



BLAC PEARL

WEEKLY REPORT

USD/INR (CMP: 64.93)



Rupee continued to rally, touching lows of 63.98 last week as US treasury yields fell in the aftermath of prolonged dollar weakness following Trump's decision to fire FBI Chief Comey.

But a leaked memo, showing intervention by Trump in the investigation of ex NSA Michael Flynn led to risk averse sentiments. Talks of impeachment in the wake of memo-gate and the confusion regarding comey's testimony further added to the turmoil. This led to a sudden and fast depreciation in the local currency, as it touched high of 65.08. Furthermore, the fall in the Brazilian markets and Brazilian real acerbated the move.

The pair however, started reversing as positive news regarding GST rates and the upgradation of sovereign rating of Indonesia led to some positive sentiment.

Strategy:- The pair is likely to move towards 65.10-65.25 levels in coming week. Importers are advised to hedge near term payables on dips towards 64.40-64.50 whereas exporters can continue to hedge using options.



EUR/USD (CMP: 1.1180)



Euro USD remained largely supported throughout the week by the political turmoil surrounding the US president Trump's administration.

The greenback tried to fight back in the late stages of the week, over the increased expectations (80%) of rate hikes in the next FOMC meet. That short resurgence was quickly nipped in the bud though as the pair closed above 1.12.

This week would be monitored closely, with key data indicators (PMI, FOMC meet etc.) to be released from both sides of the Atlantic. Technically, the pair is overbought, and one can expect some profit booking as traders square of their positions before the indicators hit.

The pair has support near 1.1125 and resistance near 1.1320.



GBP/USD (CMP: 1.2975)



Pound gained over USD with the USD depreciating against all the major currencies.

Positive UK data indicators released last week; CPI hitting 2.7 % against expected 2.6% and retail Sales, which more than doubled to 2.3% against the expectation of 1.1% helped support the quid. The growth of consumption was the strongest in the last 5 months.

Although Bank of England ruled out rate hike in the near future, with wages increasing, number of jobless claims decreasing as well as good positive inflation, expect GBP to make further inroads and the pair to stay strong.

The pair has support at 1.2910 and resistance near 1.3040.



US Dollar index (CMP 97.37)



The dollar index continued to fall throughout the week as US Dollar fell against all major currencies.

Political uncertainties regarding President Trump, with his alleged shady connection to Russia & the backhanded malpractices, traders refrained from betting on Dollar.

Technically, dollar index has broken through the weekly trendline support placed at 98.20. Dollar index is headed towards 96.50 in the near term.

Immediate support is at 96.55 and resistance is near 98.20.



USD/JPY (CMP: 111.90)



Yen rallied throughout the week against USD, with the traders herding towards the currency in the back of uncertainty regarding Trump's policies.

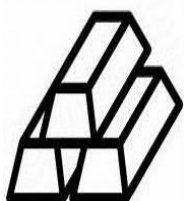
The negative outlook over the US political system also helped yen post one of its biggest gains against the dollar in recent times.

The pair is likely to continue to track the developments in the US in the coming weeks for further cues. Technically, it has re-entered the channel it had broken last week, negating any upside potential.

The pair has support at 110.10 levels and resistance at 112.80.



Gold (CMP: \$ 1,252)



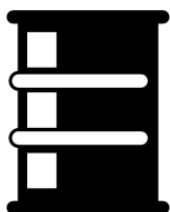
Gold was volatile throughout the week and gyrated both side. Gold reacted sharply to the political clouds looming in the US and zoomed above \$1260.

Further safe haven demand is likely to take gold prices towards \$1310 levels as the impending Congressional hearing of ex FBI Chief Comey is likely to stir up risk aversion.

Gold has near term support at \$1240 levels and resistance is at \$1290 levels.



Brent Crude (CMP: \$ 54.18)



Barring a few hiccups, Crude was on the upward trajectory for most of the week, well supported by the relevant data indicators as well as the geopolitical climate, with the OPEC and other countries ready to extend the supply cuts they agreed to earlier this year.

Crude has support at \$52.88 levels whereas immediate resistance is placed at \$54.70. A move below \$52.75 can take it towards \$51.00 - \$51.25 levels.



Nifty: (CMP 9,410)



Nifty had a topsy-turvy week. It began on a high note, breaking the 9500 – point and reaching lifetime high of 9525 on 17th. Trump's memo-gate rattled the markets and risk aversion rose, leading to profit booking on the indices.

The index has a crucial support at 9280 levels. A move below the level will take the indices towards 8900-9000 levels.

Initial support lies at 9360 and 9280. Resistance for the index lies at 9485.



FPI Inflows

	Equity	Debt	Total
May'17	+8,225cr	+14,313cr	+22,538cr
Apr'17	+2,394cr	+20,634cr	+23,028cr
Mar'17	+30,906cr	+25,355cr	+56,261cr
YTD	+50,250cr	+63,673cr	+113,923cr

USD/INR Forwards

Month	Premium (in paisa)	Premium (in %)	Net Rate
Spot	64.94/95		
Cash/spot	1.00/3.00		
May-17	4.00	4.66%	64.98
Jun-17	30.00	4.81%	65.24
Jul-17	56.00	4.79%	65.50
Aug-17	82.00	4.76%	65.76
Sep-17	106.00	4.73%	66.00
Oct-17	132.00	4.71%	66.26
Nov-17	157.00	4.69%	66.51
Dec-17	180.00	4.67%	66.74
Jan-18	207.00	4.66%	67.01
Feb-18	230.00	4.65%	67.24
Mar-18	253.00	4.64%	67.47
Apr-18	280.00	4.65%	67.76

Monday
24th May 2017
For the week 22nd May to 26th May



Economic Weekly Calendar

Date	Description	Actual	Previous	Expected
	Past Week			
15-May-17	China Retail Sales (YoY) (Apr)	10.7%	10.9%	10.6%
15-May-17	UK Prime Minister Theresa May speech			
16-May-17	UK Consumer Price Index (YoY) (Apr)	2.7%	2.3%	2.6%
16-May-17	EUR GDP s.a. (YoY) Preliminary	1.7%	1.7%	1.7%
16-May-17	US Industrial Production (MoM) (Apr)	1.0%	1.4%	0.3%
17-May-17	UK Claimant Count Change (Apr)	19.4K	33.5K	7.5K
17-May-17	UK ILO Unemployment Rate (3M) (Mar)	4.6%	4.7%	4.7%
17-May-17	US EIA Crude Oil Stocks change (May 12)	-1.753M	-5.247M	-2.360M
18-May-17	AUS Unemployment Rate s.a. (Apr)	5.7%	5.9%	5.9%
	Coming Week			
22-May-17	UK Prime Minister Theresa May speech			
23-May-17	UK Inflation Report Hearings			
24-May-17	Bank of Japan Governor Kuroda Speech			
24-May-17	ECB President Draghi's Speech			
24-May-17	FOMC Minutes			
25-May-17	OPEC meeting			
26-May-17	US Durable Goods Orders (Apr)		1.7%	

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