

Currencies Daily Report

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Market Overview

Political winds from elections in the U.K. and testimony to Congress by the fired FBI chief James Comey and continuing diplomatic tension between Qatar and key Arab nations bring fear to investors. Crude staged a mild rebound in Asia today. Asian shares wobbled in early Thursday trade as investors braced for any surprises from these political events. Wall Street shares ticked up yesterday, despite sharp decline in energy prices, after written testimony from Comey did not add major revelations about an investigation into Russian meddling with last year's U.S. presidential election.

The dollar index stayed near its seven-month low against a basket of currencies as doubts over Trump's ability to push through his stimulus plans have eroded the greenback's gains late last year. The greenback gained a little against the euro following a media report yesterday that indicated the ECB will lower its inflation forecast. This would weaken case for ECB to unwind quantitative easing soon.

Sterling was supported by expectations that PM Theresa May's party will win a majority in Britain's election.

Rupee is seen opening lower against the US dollar around 64.40-64.45 as market participants are expected to exercise caution ahead of key global events later today. Today, the Indian unit is likely to move in the range of 64.30-64.60 through the day. Appreciation in the Rupee above 64.30 seems unlikely as there might be an RBI intervention at those levels.

Premiums on dollar/rupee forwards may open down due to expectations of a cut in the repo rate in August, some fx dealers commented.

The rupee rose 10-paise against the US dollar today tracking a rise in domestic financial markets after the Reserve Bank of India's rate-setting committee detailed its second bi-monthly monetary policy.

The Monetary Policy Committee left the repo rate unchanged after five members of the panel voted in favour of it, with one voting against.

There was no surprise in the monetary policy today. "Market had already factored in a case of no rate cut and a dovish tone, so there was not any sharp move."

Today, the rupee ended at a three-week high of 64.3250 a dollar, against 64.4250 on Tuesday.

Dollar sales by some foreign banks in early trade, likely on behalf of foreign portfolio investors, also contributed to the rise in the rupee before the monetary policy statement.

A part of these dollar sales were said to have been for State Bank of India's qualified institutional placement.

Today, domestic share indices ended up around 0.3%, and the 10-year benchmark 6.79%, 2026 bond ended 54-paise higher after the policy statement.

Some exporters also sold the greenback at higher dollar-rupee levels.

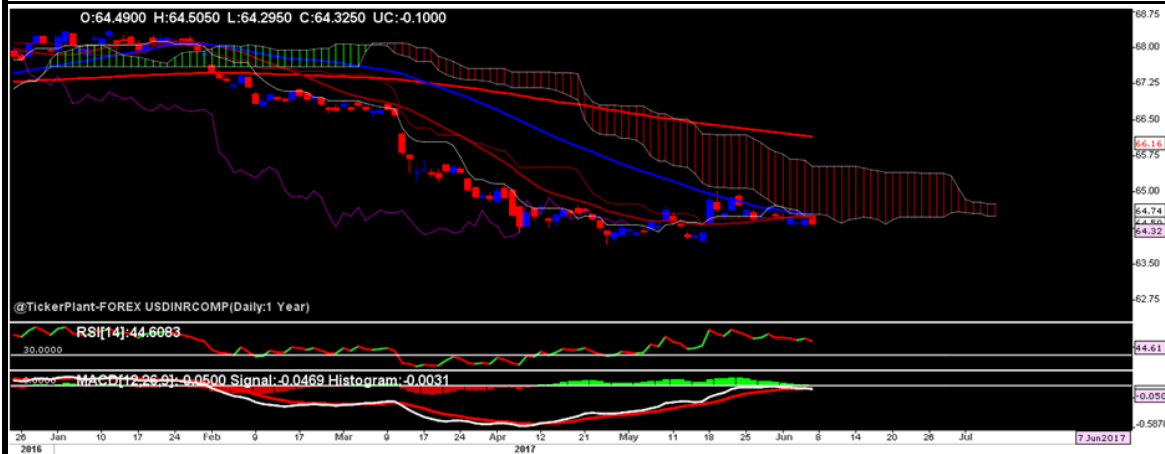
Further rise in the Indian currency was limited by dollar purchases by major state-owned banks, likely for importers of oil and other commodities.

The currency pair remained in narrow range of 2-paise after the policy statement due to lack of significant volumes in the market.

Indices	Last Close	Previous Close	% CHANGE
NASDAQ	6297.38	6275.06	0.36
DOW JONES	21173.69	21136.23	0.18
NIKKEI	20052.50	19979.90	0.36
HANGSENG	25788.00	25829.00	-0.16
Currencies	Today Morning	Yesterday at 05:00 PM	% CHANGE
DXY	96.70	96.87	-0.18
EURUSD	1.1256	1.1221	0.31
GBPUSD	1.2956	1.2913	0.33
USDJPY	109.91	109.41	0.46
	Today Morning	Yesterday at 05:00 PM	% CHANGE
USDINR Spot	64.3600	64.3250	0.05
IRF	105.31	104.88	0.41

USDINR Intraday Outlook

US dollar index is trading at 96.70, remains afloat against a basket of currencies. There are no major economic reports published yesterday. Even today the calendar remains light the only data which be reported today is Weekly jobless claims. India's central bank kept its key interest rate unchanged at 6.25 percent on Wednesday, as widely expected, while lowering projections for inflation and striking a less hawkish tone in a policy statement. At the same time, the RBI cut banks' statutory liquidity ratio - the amount of bonds they must set aside - by 50 basis points to 20 percent of total deposits starting on June 24. Significantly, however, the RBI cut its projection for consumer inflation to 2-3.5 percent in April to September, down from 4.5 percent earlier, and to 3.5-4.5 percent in October to March, down from 5 percent earlier. The change in forecast comes after consumer prices rose in April at their lowest annual rate in at least five years, slowing to 2.99 percent from 3.89 percent in March, well below the RBI's target of 4.0 percent.



