

February 25, 2020

Daily Currency outlook

Recommendation in the report

Currency Pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	February futures	Buy	71.80	72.10	71.65	1 day

Research Analysts

Amit Gupta

amit.gup@icicisecurities.com

Nandish Patel

nandish.patel@icicisecurities.com

Raj Deepak Singh

rajdeepak.singh@icicisecurities.com

Dipesh Dedhia

dipesh.dedhia@icicisecurities.com

Spot Currency

Currency	Close	Pvs. Close	% Change
US\$-INR	72.00	71.66	0.48
Dollar index	99.36	99.87	-0.51
EUR-US\$	1.0854	1.0785	0.64
GBP-US\$	1.2924	1.2882	0.33
US\$-CNY	7.0296	7.0230	0.09
US\$-JPY	110.72	112.10	0.16
US\$-CHF	0.9791	0.9841	-0.05

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	27961	29220	-4.31
S & P 500	3226	3373	-4.37
FTSE	7157	7437	-3.76
DAX	13035	13664	-4.60
HangSang	26821	27609	0.07
Nikkei	22726	23479	-
SGX Nifty	11821	12083	0.59

- The rupee broke its trading range and fell 36 paise to close at 72 levels on the back of heavy selling in domestic equities and strengthening American currency
- The index has managed to leave behind Friday's moderate pullback after hitting fresh YTD highs in levels just shy of the psychological triple-digit resistance, all in response to some profit taking mood and amid the broad-based recovery in several of the dollar's rivals

- Equity benchmarks opened the week on a subdued note on the back of weak global cues. The Nifty lost 251 points or 1.2% and ended the session at 11829
- The market breadth remained weak with A/D ratio of 1:2.5. Sectorally, all major indices ended in the red weighed by metal, auto and pharma

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	6.33	6.42	-1.48
US 10-yr	1.37	1.52	-9.55
Eur 10-yr	-0.48	-0.44	8.33
UK 10-yr	0.54	0.58	-6.25
JPY 10 yr	-0.06	-0.04	43.59

- The yield on the 10-year bond fell 1.48% and ended at 6.33 compared to 6.42 in its previous session.
- US treasury yields saw a precipitous drop on Monday as panic in global stock markets over the COVID-19 outbreak has driven inflows into US government papers, one of the most popular safe haven assets for investors

Commodities

	Close	pvs close	% change
Gold	1659	1620	2.46
Copper	257.7	258.8	-0.43
Brent	56.3	59.3	-5.08

- Gold closed at 1659 but managed to retreat from the highest level since 2013 as a sell-off in global stocks eased in Asia on Tuesday. Authorities around the world moved to keep the Coronavirus from spreading, which remains a concern
- As Kuwait, Bahrain, Oman and Iraq reported their first outbreak, oil dropped close to 5%. Global fears in the demand for crude oil increases further, which will keep oil price moves in check

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	7346	6505	841
Debt	2119	3237	-1118
Net			-277

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 277 crore in equities on February 20, 2019. For the month, they remained net buyers of ₹ 25850 crore

Currency futures on NSE

Contracts	LTP	chnng (%)	OI	Vol	(% change)	
					OI	Vol
February	72.00	0.46	1506665	1916464	5.79	-21.65
March	72.21	0.47	1094862	1048136	36.22	31.40
FEB-MAR	-0.21	-	-	868328	-	45.31
MAR-APR	-0.23	-	-	952992	-	90.92

- The dollar-rupee February contract on the NSE was at 72.0 in the previous session. Open interest rose 5.8% in the previous session
- Utilise downsides in the pair to initiate long positions

Pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Feb)	71.70	71.85	71.94	72.09	72.19
US\$INR (Mar)	71.90	72.05	72.15	72.30	72.40
EURINR (Feb)	77.56	77.74	77.87	78.05	78.17
EURINR (Mar)	77.80	78.04	78.19	78.43	78.58
GBPINR (Feb)	91.87	92.37	92.74	93.24	93.61
GBPINR (Mar)	92.76	92.98	93.24	93.46	93.72
JPYINR (Feb)	63.82	64.27	64.51	64.95	65.19
JPYINR (Mar)	64.37	64.68	64.86	65.17	65.35

US\$INR Strategy

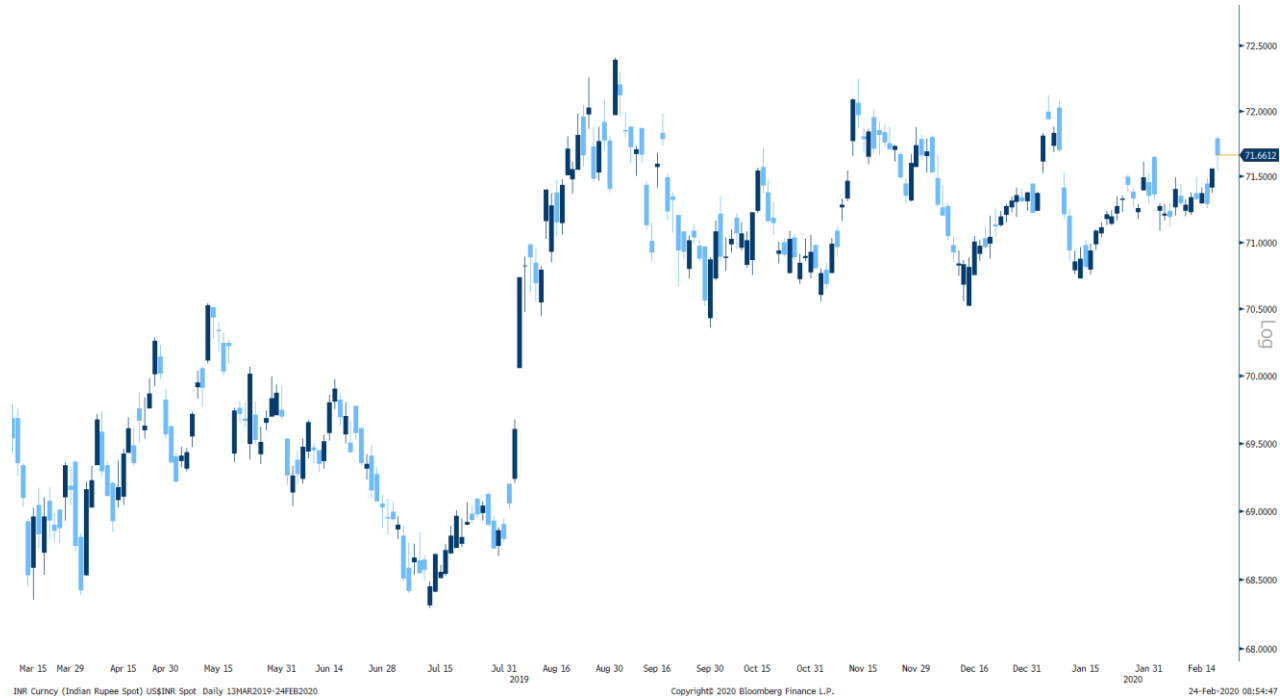
US\$INR February futures contract (NSE)

Buy US\$ in the range of 71.75-71.85	Market Lot: US\$1000
Target: 72.00/ 72.20	Stop Loss: 71.65
Support: 71.75/71.60	Resistance: 72.15/72.25

*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.

US\$INR Spot



Strategy update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
24-Feb-20	US\$INR	Buy US\$INR	71.80	72.10	71.65	0	Not initiated



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

I/We, Amit Gupta B.E, MBA (Finance), Raj Deepak Singh BE, MBA (Finance), Nandish Patel BCOM, Dipesh Dedhia BCOM, MBA (Finance), authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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