

June 22, 2018

Daily Currency outlook

Recommendation in the report

| Currency pair | Contract | Action | Price | Target | Stoploss | Duration |
|---------------|--------------|--------|-------|--------|----------|----------|
| US\$INR | June futures | Sell | 68.01 | 67.73 | 68.16 | 1-2 days |

Other Product offerings

**Monthly Currency and
Thematic reports**

| Currency | Action |
|----------|--------|
| - | - |

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Spot Currency

| Currency | Close | Pvs. Close | % Change |
|--------------|--------|------------|----------|
| US\$INR | 67.99 | 68.08 | -0.12 |
| Dollar index | 94.86 | 95.12 | -0.28 |
| EUR-US\$ | 1.1604 | 1.1572 | 0.28 |
| GBP-US\$ | 1.3240 | 1.3172 | 0.52 |
| US\$-JPY | 109.99 | 110.36 | -0.34 |
| AUD-US\$ | 0.7379 | 0.7368 | 0.15 |
| US\$-CHF | 0.9923 | 0.9962 | -0.39 |

- The rupee ended on a higher note, recovering the opening losses as decline in crude oil prices coupled with sliding domestic yields supported rupee
- The US\$ witnessed profit booking as risk-on mode staged recovery, even as major currencies managed to hold on to supports. British Pound jumped sharply post BoE monetary policy meeting as increase in hawks raised interest rate hike expectations. Euro rose from its supports near 1.15 zone. We expect mild relief to emerging market currencies if US\$ sees further declines

Global Equity Indices

| Indices | Close | Pvs. Close | % Change |
|-----------|-------|------------|----------|
| Dow Jones | 24462 | 24658 | -0.80 |
| Nasdaq | 7217 | 7281 | -0.87 |
| FTSE | 7556 | 7627 | -0.93 |
| DAX | 12512 | 12695 | -1.44 |
| HangSang | 29107 | 29296 | -0.65 |
| Nikkei | 22515 | 22693 | -0.78 |
| SGX Nifty | 10712 | 10733 | -0.20 |

- Equity benchmarks see range bound activity amid rise in volatility. The Nifty shut shop the session at 10741 down 31 points or 0.3%.
- Broader markets underperformed as the Nifty midcap and small caps lost 0.6% and 1.1%, respectively. The market breadth turned in favour of declines with AD ratio of 1:2.5

*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 | 7.77 | 7.83 | -0.68 |
| US 10-yr | 2.90 | 2.94 | -1.44 |
| Eur 10-yr | 0.34 | 0.38 | -11.14 |
| UK 10-yr | 1.28 | 1.30 | -1.54 |
| JPY 10-yr | 0.04 | 0.04 | 2.56 |

Commodities

| | Close | Pvs. Close | % Change |
|--------|-------|------------|----------|
| Gold | 1267 | 1268 | -0.05 |
| Copper | 302.2 | 304.1 | -0.62 |
| Brent | 73.1 | 74.7 | -2.26 |

FII Activity

| Segment | Purchase | Sell | Net ₹ crores |
|---------|----------|------|--------------|
| Equity | 3829 | 6203 | -2374 |
| Debt | 1233 | 2553 | -1319 |

- Sovereign bonds continue to rally as RBI's bond buying as well as decline in crude oil prices is supporting domestic debt
- US 10-year yields declined to 2.90% tracking weak crude oil prices as well as friction between US and global trading partners. However headwinds remain even as traders await further details of 10% tariff on \$200 bn of Chinese imports into US as well as plans of investment restrictions on China by the US

- Gold extended declines even though US\$ fell as slide in crude oil prices and recovery in risk-on mode weighed on safe haven as well as inflation hedge demand
- Brent crude oil prices fell sharply amidst ongoing speculation over actual quantum of supply augmentation by OPEC and key non-Opec members. Decision is expected today which is a crucial trigger for further move in oil markets

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 3693 crore on June 20, 2018
- FIIs have been net sellers to the tune of almost ₹ 13963 crore in June 2018

Currency futures on NSE

| Contracts | LTP | chng (%) | OI | Vol | chng (%) | |
|-------------|-------|----------|---------|---------|----------|--------|
| | | | | | OI | Vol |
| June | 68.04 | -0.14 | 2461093 | 1573510 | -2.67 | -16.91 |
| July | 68.29 | -0.14 | 1017109 | 296832 | 9.08 | -16.87 |
| June-July | -0.25 | - | - | 1276678 | - | 81.14 |
| July-August | -0.23 | - | - | 272588 | - | 91.83 |

- Near-month dollar-rupee June contract on the NSE was at 68.04 in the previous session. June contract open interest declined 2.67% in the previous day
- We expect the US\$INR to meet supply pressure at higher levels. Utilise upsides in the pair to initiate short positions