This is the daily chart of USDINR pair, during the last trading day the pair opened 64.49 made a high of 64.50 and found supply at higher levels the pair after the RBI monetary policy made a low of 64.29 signifying supply at higher levels with MACD indicators remaining below the zero line expects supply to come in at higher levels in coming sessions.

Intraday Bias	Intraday Strategy						Intraday Range (SPOT)
Sideways	SELL USDINR FUT 64.65-64.70 TGT 64.40 SL 64.80						64.30-64.60
Pivot Levels (Futures)	S3	S2	S1	Pivot	R1	R2	R3
	64.30	64.40	64.45	64.60	64.75	64.82	64.89
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 1.1260, rebounding from the levels of 1.1203. The euro has remained steady ahead of ECB policy meeting this afternoon where the ECB is widely expected to keep its policy unchanged including its 2.3 trillion euro bond buying programme and pledge to keep rates low. This ECB policy meeting is important for the markets as this will shape the market expectations for tapering. Although a draft of the ECB projections showed lower inflation forecasts, investors are looking beyond this dip and hoping for optimism from President Draghi. Lower inflation forecasts and higher GDP estimates are pretty much a given. The question lies in the central bank's risk assessment and Draghi's guidance. Currently the ECB sees the risks tilted to the downside but if they upgrade the assessment and describe them as broadly balanced, we could see a sharp rally in the euro. However if their risk assessment remains unchanged, the currency could be sold off heavily.



This is the daily chart of EURUSD, the pair opened at 1.1278 and made a high of 1.1282 and saw the pair finding supply near 1.1280 levels and had a strong correction and made a low of 1.1202 and reversed to test the recent highs, the pair has been trading in a neutral range of 1.12-1.1280 and expect the pair to continue with the same ongoing trend with MACD indicator remaining above the zero line.

Intraday Bias	Intraday Strategy						Intraday Range (SPOT)	
Bullish	BUY EURUSD 1.1235-1.1220 TGT 1.1280 SL 1.1210 BUY EURINR FUT 72.48-72.40 TGT 72.82 SL 72.30						72.25-72.80	
Pivot Levels (Futures)	S3	S2	S1	Pivot	R1	R2	R3	
	71.72	71.97	72.11	72.60	72.68	72.82	73.08	
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 1.2957 rebounding from the levels 1.2885. Pound is trading close to May 25th highs with investors hoping that May's party will win a majority in the election today. Yesterday's polls showed that May is on course to increase her majority in parliament in the election, suggesting her gamble to call the vote to bolster her position in Brexit negotiations will pay off. Despite her many stumbles, the very latest polls show Theresa May and the Conservatives with a 10% lead, which is likely to produce a 350-seat Tory majority in the UK Parliament and give PM May greater maneuverability to negotiate Brexit terms. This election was called by May to strengthen her hand during Brexit negotiations. If she loses, it would damage the compete event and dent the pound. If she wins with majority, the process of Brexit would be a lot smoother as it would allow her to overcome the skepticism of those inside and outside her party and we can also witness a relief rally in GBP/USD pair.



This is the daily chart of GBPUSD, during the last trading day the pair after opening at 1.2905 made a low of 1.2885 and was trading in a narrow range of 1.2885-1.2970 the pair had a rise in the US session after bouncing from supports levels now bearish Gartley completes at 1.2970 thus expects the pair to drift lower after testing the supply zone of 1.2970-1.30 levels.

Intraday Bias	Intraday Strategy						Intraday Range (SPOT)	
Sideways	SELL GBPUSD 1.2970-1.3000 TGT 1.2920 SL 1.3015 SELL GBPINR FUT 83.75-83.80 TGT 83.35 SL 83.95						83.20-83.72	
Pivot Levels (Futures)	S3	S2	S1	Pivot	R1	R2	R3	
	82.85	82.96	83.03	83.30	83.51	83.58	83.69	
Exporters Strategy	Exports to be partially hedged targeting 83.50							
Importers Strategy	Imports to be partially hedged targeting 83							

JPYINR Intraday Outlook

The yen weakened in early Asian trade as GDP for the first quarter came in weaker than expected and investors looked ahead to China and Australia trade data regionally a trio of events that heighten market risk, an ECB policy review, the U.K. general election and testimony by fired FBI director James Comey to Congress. Japan GDP for the first quarter led a slew of data, with quarter-on-quarter figures coming in weaker than expected at a gain of 0.3%, compared to 0.6% seen and the annual pace at 1.0% compared with 2.4% expected. As well, the seasonally adjusted current account came in at a surplus of ¥1.81 trillion, wider than the ¥1.62 trillion forecast.



The USDJPY Daily chart, the pair opened at 10940 and made a low of 109.08 and bounced from the lower levels, the pair had traded with a lower top and bottom and violated the supports of 200DMA at 110 levels with MACD remaining below the zero line rise above 110 levels can be utilize to sell the pair until a reversal happen so today range 109.50-110.5 for the day.

Intraday Bias	Intraday Strategy						Intraday Range (SPOT)	
Bullish	Sell USDJPY 110.10-110.30 TGT 109.60 SL 110.50 BUY JPYINR FUT 58.55-58.55 TGT 58.92 SL 58.40						58.30-58.80	
Pivot Levels (Futures)	S3	S2	S1	Pivot	R1	R2	R3	
	58.42	58.60	58.72	58.90	59.17	59.29	59.47	
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
All Day	GBP	Parliamentary Elections		
5:15 PM	EUR	Minimum Bid Rate	0.00%	0.00%
6:00 PM	EUR	ECB Press Conference		
	USD	Unemployment Claims	241K	248K

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