

February 20, 2019

Daily Currency outlook

| Recommendation in the report | | | | | | |
|------------------------------|------------------|--------|-------|--------|----------|----------|
| Currency pair | Contract | Action | Price | Target | Stoploss | Duration |
| US\$INR | February futures | Sell | 71.30 | 71.00 | 71.46 | 1 day |

Other Product offerings

Monthly Currency and Thematic reports

| Currency | Action |
|----------|--------|
| US\$INR | Sell |

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Spot Currency

| Currency | Close | Pvs. Close | % Change |
|--------------|--------|------------|----------|
| US\$INR | 71.23 | 71.16 | 0.10 |
| Dollar index | 96.52 | 96.90 | -0.39 |
| EUR-US\$ | 1.1341 | 1.1311 | 0.27 |
| GBP-US\$ | 1.3070 | 1.2924 | 1.13 |
| US\$-JPY | 110.63 | 110.62 | 0.01 |

Equity indices

| Indices | Close | Pvs. Close | % Change |
|------------|-------|------------|----------|
| Nifty | 10604 | 10640 | -0.34 |
| Bank Nifty | 26684 | 26654 | 0.11 |

- The rupee extended losses on Monday amidst simmering tensions between India and Pakistan as well as recent gains in oil prices. However it is expected to open on a strong note today tracking gains in major currencies as well as positive global cues
- The dollar ended lower yesterday ahead of Fed minutes. Markets remains divided over Fed's assessment as its dovish U-turn in last meeting has weighed on dollar. Any hawkish signals could see sharp reversal in US\$ on higher side

- Equity benchmark pared intraday gains and settled 37 points down or 0.3% at 10604.
- Broader markets outshone as Nifty midcap, small caps rose 0.4% and 0.3%, respectively. As a result market breadth turned positive with A/D ratio of 1.4:1.

Benchmark yield

| | Close | Pvs. Close | % Change |
|-------------|-------|------------|----------|
| India 10-yr | 7.36 | 7.35 | 0.14 |
| US 10-yr | 2.64 | 2.66 | -0.75 |
| Eur 10-yr | 0.11 | 0.10 | 10.00 |

Commodities

| | Close | Pvs. Close | % Change |
|--------|-------|------------|----------|
| Gold | 1342 | 1326 | 1.21 |
| Copper | 287.8 | 280.4 | 2.66 |
| Brent | 66.5 | 66.5 | -0.08 |

FII Activity

| Segment | Purchase | Sell | Net ₹ crores |
|---------|----------|------|--------------|
| Equity | 3406 | 6075 | -2669 |
| Debt | 582 | 1242 | -660 |

- Government bonds declined as domestic yields rose on Monday. Rising crude oil prices are negative for domestic debt while weakness in the rupee also aided outflows from debt markets
- US treasury yields lost mildly amidst cautiousness ahead of Fed meeting minutes. Overall, the Fed's stance on economic growth and inflation would provide further cues for yields

- Gold gained as weakness in US\$ and yields provided tailwinds. We expect gold to rally further as the dollar comes under profit booking
- Oil prices were almost unchanged in yesterday session. Opec efforts to cut supplies is also one of the reasons for support to oil prices at lower levels

- Foreign institutional investors (FII) were net sellers to the tune of ₹ 3329 crore on February 18, 2019

Currency futures on NSE

| Contracts | LTP | chnng (%) | OI | Vol | chnng (%) | |
|-----------|-------|-----------|---------|---------|-----------|--------|
| | | | | | OI | Vol |
| February | 71.43 | 0.16 | 1662253 | 1429822 | -6.46 | -24.53 |
| March | 71.67 | 0.16 | 792019 | 255241 | 12.29 | 6.47 |
| Feb -Mar | -0.24 | - | - | 1174581 | - | 82.15 |
| Mar-Apr | -0.28 | - | - | 239517 | - | 93.84 |

- The dollar-rupee February contract on the NSE was at 71.43 in the previous session. February contract open interest declined 6.46% in the previous session
- 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 (Feb) | 71.45 | 71.30 | 71.17 | 71.58 | 71.72 |
| US\$INR (Mar) | 71.70 | 71.57 | 71.47 | 71.80 | 71.94 |
| EURINR (Feb) | 80.94 | 80.83 | 80.68 | 81.09 | 81.20 |
| EURINR (Mar) | 81.34 | 81.22 | 81.05 | 81.51 | 81.62 |
| GBPINR (Feb) | 92.24 | 91.99 | 91.55 | 92.67 | 92.92 |
| GBPINR (Mar) | 92.68 | 92.47 | 92.10 | 93.05 | 93.26 |
| JPYINR (Feb) | 64.71 | 64.60 | 64.53 | 64.78 | 64.89 |
| JPYINR (Mar) | 65.03 | 64.91 | 64.84 | 65.10 | 65.22 |

