

## Weekly Report

### USDINR: 66.20

Rupee continues to make new highs against its American counterpart on the back of sustained FII flows and positive political and economic environment post the election results. The pair is just shy of its 2016 lows of 66.09. Equity markets touched a new high, as economy rebounds post demonetization.

**Strategy: Rupee has broken the long term support range of 66.45-50. 66.09 is the previous low which will act as a support, after which the pair may test 65.70-65.90 range. On the upside 66.45 will now act as a resistance. A break above 66.45 will take the pair towards 67.00-67.20 range.**

### EURUSD: 1.0650

EURUSD rebounded strongly above the 1.06 mark after ECB decided to keep the interest rate unchanged in its monetary policy last week. ECB President Draghi sounded less dovish than the usual, as economic data continues to support. ECB is however, likely to continue its QE program till Sept 2017 as promised. Euro will continue to be under pressure, as QE coupled with US policy rate hikes increase the differential between the two countries. Political uncertainties rise with Brexit negotiations and impending elections in France.

**Strategy: The next support levels for the pair are now at 1.0520 and then at 1.0480.**

### GBPUSD: 1.2208

Pound continues to fall as Brexit negotiations continue to cloud the outlook. Scottish referendum has raised its ugly head once again, with Scottish minister Nicola Sturgeon seeking a second referendum. With Brexit underway, this new referendum can damage UK further as any Scottish vote is likely to end in further pain for the United Kingdom.

**Strategy: The pair continues to trade with downward bias. The next support is at 1.2133 levels. 1.2280-1.2300 will provide immediate resistance.**

### Dollar Index: 101.35

Dollar index posted weekly gains for the seventh consecutive week as robust data points coupled with FED officials verbal confirmation point to a rate hike in the FOMC policy due tomorrow. NFP data released on Friday bolstered the chances of a rate hike, with NFP payroll coming in at 235k vs expectations of 190k. The probability of a rate hike in the FOMC has increased to almost a 100%.

**Range: The immediate resistance is now close to 102.10. Immediate support is close to 100.95.**

### Gold: \$1203

Gold prices continue to fall as expectations of a rate hike from FED this week has led to dollar index gaining against a basket of currency. The pair is likely to find support near \$1186 levels. A break below that can take the pair towards \$1258 as well.

**Strategy: Gold has immediate resistance at \$1225 whereas support lies near \$1186.**

### **Brent Crude: \$51.40**

Crude prices fell nearly 9% on Friday, its biggest fall in nearly 12 weeks, as traders cut bullish positions ahead of the FOMC later this week. The crude prices also fell, among rumors of distrust between OPEC countries. Crude prices also skidded after data showed a record pile up in US crude oil inventories.

