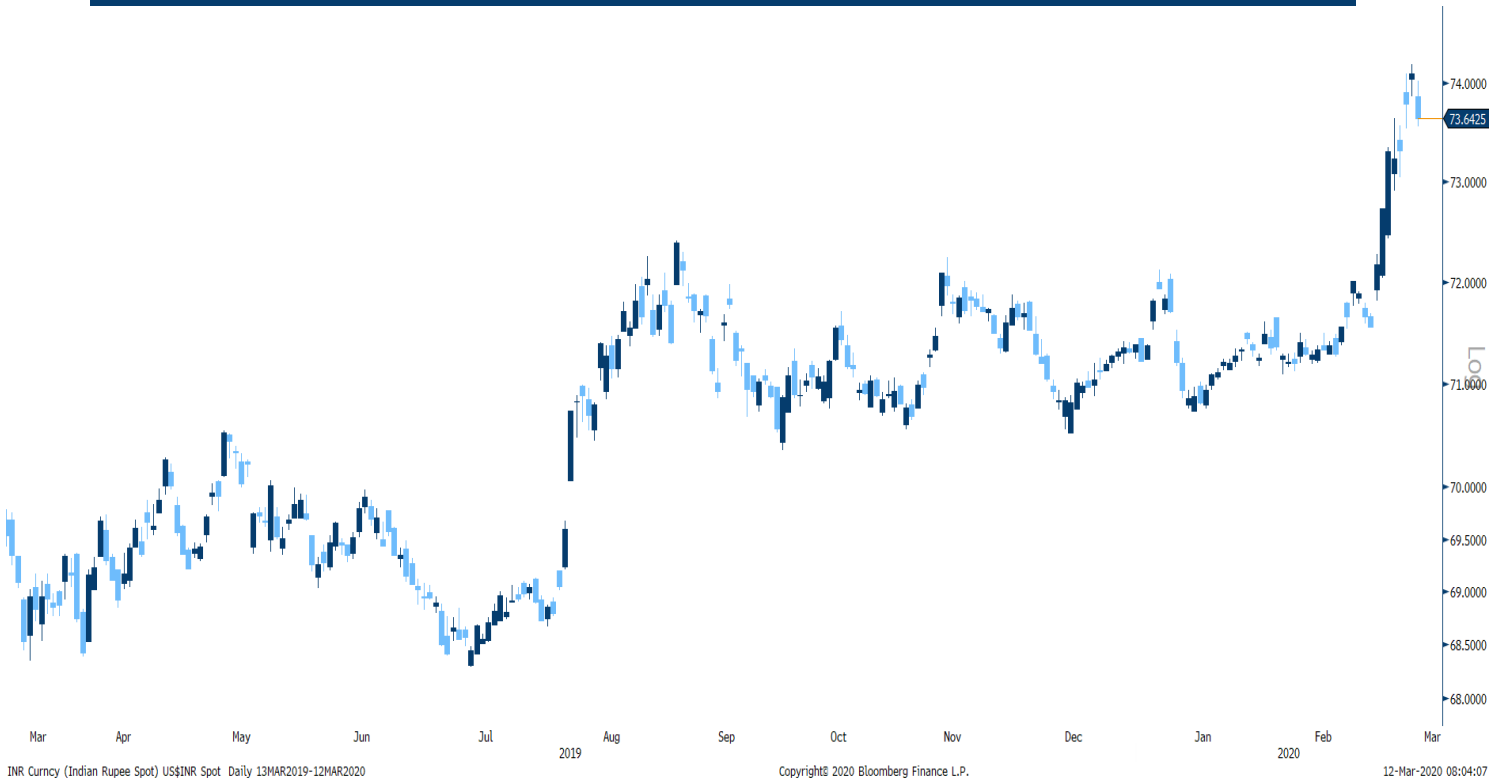
*Recommendation initiation message shall be broadcasted on iclick2gain at relevant prices

Note: The given recommendation in this report is intraday and should not be linked with positional view & recommendations given in Monthly currency Derivatives and Positional Currency report which may have different view.

Source: Bloomberg, ICICI Direct Research

US$INR currency

US$INR Spot



Strategy update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
11-Mar-20	US$INR	Buy US$INR	74.20	74.45	73.95	0	Not initiated

Source: Bloomberg, ICICI Direct Research

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