

Weekly Report

USDINR: 67.08

USDINR continued to be range bound stuck in the broad range of 66.85-67.00, with RBI moping excess supply at the lower levels. Nationalised bank continue to buy at lower levels, indicating that 66.80 might be a near term bottom for the pair. Rate hike rhetoric by FED officials also supported a stronger dollar globally.

Strategy: Rupee has taken support near 66.70-80 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: 1.0640

EUR/USD continues to trade with a bearish bias, as dollar returns to strength on the back of robust data points. The monetary policy divergence between the two economies also puts pressure on the pair.

Strategy: EURUSD is trading in a crucial range of 1.06-1.07 levels. A break on either side can lead to a sharp movement in the pair.

GBPUSD: 1.2400

British pound fell this week from the levels of 1.25 on the back of dismal economic data from the UK as well as overall dollar strength. This week saw the release of UK's CPI as well as retail sales data. Both the data points disappointed leading to a broad based selling in the pound.

Strategy: The pair can be bought close to 1.2280 levels.

Dollar Index: 100.73

The week was an eventful one for the US dollar with host of data releases as well as FED Chair Yellen's speech. Dollar index continued to gain strength after FED Chair Yellen told the Congressional hearing committee that normalisation of policy rates should be forward looking. This set the tone for the rest of the week. It also took the chances of a Fed rate hike in March policy to 46% as against the previous expectation of 25%. The week also saw the release of US CPI and retail sales data. Both the data points supported the US dollar strength.

Range: The immediate resistance is now close to 101.70. Immediate support is close to 99.85.

Gold: \$1243

Gold has stopped its mad run near the \$1245 levels and is looking for further cues from the dollar index. Although, dollar index has returned to strength this week, Gold prices were supported by sovereign buying from China.

Strategy: Immediate Support is at \$1215, immediate resistance is at \$1255, beyond which the bullion can move towards \$1275. On the lower side a break below \$1210 can take the bullion towards \$1180 levels.

Brent Crude: \$55.48

Crude continues to trade in the range of \$54-\$57 per barrel. Production data released from OPEC saw a marginal cut in production from Saudi Arabia as well as Russia. This led to a belief that the coordinated production cut may not materialize as expected. OPEC, however, continues to reiterate its stance of cutting production. This has kept the prices supported.

Strategy: Immediate support \$54.35, 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: 8822

Nifty continues to trade with positive momentum, despite the disappointment in the RBI monetary policy, wherein RBI changed its stance to neutral from accommodative. Nifty continues to hover around 8800 levels amid lack of any major events.

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

Events Calendar:

Date	Description	Actual	Previous	Expected
10 Feb 2017	UK GDP Estimate	0.70%	0.50%	
13 Feb 2017	Japan GDP (Q4)	1.0%	1.3%	1.1%
14 Feb 2017	China CPI (JAN)	2.5%	2.1%	2.4%
14 Feb 2017	EUR GDP (Q4)	1.7%	1.8%	
14 Feb 2017	UK CPI (JAN)	1.8%	1.6%	1.9%
15 Feb 2017	US CPI (JAN)	2.5%	2.1%	
15 Feb 2017	US Retail Sales (JAN) (Previous month revised from 0.6%)	0.4%	1.0%	
16 Feb 2017	ECB Monetary Policy Meeting			
Next Week -				
20 Feb 2017	US Holiday (President's Day)			
21 Feb 2017	India Currency Markets Shut (BMC Elections)			
22 Feb 2017	EUR CPI (JAN)		1.8%	1.8%
22 Feb 2017	US FOMC Minutes			
23 Feb 2017	US Initial Jobless Claims		239k	
24 Feb 2017	India Holiday (Mahashivratri)			

Technical Outlook:



As expected, USDINR took support at the long term rising trendline close to 66.70 levels. RSI has also shown a positive divergence this week. A break above 67.15 will take the pair towards 67.80 – 68.00 levels.

Contact us at: info@blacpearl.in

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