

January 28, 2019

Daily Currency outlook

Recommendation in the report						
Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	January futures	Sell	71.11	70.80	71.27	1 day

Other Product offerings

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Currency	Action
-	-

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Spot Currency

Currency	Close	Pvs. Close	% Change
US\$INR	71.17	71.08	0.13
Dollar index	95.79	96.60	-0.84
EUR-US\$	1.1406	1.1304	0.90
GBP-US\$	1.3196	1.3066	0.99
US\$-JPY	109.55	109.64	-0.08
AUD-US\$	0.7179	0.7094	1.20
US\$-CHF	0.9939	0.9964	-0.25

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	24737	24553	0.75
Nasdaq	6787	6703	1.27
FTSE	6809	6819	-0.14
DAX	11282	11130	1.36
HangSang	27697	27569	0.46
Nikkei	20710	20774	-0.31
SGX Nifty	10813	10795	0.17

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

- The rupee ended lower on Friday as investors remained concerned ahead of the interim Budget amid expectation of populism. The market is expecting an announcement on agri-relief package today wherein the quantum of such a measure would be keenly tracked. The rupee is expected to open positive today tracking gains in major currencies against US\$
- The dollar sustained sharp losses on Friday ahead of US FOMC policy meeting this week. Also, news of a temporary shutdown relief improved risk sentiment. Euro reversed sharply from its supports near 1.13 levels. Any declines in the dollar could see sharp gains in the Euro

- Equity benchmarks took a breather after two weeks of up move amid elevated volatility. The Nifty settled for the week at 10781, down 126 points or 1.2%
- Broader markets underperformed as Nifty midcap, small cap indices dropped 3%, each

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	7.33	7.31	0.29
US 10-yr	2.76	2.72	1.58
Eur 10-yr	0.19	0.18	7.22
UK 10-yr	1.31	1.27	3.16
JPY 10-yr	0.00	0.01	-127.27

Commodities

	Close	Pvs. Close	% Change
Gold	1305	1281	1.88
Copper	272.9	264.5	3.20
Brent	61.6	61.1	0.90

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	4032	4227	-195
Debt	1084	534	550

- Sovereign treasury yields rose to 7.33% ahead of expectation of farm-relief package announcement today
- US treasury yields rose in yesterday's session. However, market participants would be tracking the upcoming Fed monetary policy meeting in the backdrop of lower expectation of faster rate hikes

- Gold rose sharply in the previous session as the US\$ slipped ahead of Fed monetary policy meeting this week. We see further gains in gold as dollar could decline sharply if Fed reiterates dovish assessment
- Oil witnessed gains amid declines in dollar as well as overall buying support at lower levels. Actual Opec+ cuts and demand growth prospects would be tracked for oil prices in the near term

- Foreign institutional investors (FII) were net buyers to the tune of ₹ 355 crore on January 24, 2019
- FIIs have been net sellers of the more than ₹ 6120 crore in January 2019

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	(% change)	
					OI	Vol
January	71.21	0.11	1138851	1600858	-4.79	26.35
February	71.42	0.11	731736	410826	8.39	58.51
Jan-Feb	-0.21	-	-	1190032	-	74.34
Feb -Mar	-0.20	-	-	363738	-	88.54

- The dollar-rupee January contract on the NSE was at 71.21 in the previous session. January contract open interest declined by 4.79% in the previous session
- We expect the US\$INR to face supply pressure at higher levels. Utilise upsides in the pair to initiate short positions

Pivot levels

Futures	Pivot	S1	S2	R1	R2
US\$INR (Jan)	71.14	71.02	70.84	71.33	71.45
US\$INR (Feb)	71.35	71.24	71.05	71.54	71.65
EURINR (Jan)	80.67	80.51	80.24	80.94	81.10
EURINR (Feb)	81.01	80.83	80.54	81.30	81.48
GBPINR (Jan)	93.15	92.81	92.45	93.51	93.85
GBPINR (Feb)	93.54	93.29	93.02	93.80	94.05
JPYINR (Jan)	64.78	64.66	64.45	64.99	65.11
JPYINR (Feb)	65.10	65.01	64.86	65.25	65.34

US\$INR Strategy

US\$INR January futures contract (NSE)

Sell US\$ in the range of 71.08 -71.14

Market Lot: US\$1000

Target: 70.85 / 70.75

Stop Loss: 71.27

Support

Resistance

S1/ S2: 71.0 / 70.90

R1/R2:71.15 /71.25

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

US\$INR Spot



INR Curncy (Indian Rupee Spot) US\$INR Spot Daily 28MAY2016-28JAN2019 Copyright© 2019 Bloomberg Finance L.P. 28-Jan-2019 08:36:43

Strategy Update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
25-Jan-19	US\$INR	Sell future	71.14	70.99	71.27	70	Exit in profit

Open Recommendations



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

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