June 20, 2018

Daily Currency outlook

Recommendation in the report						
Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US$INR	June futures	Buy	67.92	68.30	67.77	1-2 days

Other Product offerings

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Currency	Action
-	-

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Forex and global equities

Spot Currency

Currency	Close	Pvs. Close	% Change
US$INR	68.38	67.99	0.58
Dollar index	95.01	94.76	0.27
EUR-US$	1.1590	1.1623	-0.28
GBP-US$	1.3174	1.3245	-0.54
US$-JPY	110.06	110.55	-0.44
AUD-US$	0.7381	0.7423	-0.57
US$-CHF	0.9950	0.9952	-0.02

- The rupee ended the session with sharp losses of 0.58%, testing lowest levels in almost four weeks. However it is expected to open on higher today, still seeing limited gains ahead of upcoming crucial Opec meeting
- The US$ ended higher amidst risk concerns of aggravating trade friction between US and other countries. JPY gained on the back of safe haven currency demand while Euro and Pound declined sharply owing to US$ strength. Global equity markets slumped weighed by fears of full scale global trade wars.

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	24700	24987	-1.15
Nasdaq	7228	7251	-0.32
FTSE	7604	7631	-0.36
DAX	12678	12834	-1.22
HangSang	29451	29468	-0.06
Nikkei	22297	22278	0.08
SGX Nifty	10721	10727	-0.05

- Equity benchmarks extended profit booking weighed by weak global cues. The Nifty settled at 10710 down 89 points or 0.8%.
- Broader markets underperformed as the Nifty midcap and small caps lost 1.2% and 1.5%, respectively. As a result, market breadth remained in favour of declines with AD ratio of almost 1:3.

*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	7.86	7.88	-0.17
US 10-yr	2.90	2.92	-0.69
Eur 10-yr	0.37	0.40	-6.28
UK 10-yr	1.28	1.32	-3.10
JPY 10-yr	0.03	0.04	-15.00

- Sovereign bonds extended further gains amidst steady crude oil prices as well slide in global bond yields. Global trade wars could see yields declining as it could weigh on growth prospects
- US 10-year yields declined in yesterday session as investors chased safe haven assets including US treasury. Yields to remain volatile in backdrop of hawkish Fed while trade frictions could see flight to safety provided by sovereign bonds

Commodities

	Close	Pvs. Close	% Change
Gold	1275	1278	-0.29
Copper	304.7	310.7	-1.92
Brent	75.1	75.3	-0.35

- Spot gold declined mildly as hawkish fed is weighing on Gold's non-interest paying asset. Weakness in US$ and rising trade concerns could provide trigger for gold to rally
- Brent crude oil prices were slightly lower in yesterday session ahead of US weekly inventory. Oil prices shall remain volatile ahead of Opec meeting week wherein expectations are that it could relax some of the supply curbs

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	3584	3991	-407
Debt	946	1692	-745

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 1152 crore on June 18, 2018
- FIIs have been net sellers to the tune of almost ₹ 8326 crore in June 2018

Source: Bloomberg, ICICI Direct Research, cdsl

INR futures and Outlook

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	chng (%) OI	chng (%) Vol
June	68.40	0.49	2616434	2298710	7.27	36.83
July	68.65	0.46	899518	746018	38.96	142.50
June-July	-0.26	-	-	1552692	-	67.55
July-August	-0.24	-	-	707422	-	94.83

- Near-month dollar-rupee June contract on the NSE was at 68.40 in the previous session. June contract open interest increased 7.27% in the previous day
- We expect the US$INR to find supports at lower levels. Utilise downsides in the pair to initiate long positions

Pivot levels

Futures	Pivot	S1	S2	R1	R2
US$INR (June)	68.29	68.59	67.87	68.55	68.70
US$INR (July)	68.38	69.02	67.46	68.98	69.30
EURINR (June)	79.10	79.62	78.63	79.30	79.56
EURINR (July)	79.45	80.19	78.65	79.88	80.24
GBPINR (June)	90.18	90.76	89.72	90.35	90.64
GBPINR (July)	90.65	91.24	90.17	90.82	91.12
JPYINR (June)	62.17	62.54	61.70	62.45	62.64
JPYINR (July)	62.51	62.87	62.03	62.80	62.99

