

Currencies Daily Report

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FOREX RISK MANAGEMENT SOLUTIONS

Tuesday 06 Jun 2017

Market Overview

Asian markets were in the doldrums on Tuesday, following the lower close on Wall Street and as markets digested the impact of diplomatic tensions between Qatar and other Middle Eastern nations.

The FX market was quiet in N.Y. trade yesterday, leaving major dollar pairings largely inside of narrow ranges. Incoming U.S. data was mixed. The dollar index edged higher yesterday struggling to recover from the slump to 7-month lows, shrugging off the release of mostly downbeat economic data fuelling concerns of a slowdown in the U.S. economy. The index for now is expected to trade below the 97 handle.

The Rupee opened at 64.31 a dollar today and USDINR is expected to trade under pressure approaching 64.10 with focus now on tomorrow's RBI Policy.

British Prime Minister Theresa May plans to set up a network of nine trade commissioners around the world to boost trade after Brexit, her governing Conservative Party said on Monday.

May's Conservatives are widely expected to win a parliamentary election on Thursday, although their opinion poll lead over the main opposition Labour Party has narrowed markedly since she called the election in April.

The party said the trade commissioners would promote exports, seek inward investment and drive trade policy overseas.

Saudi Arabia, the United Arab Emirates, Egypt and Bahrain closed transport links with Qatar on Monday, accusing it of supporting extremism and undermining regional stability. Although oil prices initially rose on fears about possible supply disruptions, they ended the day lower.

Saudi Arabia is the world's biggest oil exporter, and Qatar is the top liquefied natural gas and condensate shipper.

Indices	Last Close	Previous Close	% CHANGE
NASDAQ	6295.68	6305.80	-0.16
DOW JONES	21200.00	21192.50	0.04
NIKKEI	20068.03	20170.82	-0.51
HANGSENG	25734.50	25606.00	0.50
Currencies	Today Morning	Yesterday at 05:00 PM	% CHANGE
DXY	96.59	96.84	-0.26
EURUSD	1.1271	1.1243	0.25
GBPUSD	1.2926	1.2907	0.15
USDJPY	109.87	110.57	-0.63
	Today Morning	Yesterday at 05:00 PM	% CHANGE
USDINR Spot	64.3300	64.3550	-0.04
IRF	104.16	104.16	0.00

USDINR Intraday Outlook

US dollar index is trading at 96.71, rebounding from 96.61 which more than a 7weeks low after NPF was reported lower than expected on Friday. The non-manufacturing ISM index dropped to 56.9 from 57.5 as factory orders and durable goods declined. After the miss in Nonfarm Payrolls, slower service-sector growth did not catch anyone by surprise, which may explain why U.S. yields moved higher on Monday. The U.S. factory goods data fell slightly short of assumptions in April after small upward March revisions across factory orders, shipments and inventories to leave a neutral report that lifted our Q1 GDP estimate to 1.0% from 0.9%, versus the last reported 1.2% gain. Looking ahead, we have JOLTs Job Openingsto be reported later this evening.

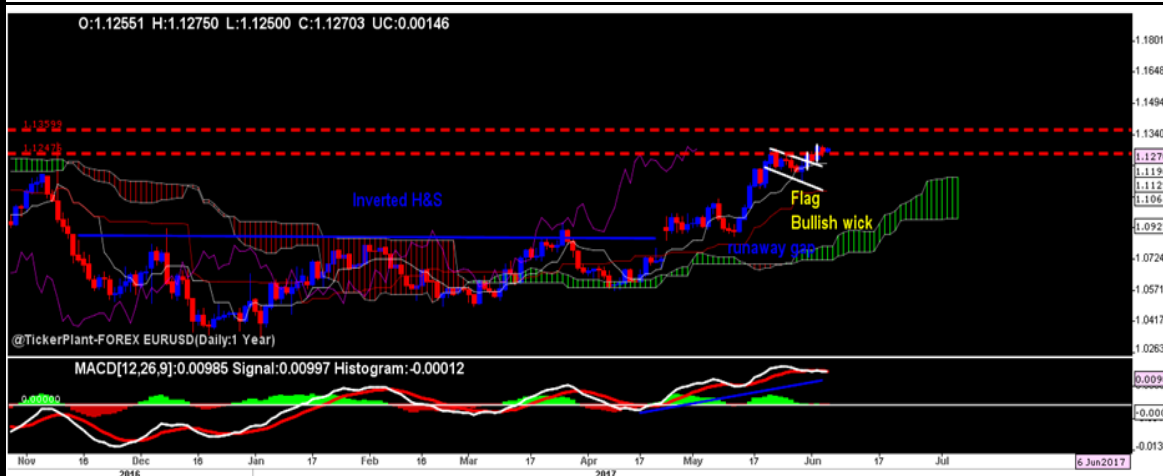


This is the daily chart of USDINR pair, during the last trading day the pair opened 64.35 made a high of 64.39 and trading in a narrow range for the day with a doji kind of a pattern on spot, the pair has been on a broader range of 64.00 on the downside and 64.70 on the upside (spot), likely to open at 64.30 levels with MACD indicator trading below zero line expects the pair to trade side wise for the day ahead of the RBI policy tomorrow.

