

## Weekly Report

### USDINR: 67.32

India's Union budget provided comfort to the markets, which rallied more than 2% after the announcement. The fiscal deficit target was kept at 3.2% of GDP with an aim to reduce it further to 3% by 2019. Gross market borrowing came in lower than expected. Revenue forecasts were for an 8.1% growth driven by a forecast of 12.2% growth in tax collections.

All eyes are now on the RBI Monetary Policy, due on Tuesday.

**Strategy: The pair is expected to bottom out close to 67.20 levels and move higher. Importers are suggested to hedge at current levels, whereas Exporters should wait for above 68.00 levels.**

### EURUSD: 1.0740

A steady rise in German inflation numbers shifted focus on ECB President Mario Draghi's speech. German inflation numbers printed at a yearly high of 1.9% (YoY), just shy of the 2% target kept by ECB. European Union GDP estimates for Q4 was also better than expected. This led to a market expectation of a taper in ECB's QE program and thus led to a rally in EUR/USD.

**Strategy: The immediate support is close to 1.0680, whereas upside resistance is at 1.0850.**

### GBPUSD: 1.2470

UK's GDP growth print was also well received, with GBP/USD rising towards 1.26 levels. Brexit negotiations as well as UK PM Theresa May's visit to the US was critical, with pound gyrating in the range of 1.24-1.27 for the week. BoE continued to stay put, even as inflation rose.

**Strategy: The pair can be bought close to 1.2400 levels.**

### Dollar Index: 99.95

This week was all about trump trade with riskier assets and emerging market economies rallying at the expense of the dollar. US Q4 advanced GDP rose 1.9% QoQ vs an expectation of 2.2% increase. US dollar weakened amid trade protectionism and immigration curbs introduced by President Trump. US economic adviser also said that a stronger dollar would dent the US economy. This statement spooked the markets, leading to a big sell-off in dollar index. A fall in the widely followed consumer confidence numbers accelerated the fall in dollar index.

**Range: The immediate resistance is now close to 100.50.**

### Gold: \$1215

Gold spiked this week, on back of the higher demand from the pension funds and other institutional investors. The demand reached to 4 year high level, due to the Brexit Parliamentary vote and dollar weakness. Gold is now acting as a Trump Hedge, to protect against unexpected policy changes.

**Strategy: Immediate Support is at \$1190, immediate resistance is at \$1225, beyond which the bullion can move towards \$1260.**

### **Brent Crude: \$56.75**

Crude has been trading in a range of \$54-57 over the last 8 weeks. Crude traded at the higher side of the range as the OPEC countries were seen sticking to the deal to cut outputs, therefore the range is expected to remain intact in near term.

**Strategy: Immediate support \$55.95, Resistance \$57.50**

### **Nifty: 8741**

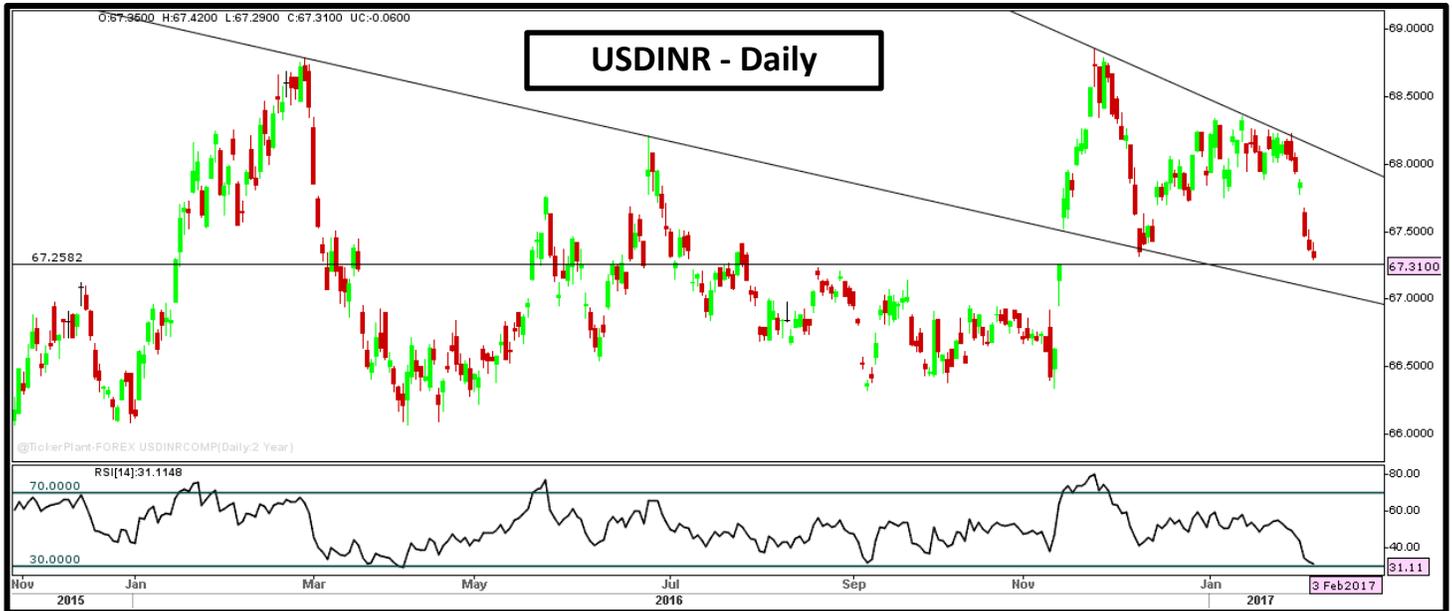
Budget euphoria coupled with strengthening Rupee saw the index rally by more than 500 points this week. With the Budget behind, we can now expect the some breather the stock markets this week.

**Strategy: We expect Nifty to find resistance close to 8800 levels and then move towards 8500-8400.**

## Events Calendar:

Date	Description	Actual	Previous	Expected
27 Jan 2017	US GDP Growth Rate QoQ Adv (Q4)	1.9%	3.5%	2.2%
31 Jan 2017	BoJ Interest Rate Decision	-0.1%	-0.1%	-0.1%
31 Jan 2017	Euro-Zone Consumer Price Index Estimate (YoY)	1.8%	1.5%	1.1%
31 Jan 2017	US Consumer Confidence (JAN)	111.8	113	113.3
01 Feb 2017	India Government Union Budget Value	--	--	--
02 Feb 2017	US FOMC Rate Decision	0.50%	0.50%	0.50%
02 Feb 2017	Bank of England Rate Decision	0.25%	0.25%	0.25%
03 Feb 2017	US Unemployment Rate		4.7%	4.7%
03 Feb 2017	US Change in Non-farm Payrolls (JAN)		156k	175k
<b>Next Week -</b>				
07 Feb 2017	Reserve Bank of Australia Monetary Policy		1.50%	1.50%
08 Feb 2017	India RBI Monetary Policy		6.25%	6.25%
10 Feb 2017	UK GDP Estimate		0.50%	

## Technical Outlook:



The immediate trendline support for the pair can be seen at 67.25. Also, the RSI is in the oversold region, giving further indication of reversal. The pair is expected to bounce back towards 67.80-68.00 levels atleast.

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