US$INR Strategy

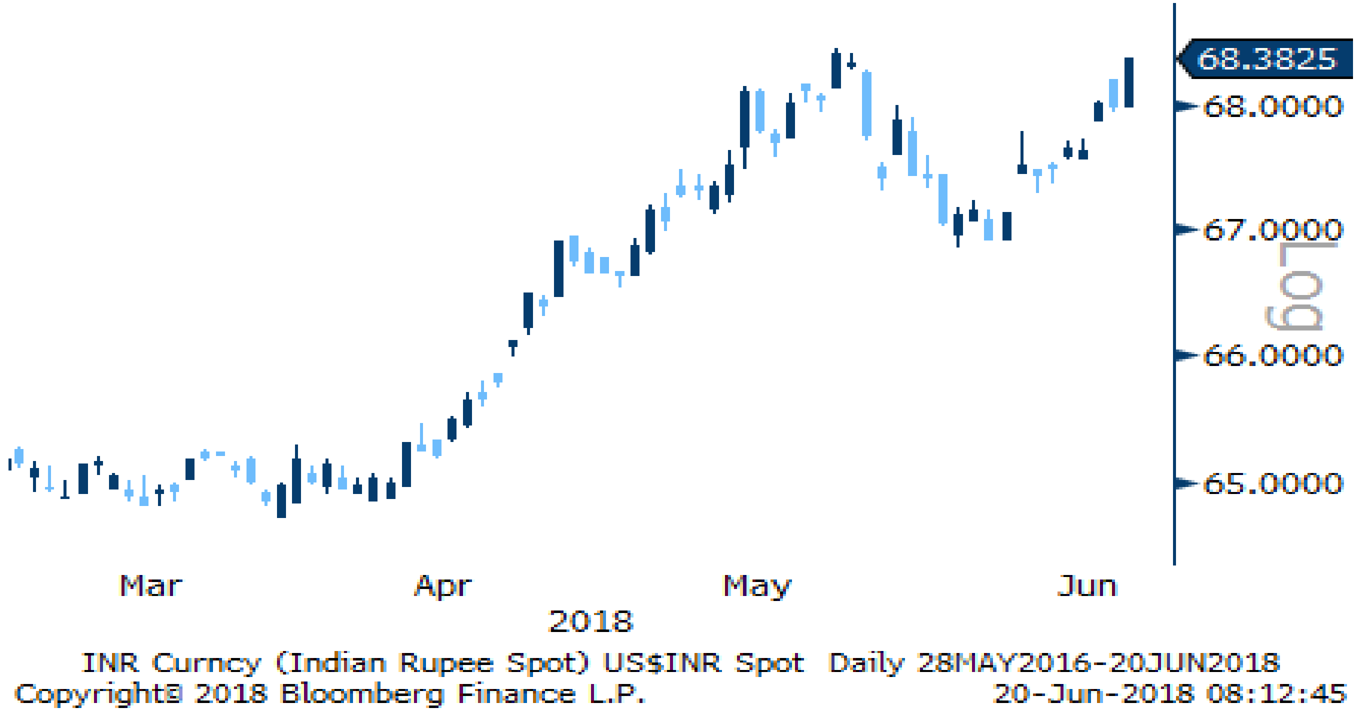
US$INR June futures contract (NSE)	View: Bullish on US$INR
Buy US$INR in the range of 67.88 - 67.96	Market Lot: US$1000
Target: 68.25 / 68.30	Stop Loss: 67.77
Support	Resistance
S1/ S2: 68.04 / 67.90	R1/R2:68.30 /68.45

*Recommendation initiation message shall be broadcasted on iclick2gain

Source: Bloomberg, ICICI Direct Research

US$INR Spot currency

US$INR Spot



Strategy Update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
19-Jun-18	US$INR	Buy future	67.93	68.25	67.77	0	Not initiated

Source: Bloomberg, ICICI Direct Research

Open Recommendations

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

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Source: Bloomberg, ICICI Direct Research

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