Intraday Bias	Intraday Strategy						Intraday Range (SPOT)	
Sideways	Sell USDINR FUT 64.56-64.60 TGT 64.35 SL 64.75						64.10-64.50	
Pivot Levels (Futures)	S3	S2	S1	Pivot	R1	R2	R3	
	64.25	64.32	64.37	64.60	64.72	64.77	64.84	
Exporters Strategy	June exports to be partially hedged at 64.75-64.80							
Importers Strategy	June imports to be kept open, targeting 64.50 for partial hedging							

EURINR Intraday Outlook

Euro is trading at 1.1270, rebounding from the levels of 1.1233. There was no major movement EURUSD pair as all the trader are now concerned about upcoming ECB meeting on Thursday, where the Bank is expected to acknowledge the improved growth outlook and finally remove the easing bias. Members of the ECB have taken every opportunity to emphasize the need for accommodation and while the political threat has faded, euro's recent strength may deter President Draghi from emphasizing the improvements in the economy. With that in mind, the ECB could upgrade its economic forecasts, which puts it a step closer to tapering asset purchases. Eurozone May composite PMI was confirmed at 56.8, as expected, with the services reading revised up slightly to 56.3 from 56.2 reported initially. The services PMI still fell back slightly in April, but the composite held steady not just versus the preliminary number but also April.



This is the daily chart of EURUSD, the pair opened at 1.1273 and made a high of 1.1283 and saw the pair some profit booking in late European session, the pair made a bullish flat pattern and gave a break and close above 1.1250 now that will act as a support and next levels of 1.13 likely to be tested with MACD trading above the zero line expect the pair to trade positive, utilize dips to buy the pair.

<u>Intraday Bias</u>	<u>Intraday Strategy</u>						<u>Intraday Range (SPOT)</u>
Bullish	BUY EURUSD 1.1250-1.1240 TGT 1.1295 SL 1.1230 BUY EURINR FUT 72.69-72.65 TGT 72.95 SL 72.55						72.40-72.80
Pivot Levels (Futures)	S3	S2	S1	Pivot	R1	R2	R3
	72.29	72.39	72.45	72.70	72.85	72.92	73.02
Exporters Strategy	Exports to be left open targeting 73						
Importers Strategy	Imports to be partially hedged at 72.60-72.70						

GBPINR Intraday Outlook

Pound is trading at 1.2826, falling from higher levels of 1.2942. A new poll from ICM showing support for Conservative Party at 45% versus 34% for Labor has given the pound a lift. Part of the response came after the terrorist attack on Saturday night in London, and contrasts to the recent poll by Survation that showed the Conservatives will only a 6 point lead over Labor. This gave a boost Pound against USD and EUR. Later we have seen some profit-booking coming as UK May services PMI for the month of May, fell much more than expected, to 53.8, indicating a deceleration in expansion in the sector after April's four-month peak at 55.8 with weakness in the big service sector (which accounts for nearly 80% of UK GDP) offsetting the above-forecast May construction and manufacturing PMI reports. The data is a concern as weakness in the services sector already growth slipping to just 0.2% q/q in Q1 after 0.7% q/q in Q4 last year, though Markit estimates that its PMI data for April and May is still consistent with growth of 0.5% q/q in Q2.

