

Weekly Report

USDINR: 66.70

Rupee continues to consolidate near the 66.50-66.70 levels as domestic equity markets continue to attract FPI flows, after almost touching a fresh high. Q3 GDP numbers surprised the markets, as the print came in at 7% vs 6.1% polled. With demonetization past us, and UP election results in the offing, further appreciation towards 66.30-50 is a possibility. A landslide BJP victory in the polls would take equity markets towards fresh highs, which in turn would support rupee. External factors like FED rate hike expectations, Brexit and elections in Germany & France is likely to keep pressure on rupee.

Strategy: Rupee has good long term support near 66.45-50 levels. A move above 67.15 can see sharp appreciation in the USDINR pair towards 67.80-68.00 levels. As advised earlier, importers can continue to hedge, whereas exporters can still hold.

EURUSD: 1.0610

EURUSD continued to make lows as Dollar index rose from levels of 100.30 to 102.00. The strength in the dollar index stems from a host of economic data as well as indications by FED members of a rate hike. Eurozone economic numbers continue to be in line with expectations. EUR/USD continues to trade with negative bias as elections in France & Germany and Brexit negotiations continue to drag it lower.

Strategy: The next support levels for the pair are now at 1.0550 and then at 1.0480.

GBPUSD: 1.2280

The Pound continues to fall as brexit negotiations started to get heated. UK PM Theresa May's insistence on triggering Article 50 and news of a separate Scottish referendum kept GBP under pressure. The gains in the dollar index also put pressure on the pair.

Strategy: The pair is trading near the support at 1.2280 levels. GBPUSD is expected to consolidate around 1.2300 levels.

Dollar Index: 101.35

Dollar index posted gains rising momentarily above 102 levels before tapering off. The strength in the dollar index was attributed to host of economic data. Consumer confidence data, durable goods prices, Manufacturing PMI all rose. US Q1 GDP numbers however disappointed. The probability of a rate hike in March rose above 90% from less than 50% after host of FED members including Fed Chair Yellen presented a case for rate hike.

Range: The immediate resistance is now close to 102.20. Immediate support is close to 101.10.

Gold: \$1234

Gold prices fell after touching 3-month high of \$1263, as strength in dollar index and a bull run in equity markets lessened the lure for the safe haven asset. With Fed rate hike firmly in the offing, Gold is likely to face some resistance going into the FOMC week.

Strategy: Gold has immediate resistance at \$1250 whereas support lies near \$1205.

Brent Crude: \$55.70

Crude continues to trade in the range of \$54-\$57 per barrel. Oil prices continue to be supported by OPEC's cut in production and fall in shale oil rigs. However, doubt over Russia's adherence to the output cut has resulted in a small correction.

Strategy: Immediate support \$55.10, Resistance \$57.50. A break above \$58 levels could be very crucial as it would be a channel breakout and can see crude prices go above \$65 levels.