Pivot levels

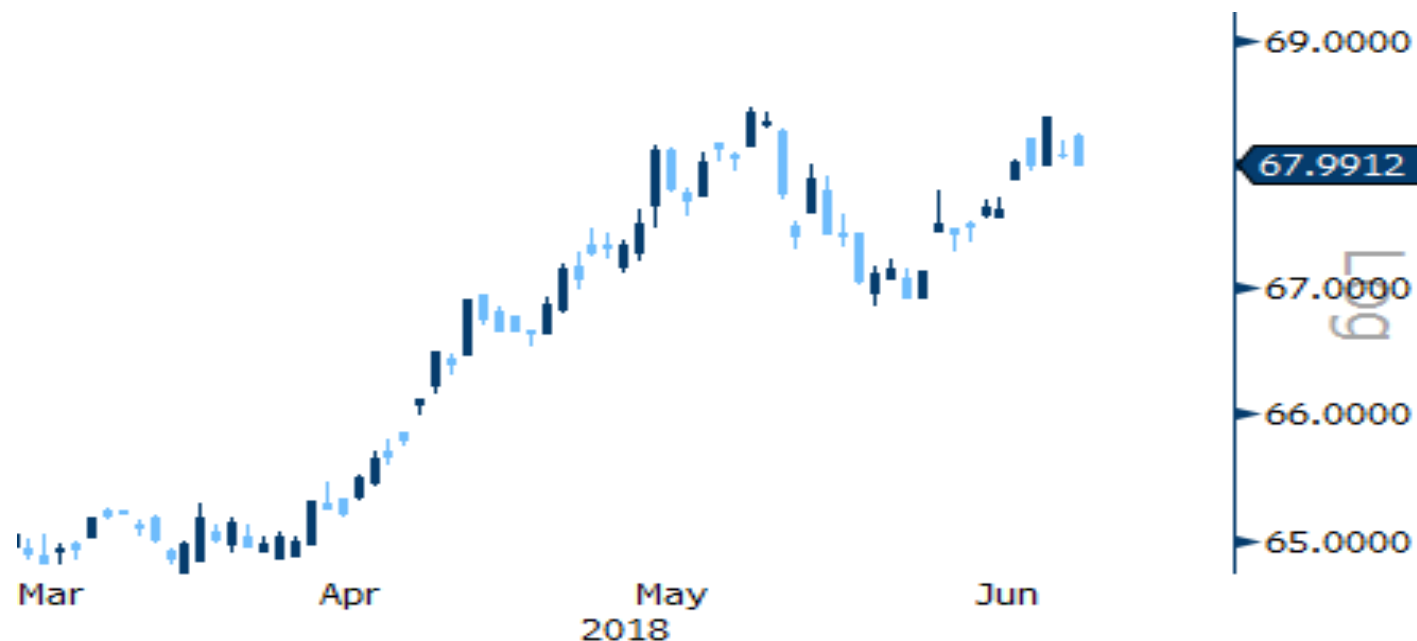
| Futures | Pivot | S1 | S2 | R1 | R2 |
|----------------|-------|-------|-------|-------|-------|
| US\$INR (June) | 68.10 | 68.45 | 67.82 | 68.21 | 68.39 |
| US\$INR (July) | 68.36 | 68.72 | 68.07 | 68.47 | 68.65 |
| EURINR (June) | 78.67 | 79.25 | 78.20 | 78.86 | 79.15 |
| EURINR (July) | 79.13 | 79.71 | 78.66 | 79.31 | 79.60 |
| GBPINR (June) | 89.66 | 90.13 | 89.09 | 90.00 | 90.23 |
| GBPINR (July) | 90.13 | 90.58 | 89.57 | 90.47 | 90.69 |
| JPYINR (June) | 61.66 | 62.09 | 61.31 | 61.79 | 62.01 |
| JPYINR (July) | 61.99 | 62.41 | 61.65 | 62.12 | 62.33 |

US\$INR Strategy

| US\$INR June futures contract (NSE) | View: Bearish on US\$INR |
|--|--------------------------|
| Sell US\$INR in the range of 67.98 - 68.04 | Market Lot: US\$1000 |
| Target: 67.75 / 67.70 | Stop Loss: 68.16 |
| Support | Resistance |
| S1/ S2: 67.85 / 67.60 | R1/R2: 68.10 / 68.20 |

*Recommendation initiation message shall be broadcasted on iclick2gain

US\$INR Spot



INR Curncy (Indian Rupee Spot) US\$INR Spot Daily 28MAY2016-22JUN2018
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Strategy Update

| Date | Currency pair | Strategy | Rec. | Target | SL | (P/L)* | Comment |
|-----------|---------------|-------------|-------|--------|-------|--------|---------------|
| 21-Jun-18 | US\$INR | Sell future | 68.28 | 68.03 | 68.43 | 0 | Not initiated |

Open Recommendations



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

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