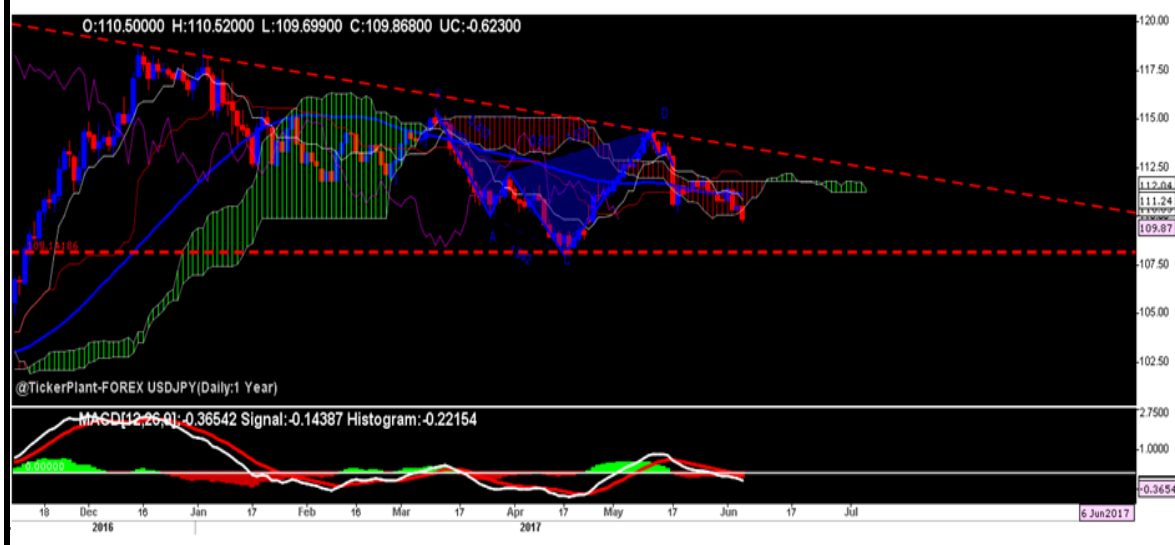


This is the daily chart of GBPUSD, during the last trading day the pair after opening at 1.2864 made a low of 1.2848 after the negative data but could not sustain below, that signify demand at lower levels despite negative data, with MACD trading above the zero line and 50DMA crossing above 200DMA few weeks back, expects the pair to trade with positive bias 1.2850-1.2950 for the day.

<u>Intraday Bias</u>	<u>Intraday Strategy</u>						<u>Intraday Range (SPOT)</u>	
Bullish	BUY GBPUSD 1.2900-1.2890 TGT 1.2970 SL 1.2870 BUY GBPINR FUT 83.26-83.12 TGT 83.55 SL 83.02						82.90-83.45	
Pivot Levels (Futures)	S3	S2	S1	Pivot	R1	R2	R3	
	82.85	82.99	83.08	83.30	83.59	83.68	83.82	
Exporters Strategy	Exports to be partially hedged targeting 83.50							
Importers Strategy	Imports to be partially hedged targeting 83							

JPYINR Intraday Outlook

USD-JPY is trading at 109.83 retreating from the levels of 110.46 in yesterday's session. Softer than expected US data has weighed on US dollar against basket of currencies. The non-manufacturing ISM index dropped to 56.9 from 57.5 as factory orders and durable goods declined. After the miss in Nonfarm Payrolls, slower service-sector growth did not catch anyone by surprise, which may explain why U.S. yields moved higher on Monday. The U.S. factory goods data fell slightly short of assumptions in April after small upward March revisions across factory orders, shipments and inventories to leave a neutral report that lifted our Q1 GDP estimate to 1.0% from 0.9%, versus the last reported 1.2% gain.



The USDJPY Daily chart, the pair opened at 110.50 and made a high of 110.52 and was trading with a side wise bias during the first half, the pair violated the supports of 110 on the downside in the US session and trading near 109.80 with lower top and lower bottom formation on the smaller time frame with MACD indicator remaining below the zero line, expects the pair to continue with same formation.

<u>Intraday Bias</u>	<u>Intraday Strategy</u>						<u>Intraday Range (SPOT)</u>	
Bullish	Sell USDJPY 110.00-110.10 TGT 109.45 SL 110.30 BUY JPYINR FUT 58.62-58.50 TGT 58.95 SL 58.40						58.20-58.80	
Pivot Levels (Futures)	S3	S2	S1	Pivot	R1	R2	R3	
	57.90	58.09	58.20	58.30	58.65	58.76	58.95	
Exporters Strategy	June Exports to be partially hedged targeting 58.60-58.70							
Importers Strategy	June Imports hedged partially at 57.90-57.95 (02.06.17)							

Economic Data for the Day

Time	Currency	Data	Forecast	Previous
7:30 PM	USD	JOLTS Job Openings	5.65M	5.74M

Report prepared by:

Siddhesh Ghare

siddhesh.ghare@karvy.com

Deepak Agarwal

deepak.agarwal@karvy.com

040-33216636

Shashank Damaraju

shashank.damaraju@karvy.com

040-33216635



Head Office
Karvy Millennium, Plot No 31, Financial District, Gachibowli,
Hyderabad - 500 031.
T: +91-40-33216636 / 6635

Corporate Office
131, Andheri Industrial Estate, Off Veera Desai Road,
Andheri (W), Mumbai-400053.
T: +91-22-26399040, Mob No. 9987466794

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