

July 26, 2018

Daily Currency outlook

Recommendation in the report

Currency pair	Contract	Action	Price	Target	Stoploss	Duration
US\$INR	July futures	Sell	68.87	68.59	69.03	1-2 days

Other Product offerings

Monthly Currency and Thematic reports

Currency	Action
EURINR	Buy

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Research Analysts

Amit Gupta

amit.gup@icicisecurities.com

Gaurav Shah

Gaurav.shah@icicisecurities.com

Spot Currency

Currency	Close	Pvs. Close	% Change
US\$INR	68.79	68.95	-0.23
Dollar index	94.23	94.61	-0.40
EUR-US\$	1.1729	1.1687	0.36
GBP-US\$	1.3189	1.3145	0.33
US\$-JPY	110.98	111.20	-0.20
AUD-US\$	0.7455	0.7423	0.43
US\$-CHF	0.9919	0.9936	-0.17

- The rupee ended the session on a higher note as strength in domestic equities as well as lower FII redemption pressure from domestic markets helped to contain further sharp depreciation
- US\$ ended on a lower note as it continues to consolidate within a narrow range. Market participants await today's ECB monetary policy meeting. Euro continues to trade above its support of 1.15-1.16 zone. Any hawkish signals may see Euro rising sharply against US\$. As such it would also help emerging currencies including rupee to gain from present levels

Global Equity Indices

Indices	Close	Pvs. Close	% Change
Dow Jones	25414	25242	0.68
Nasdaq	7509	7406	1.38
FTSE	7658	7709	-0.66
DAX	12579	12689	-0.87
HangSang	28761	28921	-0.55
Nikkei	22589	22614	-0.11
SGX Nifty	11164	11137	0.24

- Equity benchmarks witnessed range bound activity while maintaining a higher peak and trough over a fourth consecutive session. The Nifty settled tad below previous sessions close at 11132
- However, broader markets outperformed as the Nifty midcap, small cap ended on a positive note

*Asian equity indices at 8.00 am

Source: Bloomberg, ICICI Direct Research

Benchmark yield

	Close	Pvs. Close	% Change
India 10-yr	7.79	7.78	0.04
US 10-yr	2.97	2.95	0.88
Eur 10-yr	0.40	0.40	-0.25
UK 10-yr	1.27	1.28	-0.16
JPY 10-yr	0.07	0.09	-13.95

- Sovereign bonds declined mildly while overall yields continued to remain in a narrow range. Decline in crude oil prices and steady rupee has helped domestic bonds contain losses
- US bonds declined as yields continue to rise even as the US\$ remained in a range. Investors await upcoming FOMC monetary policy meeting even as the US President has displayed his apparent displeasure at strength in US\$ and rising US interest rates

Commodities

	Close	Pvs. Close	% Change
Gold	1232	1225	0.58
Copper	280.6	280.0	0.21
Brent	73.9	73.4	0.67

- Gold rose tracking dollar weakness while further escalation in global trade rift could be a trigger for increase in Gold's safe haven appeal
- Brent crude oil continued to make small gains amid reports of rising supplies from US and Saudi Arabia. US weekly inventories showed drawdown of 6.14 mb against expectation of decline of 2.2 mb

FII Activity

Segment	Purchase	Sell	Net ₹ crores
Equity	5099	5045	54
Debt	872	1416	-543

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 489 crore on July 24, 2018
- FIIs have been net sellers to the tune of almost ₹ 1755 crore in July 2018

Currency futures on NSE

Contracts	LTP	chng (%)	OI	Vol	chng (%)	
					OI	Vol
July	68.81	-0.17	1950192	1498868	-9.25	-4.60
August	69.05	-0.18	988653	588049	19.15	5.87
July-August	-0.24	-	-	910819	-	60.77
August-Sep	-0.23	-	-	566016	-	96.25

- The dollar-rupee July contract on the NSE was at 68.81 in the previous session. July contract open interest declined 9.25% 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 (July)	68.86	68.68	68.55	68.99	69.17
US\$INR (Aug)	69.10	68.93	68.80	69.23	69.40
EURINR (July)	80.51	80.38	80.29	80.60	80.73
EURINR (Aug)	80.94	80.83	80.73	81.03	81.14
GBPINR (July)	90.55	90.41	90.28	90.68	90.81
GBPINR (Aug)	90.99	90.85	90.72	91.12	91.26
JPYINR (July)	61.94	61.82	61.69	62.06	62.19
JPYINR (Aug)	62.26	62.16	62.04	62.38	62.48

US\$INR Strategy

US\$INR July futures contract (NSE)

Sell US\$INR in the range of 68.84 - 68.90

Market Lot: US\$1000

Target: 68.62 / 68.56

Stop Loss: 69.03

Support

Resistance

S1/ S2: 68.75 / 68.65

R1/R2: 68.90 / 69.10

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

US\$INR Spot



INR Curncy (Indian Rupee Spot) US\$INR Spot Daily 28MAY2016-26JUL2018
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Strategy Update

Date	Currency pair	Strategy	Rec.	Target	SL	(P/L)*	Comment
25-Jul-18	US\$INR	Sell future	68.93	68.78	69.03	100	Exit in profit

Open Recommendations

Date	Currency	Product	Strategy	Recommendation price	Target	Stoploss	Time frame
12/7/2018	EURINR	Monthly currency	Buy EURINR July future	80.30	81.60	79.50	1 month

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Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

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

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