Currency Highlights

05th June'2017

HighLights:

The dollar nursed losses on Monday, coming close to a seven-month low against a currency basket plumbed after disappointing U.S. employment data prompted investors to pare back their expectations of future U.S. Federal Reserve rate hikes.

The dollar index, which tracks the greenback against a basket of six major currencies, was flat in early Asian trading at 96.736 .DXY but not far from Friday's nadir of 96.654, its lowest since Nov. 9.

Sterling edged down, under pressure after the third terrorist attack in Britain in less than three months killed at least seven people on Saturday. attack came days ahead of Thursday's UK election, in which polls show British Prime Minister Theresa May's lead over the opposition Labour Party is still intact but has narrowed. nonfarm payrolls rose by 138,000 in May, Labor Department data showed on Friday, suggesting the labour market was losing momentum despite the unemployment rate falling to a 16-year low of 4.3 percent.

Market Highlights				
	Close	Prev Cls.	Price Chg	Price Chg %
Doller Index	96.81	96.72	0.09	0.09
USD/INR (Spot)	64.27	64.26	0.01	0.02
USD/INR (Nse June)	64.63	64.7	-0.07	-0.11
EUR/INR (Spot)	72.3	72.67	-0.37	-0.51
EUR/INR (Nse June)	72.57	72.7	-0.13	-0.18
GBP/INR (Spot)	82.68	82.8	-0.12	-0.14
GBP/INR (Nse June)	83.15	83.23	-0.08	-0.10
JPY/INR (Nse June)	58.06	58.29	-0.23	-0.39

Economists polled by Reuters had predicted an increase of 185,000. market participants still expect the U.S. central bank to raise interest rates this month, many expect a more dovish course for the second half of this year.

"The pessimistic story of the jobs data should weigh on the dollar as the Fed is still expected to hike rates in June, but most market participants believe it won't hike for a long time after that, and maybe not in September or December," said Masashi Murata, currency strategist for Brown Brothers Harriman in Tokyo.

The dollar was nearly unchanged against the yen at 110.40 JPY= after brushing a two-week low of 110.25 earlier in the session, while the euro edged down 0.1 percent to $1.1270 EUR= after rising to a seven-month high of $1.1285.

U.K. construction sector activity surged to a 17-month high in May, bolstering optimism over the British real estate market, industry data showed on Friday.

In a report, market research firm Markit and the Chartered Institute of Purchasing & Supply (CIPS) said that their U.K. construction purchasing managers' index rose to a seasonally adjusted 56.0 last month from April's reading of 53.1. That was its highest reading since December 2015.

"The forward-looking elements of the latest survey are reassuring for the construction sector, notably the acceleration in new business growth to its strongest so far this year," Markit senior economist Tim Moore commented in the report.

Following the report, GBP/USD traded at 1.2871 compared to 1.2867 ahead of the release, EUR/GBP was at 0.8722 compared to 0.8721 earlier, while GBP/JPY traded at 143.54 compared to 143.49 previously.

USDINR

JPYINR

Technical View:

On a weekly chart, the pair has been trading in its horizontal channel pattern formation from past few weeks and taken the support of its lower band of the channel at 64 levels.

On a weekly chart, the pair has formed hammer candle stick pattern, which is bullish reversal candle stick pattern.

Moreover, prices have been trading above its 21 DSMA which gives the sign of bullishness in the prices.

A momentum indicator RSI has taken of its horizontal trend line at 30 levels, which suggest the possibilities of upside momentum in the prices.

So for trading perspective, one can buy USDINR in the range of 64.56 with SL of 64.20 for the target of 65.10 levels.

Technical View:

On a daily chart, the price has been trading in its falling channel pattern formation and price has taken the support of its lower band of channel at 56.40 levels.

Moreover, prices have been trading above its 50 DSMA which gives the sign of bullishness in the prices.

On a daily chart momentum indicator, RSI has remained above 40 levels which indicates upside movement in the prices.

In addition, momentum indicator MACD has shown positive crossover which suggests further upside momentum in the prices on a daily chart.

So for trading perspective, one can buy JPYINR in the range of 57.90 with SL of 57.70 for the target of 58.20 levels.

Pivot levels for the Day

	S3	S2	S1	Pivot	R1	R2	R3
USDINR	64.32	64.47	64.55	64.62	64.70	64.77	64.92
JPYINR	57.56	57.79	57.92	58.02	58.15	58.25	58.48

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GBPINR

EURINR

Technical View:

On a weekly chart, the price has been trading in falling wedge formation and price has faced resistance of its upper band of wedge pattern at 84.60 levels.

The pair has faced resistance of its horizontal trend line at 84.50 levels on a daily chart.

Moreover, prices have been trading below its 21 DSMA, which suggest short term trend looks weak.

Moreover, momentum indicator MACD has given negative crossover on a daily chart, which gives the sign of bearishness in the prices.

A momentum indicator RSI has remained below 60 levels on a daily chart, which support our bearish view on the pair.

For now, we expect prices should move lower towards 82.30 levels in the coming trading sessions.

Technical View:

On a daily chart, prices have been trading in falling channel pattern from past few weeks and price has taken the support of its lower band of the channel pattern at 69 levels.

The pair has given breakout of its horizontal trend line at 70.60 levels on the daily chart.

The pair has been trading above its 50 DSMA on a daily chart, which suggests further positive momentum can be seen in the prices.

On a daily chart momentum oscillator, RSI has remained above 60 levels, which suggests the possibilities of further upside momentum in the prices.

A momentum indicator MACD has shown positive crossover on the hourly chart.

For now, we can expect prices should move higher towards 73.20 levels in the coming trading session.

Pivot levels for the Day

	S3	S2	S1	Pivot	R1	R2	R3
EURINR	72.14	72.36	72.47	72.58	72.69	72.8	73.02
GBPINR	82.76	82.98	83.07	83.20	83.29	83.42	83.64

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Economic Indicators					
Date	Time	Data	Prior	Expected	Impact
05.06.17	12:45 PM	Spanish Services PMI	57.8	57.5	Actual > Forecast = Good for currency; EURINR
05.06.17	01:15 PM	Italian Services PMI	56.2	55.4	Actual > Forecast = Good for currency; EURINR
05.06.17	01:20 PM	French Final Services PMI	58	58	Actual > Forecast = Good for currency; EURINR
05.06.17	01:25 PM	German Final Services PMI	55.2	55.2	Actual > Forecast = Good for currency; EURINR
05.06.17	01:30 PM	Final Services PMI	56.2	56.2	Actual > Forecast = Good for currency; EURINR
05.06.17	02:00 PM	Services PMI	55.8	55.1	Actual > Forecast = Good for currency; GBPINR
05.06.17	07:30 PM	ISM Non-Manufacturing PMI	57.5	57.3	Actual > Forecast = Good for currency; USDINR
05.06.17	07:30 PM	Factory Orders m/m	0.2%	-0.2%	Actual > Forecast = Good for currency; USDINR

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