



**BLACPEARL**

**WEEKLY REPORT**

## USD/INR (CMP: 64.05)



Rupee started losing its value compared to USD from the word go in the initial part of the week .The pair traded for as high as 64.68 mid-week.

INR gradually started to recoup losses as the currency pulled back, buoyed by the domestic equity market bull spree. The fall of USD with retail sales & US CPI numbers missing expectations and uncertainty regarding Trump's not so kind role in dismissing FBI Chief also played its part.

Even on the domestic front, India's CPI eased to 2.99% as compared to initial expectations of a rise to 3.89%. This also helped buoy the rupee in expectation of substantial inflows in debt market.

**Strategy:** - As discussed, USDINR continues to be heavy, with major support at 63.80 levels. Exporters are advised to cover through options whereas importers are advised to cover near term payables near 64.00 levels.



## EUR/USD (CMP: 1.1010)



EUR/USD continued to trade with positive bias post the French election results. The euphoria was however cut short as traders rushed to book profits.

Subsequently, traders flocked away from the dollar in an apparent 'Trump trade' after news emerged that President Trump had dismissed FBI Chief. As a result EUR/USD bounced back above 1.09.

Euro is expected to take further cues from the preliminary GDP figures for the Eurozone which will come out on Tuesday, 16<sup>th</sup>.

**The pair has support near 1.0860 and resistance near 1.1026. A break above 1.1050 would take the pair towards 1.1156.**



## GBP/USD (CMP: 1.2930)



Pound fell from highs of 1.2988 after Bank of England decided not to alter the interest rates in the MPC meet. Poor economic data points, mainly the UK manufacturing growth, which came in at -0.6% vs initial expectation of a 0.2% decline, further lead to a fall in GBP.

It shot up above 1.29 again after host of economic indicators released from the US led to broad based dollar weakness.

With BoE reluctant to raise rates just yet, UK's CPI which is due to come out on Tuesday, May 16<sup>th</sup> would be crucial. We also have the UK unemployment numbers this week.

**The pair has support at 1.2840 and resistance near 1.30. A break below 1.2840 can take the pair lower towards 1.2760.**





## US Dollar index (CMP 99.00)



The US Dollar climbed steadily over the first half of the week buoyed by NFP data. It touched high of 99.75 as other currencies in the basket fell further solidifying the index.

However as the curtains were being brought over the week, a host of disappointing data points reversed the gains. US Retail Sales growth which came in at 0.4% (expected 0.6%) dragged the index down. The uncertainty in geopolitics with the unceremonious firing of FBI chief James Comey did not help the matter.

With the economic calendar in the US is quite, US dollar index is expected to take cues from further political gimmicks.

**US dollar faces initial resistance at 99.50 and then at 100.44. Support lies at 98.68 and then 98.40.**



## USD/JPY (CMP: 113.33)



USDJPY fell after touching high of 114.20 on the back of sustained USD weakness.

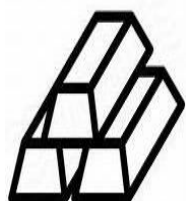
The dollar soared till mid-week but the migration of people from one safe haven currency (USD) to other (JPY) due to uncertainties plaguing the short term future as well as unfavourable economic data led to a reversal in the pair.

In absence of any noteworthy data points, USDJPY is likely to track movement in US dollar index. Yen may attract safe haven bids in the event of a geopolitical risk stemming particularly from North Korea – US standoff.

**The pair has support at 113.10 levels and resistance at 114.40 and 115.20 levels. It has given a breakout and is likely to move towards 115 in coming days.**



## Gold (CMP: \$ 1,235)



Gold stemmed its bear run, gaining upward momentum after taking support at \$1216.

The prices started surging upwards as negative economic data from the US drove US dollar index as well as US treasury yields down.

Risk off sentiments due to the North Korean ballistic missile test also led to a safe haven demand in the pair.

**Gold has immediate support at \$1215 levels and resistance near \$1240 levels. A break below \$1215 will take the gold prices towards \$1190 levels.**



Monday

16<sup>th</sup> May 2017

For the week 15<sup>th</sup> May to 20<sup>th</sup> May

## Brent Crude (CMP: \$ 52.19)



Crude opened high this week and continued the stream upward with some minor hiccups throughout the week, supported by the statements of Saudi Arabia and Russia, both supporting Oil Supply Cuts throughout this year as well as into March 2018.

At a joint press conference in Beijing this week, Saudi Energy Minister Khalid Al-Falih as well as Russian Energy Minister Alexander Novak added that preliminary consultation show commitment to the cuts. They expect the production cut to be extended by 9 more months.

**Crude has support at \$48.10 levels whereas immediate resistance is placed at \$53.60.**





## Nifty: 9,478



Nifty began the week on a flat note. It rapidly gained momentum after Indian Meteorological Dept advanced their monsoon forecast. IMD asserted that rainfall is now expected to be 100% of long term average against the earlier expectation of a 96% monsoon.

This cheered the markets as stocks of FMCG companies and fertilizer companies rose. India's CPI inflation numbers also came in at 2.99% vs estimate of 3.89% which cheered the markets.

**Initial support lies at 9360 and 9305. Resistance for the index lies at 9530. Consolidation is likely to continue, at least in the month of May.**



## FPI Inflows

	Equity	Debt	Total
May'17	+1208 cr	+6872cr	+8080cr
Apr'17	+2394cr	+20634cr	+23028cr
Mar'17	+30906cr	+25355cr	+56261cr
YTD	+43232cr	+56232cr	+99464cr

## Economic Weekly Calendar

Date	Description	Actual	Previous	Expected
<b>Past Week</b>				
11-May-17	RBNZ Interest Rate Decision	1.75%	1.75%	1.75%
11-May-17	Bank of England Interest Rate Decision	0.25%	0.25%	0.25%
12-May-17	US Retail Sales (MoM) (Apr)	0.4%	0.1%	0.6%
<b>Coming Week</b>				
16-May-17	RBA Meeting's Minutes			
16-May-17	UK Consumer Price Index (YoY) (Apr)		2.3%	2.6%
16-May-17	US Industrial Production		0.5%	0.3%
17-May-17	UK Claimant Count		25.5k	7.5k
17-May-17	EUR CPI		0.8%	0.4%
18-May-17	AUS Employment Change (Apr)		60.9K	5.0K
18-May-17	GBP Retail Sales (YoY)		1.7%	2.0%
18-May-17	US Initial Jobless Claims		236k	
18-May-17	ECB President Draghi Speech			

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