



BLAC PEARL

WEEKLY REPORT

Tuesday
10-05-2017

For the week 8th May to 14th May 2017

USD/INR (CMP: 64.63)



Rupee gained over dollar at the start of the week, primarily due to lower than expected US ISM Manufacturing PMI (April) and robust inflows in the debt market. USDINR bottomed out at 64.08 on 3rd May.

USDINR gradually began to pull back as key US data points of Unemployment Rate & Nonfarm Payroll which were released on Friday were positive & beat expectations. US NFP data came in at 211k vs estimates of 185k. Unemployment rate came in at 4.4% vs estimate of 4.6%. Dollar bulls were back following the data.

Fed members in its FOMC statement also stated that they will start winding down the balance sheet sooner this year if conditions allow. This led to broad based dollar strength.

USDINR has a good resistance in place at 64.70-64.80 levels. Move above this level could take the pair towards 65.25 in medium term.

Strategy:- Exporters are advised to continue to hedge with options. Importers are advised to hedge near term imports near 64.30 levels. A break above 64.80 will change the medium term view to bullish.



EUR/USD (CMP: 1.0900)



EUR/USD was relatively stable throughout the initial phases of the week. The Euro began climbing after it emerged that pro-EU candidate Emmanuel Macron is leading the polls. The pair touched a high of 1.1020 just after the release of French Presidential election result.

The pair subsequently lost traction and fell towards 1.09 after the release of NFP data.

The pair has support near 1.0860 and resistance near 1.1025. A break below 1.0840 would take the pair towards 1.0770.



GBP/USD (CMP: 1.2978)



GBP continued to hover near 1.29 for most of the week. The pair briefly touched 1.2990 after both the manufacturing and construction PMI came better than expected. However, the pair reversed gains post the release of positive data from US.

The pair has support at 1.2880 and resistance near 1.30. A break below 1.2880 can take the pair lower towards 1.2745.



US Dollar index (CMP 99.45)



The US Dollar Index fell following the last week's release of US GDP data. It touched a low of 98.54 on the back of rising euro and a risk on rally fuelled by French elections.

However, post the FOMC US dollar index reversed stance and rose as Fed members sounded more hawkish than initially expected. Better-than-expected US unemployment data as well as NFP data helped it to gain while not substantial, but some amount of footing in the later part of the week.

US dollar faces initial resistance at 99.50 and then at 100.44. Support lies at 98.88 and then 98.40.



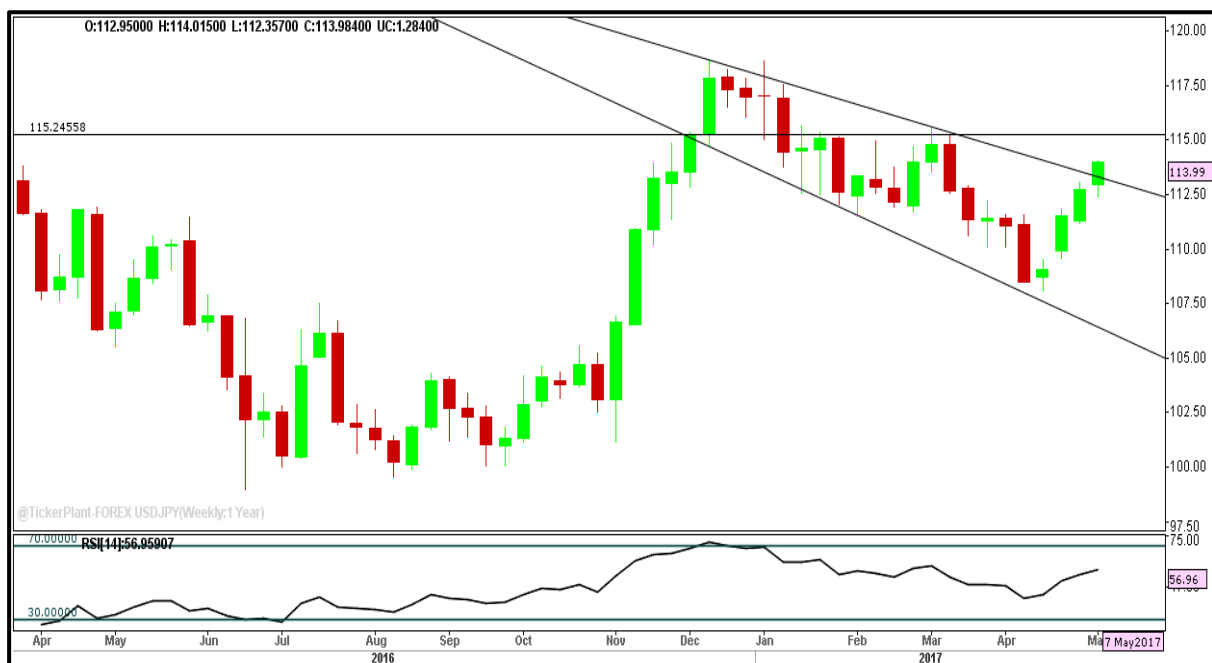
USD/JPY (CMP: 114.07)