**Strategy: Immediate support \$49.90 Resistance \$53.80.**

### **Nifty: 9085**

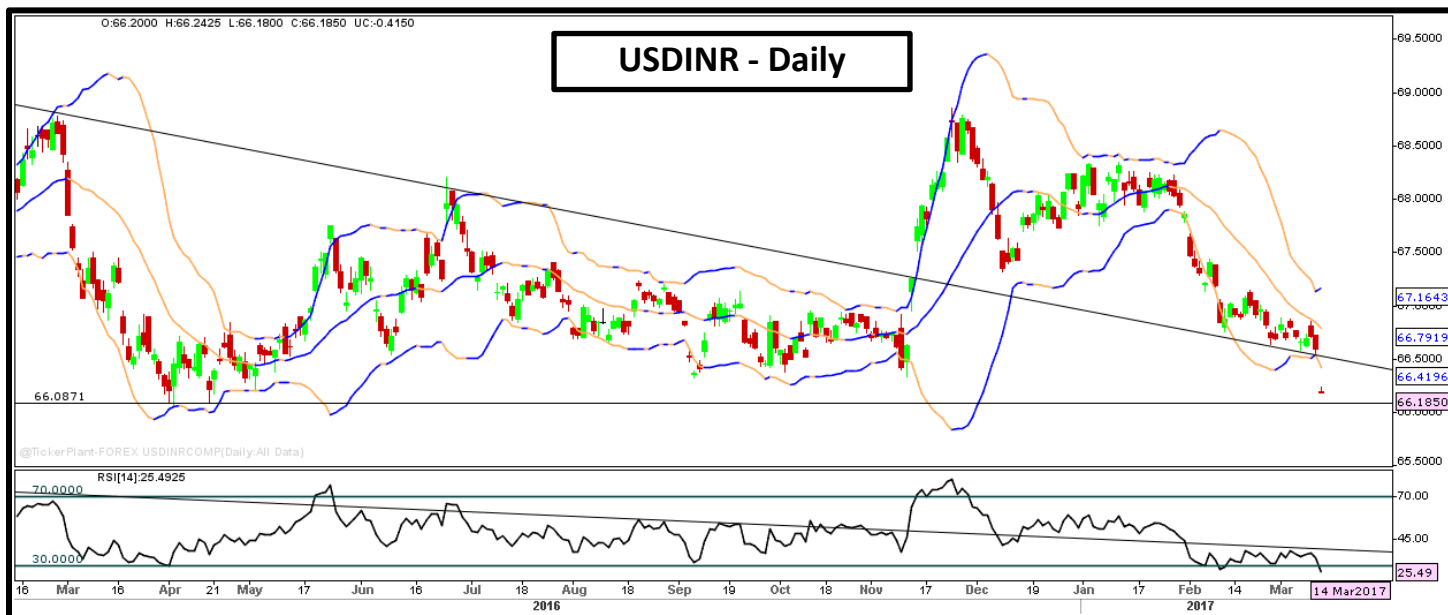
Nifty continues to trade with positive momentum after BJP won the state elections in UP as well as Uttarakhand. A majority for the ruling party in a state like UP was seen as a big win, as BJP tries to consolidate at the centre. FIIs also continue to pour money in, lured by the stable political and economic environment.

**Strategy: The next crucial resistance for the index is 9150 levels whereas support comes at 8970 levels.**

## Events Calendar:

Date	Description	Actual	Previous	Expected
07 Mar 2017	EUR GDP (Q4)	1.7%	1.7%	
09 Mar 2017	EUR Interest Rate Decision	0%	0%	
09 Mar 2017	EUR ECB Monetary Policy			
10 Mar 2017	UK IIP (Jan)	3.2%	2.0%	3.4%
10 Mar 2017	IND IIP (Jan) (Previous mth revised from -0.4%)	2.7%	-0.1%	1.8%
10 Mar 2017	IND Manufacturing Output (Previous mth revised from -2.0%)	2.3%	-1.6%	0.9%
10 Mar 2017	US NonFarm Payrolls(Feb) (Previous mth revised from 227k)	235k	238k	180k
10 Mar 2017	US Unemployment Rate (Feb)	4.7%	4.8%	4.7%
<b>Coming Week -</b>				
13 Mar 2017	IND Holi Holiday			
13 Mar 2017	EUR ECB Mario Draghi's Speech			
14 Mar 2017	IND WPI Inflation (Feb)		5.25%	
14 Mar 2017	CNY IIP (Jan)		6.0%	6.2%
15 Mar 2017	US FOMC Policy			
15 Mar 2017	US Fed Interest Rate Decision		0.75%	0.50%
16 Mar 2017	JP BoJ Interest Rate Decision		-0.1%	
16 Mar 2017	UK BoE Interest Rate Decision		0.25%	0.25%

## Technical Outlook:



USDINR has broken through the long term trend line placed at 66.50 levels. The pair is now approaching previous lows of 66.09. A break below 66.09 can take the pair towards 65.70-65.90 levels. On the upside, 66.50 will now act as a resistance. A break above 66.50 is crucial for sustained upside movement till 67.00-67.30.

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