Nifty: 8950

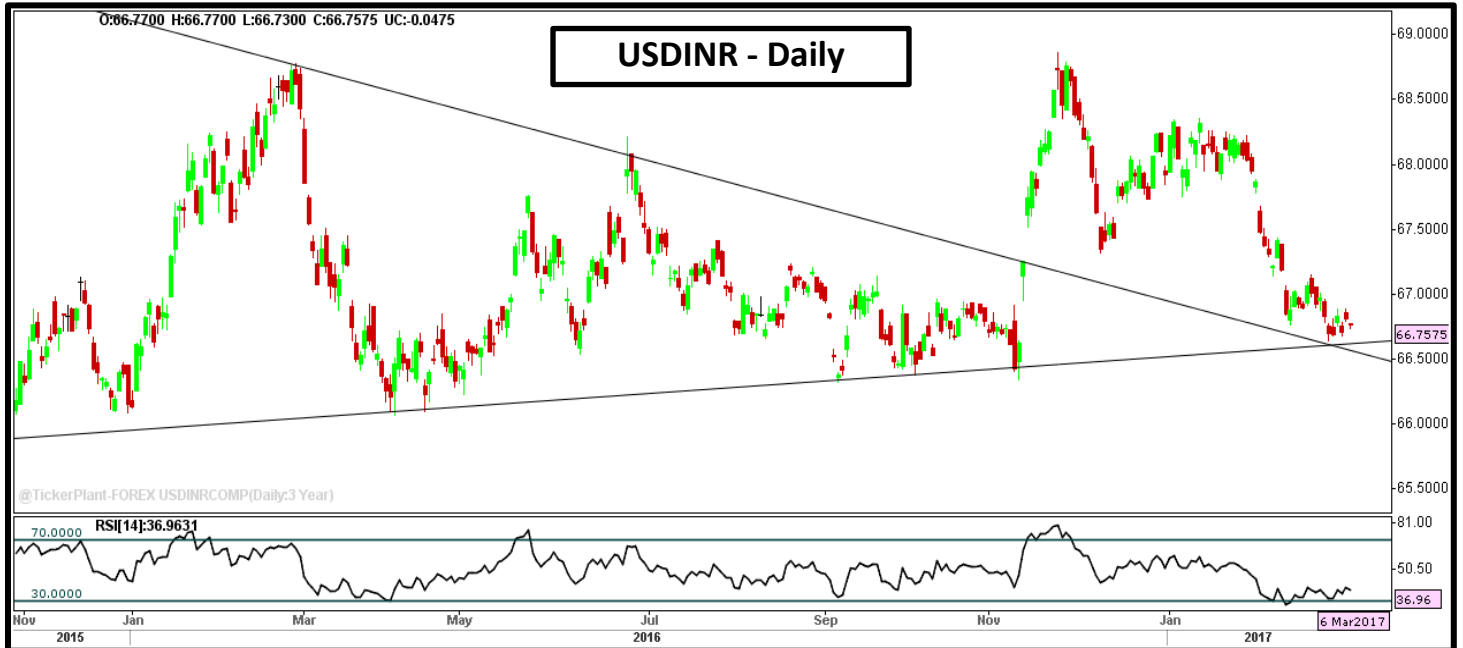
Nifty continues to trade with positive momentum amid the expectations of a BJP win in the upcoming elections results. A landslide win for the BJP is likely to take nifty towards newer highs.

Strategy: The next crucial resistance for the index is at 8980 levels. A break below 8800 can see sharp fall toward 8400-8500 levels.

Events Calendar:

Date	Description	Actual	Previous	Expected
28 Feb 2017	IND GDP (Q4)	7.0%	7.3%	6.4%
01 Mar 2017	JP Nikkei Manufacturing PMI (FEB)	53.3	53.5	
01 Mar 2017	CNY Non – Manufacturing PMI (FEB)	54.2	54.6	
01 Mar 2017	EUR Markit Manufacturing PMI (Feb)	55.4	55.5	
01 Mar 2017	UK Markit Manufacturing PMI (Feb)	54.6	55.9	
01 Mar 2017	US Markit Manufacturing PMI (Feb)	54.2	54.3	
02 Mar 2017	EUR Unemployment Rate (JAN)	9.6%	9.6%	
Next Week -				
06 Mar 2017	CNY Interest Rate Decision		4.35%	
07 Mar 2017	EUR GDP (Q4)		1.7%	
09 Mar 2017	EUR Interest Rate Decision		0%	
09 Mar 2017	EUR ECB Monetary Policy			
10 Mar 2017	UK IIP (Jan)		2.0%	3.4%
10 Mar 2017	IND IIP (Jan)		-0.4%	1.8%
10 Mar 2017	IND Manufacturing Output		-2.0%	0.9%
10 Mar 2017	US Non Farm Payrolls (Feb)		227k	180k
10 Mar 2017	US Unemployment Rate (Feb)		4.8%	4.7%

Technical Outlook:



USDINR continues to trade close to the long term trend line placed at 66.50 levels. The pair is trading in the oversold region and a bounce is expected. A move above 67.15 is crucial for the pair.

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