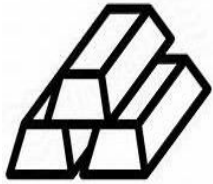
USDJPY was stable throughout the week, even as dollar index tumbled due to the expectations of some additional measures from Bank of Japan in its policy.

The pair did come down towards 112.05 before French election on safe haven demand. The pair then however broke through the crucial resistance of 113.10 after the favourable election outcome and US FOMC meet. The pair is likely to move towards 115 in coming days.

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: \$ 1,222)



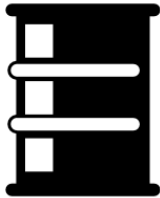
Gold prices have fallen freely throughout the week on the back of risk on sentiments prevalent after the French elections. Equity markets continue to rise putting pressure on the safe haven bullion.

Upticks in US dollar and US treasury yields have also put pressure on gold.

Gold has immediate support at \$1215 levels and resistance near \$1244 levels. A break below \$1215 will take the gold prices towards \$1190 levels.



Brent Crude (CMP: \$ 49.06)



Crude was highly volatile this week. It fell more than 4% on two consecutive days after data showed that US crude oil inventory was higher for the month of April than expected. This caused the crude prices to plummet to \$47.27 – the lowest in last four months.

The prices improved however, as Russia pledged further supply cuts to oil. This, in addition to OPEC too promising supply cuts resulted in some reversal. The prices will however continue to be under pressure as demand from US withers on retreating winter.

Crude has support at \$48.40 levels whereas immediate resistance is placed at \$49.70. A move above \$49.88 can take it towards \$51.50 - \$52.25 levels.



Nifty: 9,388



Nifty continues to consolidate near 9400 as risk on sentiments post French election coupled with corporate earnings announcement continue to affect it.

FPIs have pulled out more than Rs. 4500 crores from Indian equity markets from 10th April till date. This is in contrast to the inflow of Rs. 5000 crores in the first week of April.

Domestic MF investments continue to support the index. FPI flows later in the month would be crucial for the index.

Initial support lies at 9275 and 9240. Resistance for the index lies at 9405. Consolidation is likely to continue, at least in the month of May.



FPI Inflows

	Equity	Debt
Month Till Day	(2,510 cr)	4,121 cr
Year Till Day	39,516 cr	53,481 cr

Weekly Economic Calendar

Date	Description	Actual	Previous	Expected
	Past Week			
01-May-17	ISM Manufacturing PMI	54.8	57.2	56.5
01-May-17	Treasury Sec Mnuchin Speech			
02-May-17	Bank of Japan Governor Kuroda Speech			
02-May-17	RBA Interest Rate Decision	1.5%	1.5%	1.5%
03-May-17	Fed Interest Rate Decision	1%	1%	1%
04-May-17	ECB President Draghi's Speech			
05-May-17	US Nonfarm Payrolls (Apr)	211K	79K	185K
05-May-17	US Unemployment Rate (Apr)	4.4%	4.5%	4.6%
05-May-17	Fed's Yellen Speech			
	Coming Week:			
10-May-17	ECB President Draghi's Speech			
11-May-17	Bank of England Interest Rate Decision		0.3%	0.3%
12-May-17	US Retail Sales (MoM) (Apr)		-0.2%	0.6%
12-May-17	US Consumer Price Index (YoY) (Apr)		2.4%	

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