

Weekly Report

USDINR: 65.40

Rupee continues to trade with positive bias after BJP's historic win in the UP elections. The domestic equity markets are witnessing strong inflows from FPIs as BJP's win in UP seemed to have reinstated FII faith in the stability of Indian political scenario going forward. FPIs have bought shares to the tune of \$3.4bn in March itself.

USDINR has broken through the key long term ascending trend line, which was in place since 2011. This is likely to alter the course of USDINR in the medium term. RBI has been managing volatility and has been buying near the 65.20-65.40 band. This seems to be the short term bottom. On the upside, 65.75-65.80 is a tough resistance. A dip towards 64.80 is possible.

Strategy: With volatility in rupee spiking, importers and exporters are advised to hedge exposure through options. Immediate support is at 65.15 and 64.80 whereas resistance lies near 65.65 & 65.80 levels.

EURUSD: 1.0755

EURUSD rose handsomely on the back of a dovish FED policy meet and stable economic data. ECB President further reiterated the stance of caution, which also helped EURUSD move higher. The much debated Netherland's election saw the left wing party losing, and current PM Mr. Rutte winning the election. This also helped EURUSD.

French and Germany election should keep Euro under pressure.

Strategy: The next support levels for the pair are now at 1.0640 and then at 1.0520. The resistance is placed at 1.0830.

GBPUSD: 1.2410

The Pound gained on the back of dovish FED policy, which led to a broad based dollar unwinding across currency pairs. Pound was also supported by a surprise hawkish BoE outcome, wherein one of the MPC members voted for a rate hike citing better economic numbers. This led to a short covering rally taking GBPUSD to 1.24 from lows of 1.2170.

Strategy: The pair faces immediate resistance at 1.2460 levels. On the lower side, 1.2320 and 1.2250 will act as support.

Dollar Index: 100.25

Dollar index fell this week, reversing its 5 week rising streak after FED members continue to toe the line with their dovish stance. FED members hiked the Fed funds rate in the FOMC but continued to expect just 2 hikes this year. Fed also raised concerns over strong dollar, which led to a reversal in dollar index.

Range: The immediate resistance is now close to 100.83. Immediate support is close to 99.52 and 98.80.

 **Gold: \$1232**

Gold prices made a smart recovery last week, as FOMC Policy stuck to the projection of 3 rate hikes in 2017. Gold climbed through the first two months of the year and foundered in March as the prospect of higher borrowing costs curbed the appeal of non-interest-bearing assets.

Strategy: Gold has immediate resistance at \$1240 whereas support lies near \$1186.

 **Brent Crude: \$51.25**

Crude has broken from the \$54-\$57 range after US inventories rose to their highest level in over a month. Traders also cut their bullish positions before the crucial FOMC meet which added to the selling pressure.

Strategy: Immediate support \$50.10, Resistance \$53.75.

 **Nifty: 9126**

Nifty continued the positive momentum throughout the week, as it broke past the previous all-time high of 9119. However, with major domestic and international events behind us there could be some breather expected in the current week.

Strategy: The next crucial resistance for the index is 9200 and then 9320 levels whereas support comes at 8970 levels.

Events Calendar:

Date	Description	Actual	Previous	Expected
13 Mar 2017	IND Holi Holiday			
13 Mar 2017	EUR ECB Mario Draghi's Speech			
14 Mar 2017	IND WPI Inflation (Feb)	6.55%	5.25%	5.90%
14 Mar 2017	CNY IIP (Jan)	6.3%	6.0%	6.2%
15 Mar 2017	US FOMC Policy			
15 Mar 2017	US Fed Interest Rate Decision	0.75%	0.75%	0.50%
16 Mar 2017	JP BoJ Interest Rate Decision	-0.1%	-0.1%	
16 Mar 2017	UK BoE Interest Rate Decision	0.25%	0.25%	0.25%
Coming Week -				
21 Mar 2017	US President Trump's Speech			
21 Mar 2017	UK CPI (Feb)		1.8%	2.1%
21 Mar 2017	UK BoE Govenor Carney's Speech			
23 Mar 2017	UK Retail Sales (Feb)		1.5%	2.6%
23 Mar 2017	US Fed Chair Yellen's Speech			

Technical Outlook:



As shown in the chart, USDINR broke through the supports of 66.45 & 66.09 post the BJP win in UP elections. The pair is likely to move towards 64.70-64.90 which was the 2015 low.

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