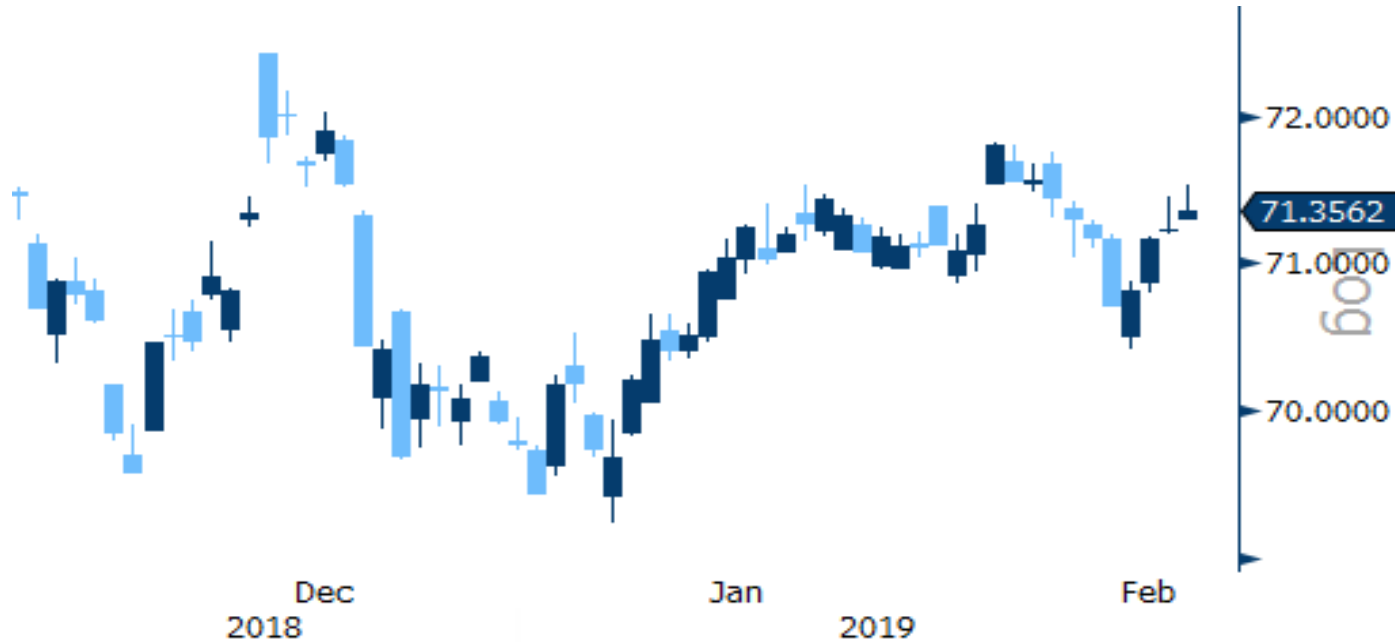
US\$INR Strategy

US\$INR February futures contract (NSE)

| | |
|----------------------------------------|----------------------|
| Sell US\$ in the range of 71.26 -71.34 | Market Lot: US\$1000 |
| Target: 71.05 / 70.95 | Stop Loss: 71.46 |
| Support | Resistance |
| S1/ S2: 71.20 / 71.05 | R1/R2:71.35 /71.55 |

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

US\$INR Spot



INR Curncy (Indian Rupee Spot) US\$INR Spot Daily 28MAY2016-19FEB2019 Copyright© 2019 Bloomberg Finance L.P. 19-Feb-2019 16:59:02

Strategy Update

| Date | Currency pair | Strategy | Rec. | Target | SL | (P/L)* | Comment |
|-----------|---------------|-------------|-------|--------|-------|--------|---------------|
| 18-Feb-19 | US\$INR | Sell future | 71.47 | 71.20 | 71.63 | 0 | Not initiated |

Open Recommendations



| Date | Currency | Product | Strategy | Recommendation price | Target | Stoploss | Time frame |
|----------|----------|---------------------|-------------------|----------------------|--------|----------|------------|
| 6/2/2019 | US\$INR | Positional Currency | Bear Put Strategy | 0.35 | 1.00 | 0.00 | 1 month |

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