

Weekly Report

USDINR: 67.00

RBI monetary policy dashed all hopes of rate cuts, atleast in the near future when they announced in the bi-monthly policy that RBI was shifting the stance from accommodative to neutral. India's bond yields rose by more than 30bps as a result. USDINR continues to fall, going below the 67 level. This move was attributed to FIIs selling in offshore markets. NDF offshore 1M points are still trading at a 6p discount to the onshore premium. USDINR is likely to find support at 66.65 levels.

Strategy: The next important support for USDINR is at 66.65 levels. Importers are suggested to hedge at current levels, whereas Exporters should wait for above 68.00 levels.

EURUSD: 1.0620

ECB conducted its monetary policy wherein it kept its key policy rates unchanged. There was a lot of chatter about ECB signalling a taper of its bond buying program, but ECB has shied away from that so far. This resulted in EUR/USD being stuck in a range of 1.06-1.08.

Strategy: The immediate support is close to 1.0570, whereas upside resistance is at 1.0740.

GBPUSD: 1.2490

Pound continued to find resistance near the 1.27 mark, and once again retreated as BoE Governor Carney painted a cautious view, surmising that Brexit would be bad for the economy atleast initially. This coupled with the doubts over parliamentary nod for Brexit lead to a selloff in GBP/USD.

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

Dollar Index: 100.95

The week started on a cautious note, as dollar index rose from sub 100 levels post the release of NFP data. Non-farm payrolls came in at 227k vs a preliminary expectation of 175k. The data was however mixed as average hourly earnings and unemployment rate disappointed. Dollar index has been hovering between 100.00-100.60 all week, as traders await key triggers for the same. Trump administration has been trying to talk down the dollar on one hand while simultaneously giving hopes of expenditure and tax cuts. However, nothing seems to be under way.

Range: The immediate resistance is now close to 101.30

Gold: \$1230

After rallying more than 10% in the past 6 weeks, Gold retraced its move after touching a high of \$1245 levels. Gold has taken a pause for a moment, as dollar index also continues to be range bound.

Strategy: Immediate Support is at \$1190, immediate resistance is at \$1245, beyond which the bullion can move towards \$1260. On the lower side a break below \$1190 can take the bullion towards \$1162 levels.


Brent Crude: \$56.63

As discussed last week, crude continues to trade between \$54-\$57 range. The pair is likely to stay in the same range in the coming week as well. A break either side is expected to give further direction to the pair.

Strategy: Immediate support \$54.35, Resistance \$57.50


Nifty: 8803

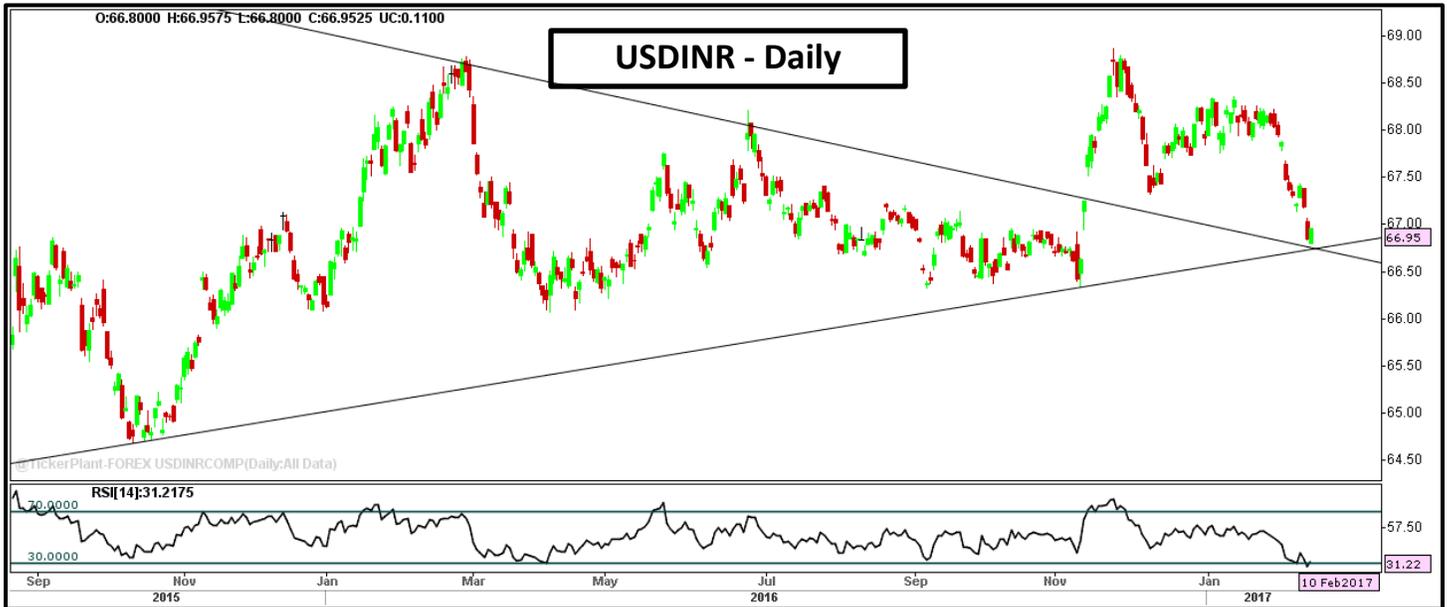
Nifty continues to trade with positive momentum, as DII as well as MF interest continues to be steady. Equity markets world over are making newer highs as US President Trump's plans to increase spending is likely to provide liquidity to the markets. FII participation in the equity market has been very less until now.

Strategy: We expect Nifty to find resistance close to 8850 levels and then move towards 8500-8600.

Events Calendar:

Date	Description	Actual	Previous	Expected
03 Feb 2017	US Unemployment Rate	4.8%	4.7%	4.7%
03 Feb 2017	US Change in Non-farm Payrolls (JAN)	227k	156k	175k
07 Feb 2017	Reserve Bank of Australia Monetary Policy	1.50%	1.50%	1.50%
08 Feb 2017	India RBI Monetary Policy	6.25%	6.25%	6.25%
10 Feb 2017	UK GDP Estimate		0.50%	
Next Week -				
13 Feb 2017	Japan GDP (Q4)		1.3%	1.1%
14 Feb 2017	China CPI (JAN)		2.1%	2.4%
14 Feb 2017	EUR GDP (Q4)		1.8%	
14 Feb 2017	UK CPI (JAN)		1.6%	
15 Feb 2017	US CPI (JAN)		2.1%	
15 Feb 2017	US Retail Sales (JAN)		0.6%	
16 Feb 2017	ECB Monetary Policy Meeting			

Technical Outlook:



Last week, the support for the pair was at 67.25 which was broken. The long term rising trendline on the daily chart now comes at 66.65 which will act as immediate support. 67.25 will now act as resistance. RSI is in oversold territory and thus a pullback towards 67.25-67.40 is on the cards.

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