Currency Highlights

10th May'2017

HighLights:

The dollar traded higher against a basket of major currencies on Tuesday, buoyed by an uptick in expectations that the Federal Reserve is poised to increase its benchmark rate in June.

The dollar is on track for a two-day win streak as investors' expectations for a June rate hike soared to the highest level on Tuesday amid slew of comments from Federal Reserve officials.

Investors mulled over hawkish comments from Kansas City Fed President Esther George on Tuesday. George said that the U.S. central bank should keep gradually raising short-term interest rates despite the recent slowdown in GDP and car sales.

Investors looked ahead to comments from Fed officials' Eric S. Rosengren and Robert Kaplan, as both are expected to make a public appearance later today.

Market Highlights				
	Last	Prev Cl.	Price Chng	Price Chng %
Dollar Index	99.38	99.14	0.24	0.24
USD/INR (Spot)	64.66	64.42	0.24	0.37
USD/INR (Nse May)	64.81	64.47	0.34	0.52
EUR/INR (Spot)	70.48	70.30	0.18	0.26
EUR/INR (Nse May)	70.73	70.66	0.07	0.10
GBP/INR (Spot)	83.61	83.36	0.25	0.30
GBP/INR (Nse May)	83.85	83.60	0.25	0.30
JPY/INR (Nse May)	57.03	57.33	(0.30)	(0.53)

The number of job openings in the U.S. avoided an expected drop in March, remaining in territory consistent with an improving labor market as employers actively seek workers, official data showed on Thursday.

In the release of the monthly Job Openings and Labor Turnover Survey (JOLTS), the U.S. Labor Department said that the number of job openings, excluding the farming industry, settled at 5.743 million in March from 5.682 million a month earlier, which was revised from the original reading of 5.743 million.

The report has garnered more attention despite the lag on the data, as Federal Reserve chair Janet Yellen has cited the survey when assessing the state of the labor market.

Following the report, EUR/USD was trading at 1.0896 from around 1.0894 ahead of the release of the data, GBP/USD exchanged hands at 1.2929 compared to 1.2930 previously, while USD/JPY was at 114.03 from 113.97 earlier.

The characterization of the dollar's weakness is primarily due to the strength of the euro and sterling.

Since the end of March, the chart of the Bank of England's trade-weighted index (TWI) shows a peak of 105.20 on April, subsequently falling back to 103.90 within eight days.

The dollar TWI is currently at 104.90 after averaging 102.20 last year. Through April of this year it has averaged almost 104.60.

The pound has been boosted by Prime Minister Theresa May calling a snap general election on the view that with a stronger mandate she can negotiate a better Brexit deal for Britain.

Since the end of March, the gross short sterling position has fallen by 3,500 contracts to 135,000, while gross longs have grown by almost 20,000 contracts to 54,300.The euro has been underpinned by a growing consensus that the European Central Bank is set to adjust its forward guidance.

USDINR

JPYINR

Technical View:

On a weekly chart, the pair has formed Hammer candle stick pattern which is bullish reversal pattern and the price has taken the support of its horizontal trend line at 64.20 levels.

Moreover, prices have been trading above its 15 HSMA which gives the sign of bullishness in the prices.

A momentum indicator RSI has remained in oversold zone at 26 levels, which suggest the possibilities of bounce back in the prices.

In addition, momentum indicator MACD has shown positive crossover which suggests further upside momentum can be seen in the prices on the hourly chart.

So for trading perspective, one can buy USDINR in the range of 64.66 with SL of 64.46 for the target of 65.10 levels.

Technical View:

On a daily chart, the price has been trading in Horizontal channel pattern and price has taken the support of its lower band of the pattern at 57.30 levels.

Moreover, prices have been trading above its 10 HSMA which gives the sign of bullishness in the prices.

On a daily chart momentum indicator, RSI has taken the support of its horizontal trend line at 39 levels which indicate pull back 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 56.95 with SL of 56.70 for the target of 57.40 levels.

Pivot levels for the Day

	S3	S2	S1	Pivot	R1	R2	R3
USDINR	63.70	64.19	64.50	64.68	64.99	65.17	65.66
JPYINR	56.63	56.84	56.94	57.05	57.15	57.26	57.47

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GBPINR

EURINR

Technical View:

On a daily chart, the price has been trading at falling channel pattern from past few months and price has taken the support of its lower band of the pattern at 80.60 levels.

Moreover, prices have been trading above its 50 DSMA, which suggest short term trend looks up.

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

A momentum indicator RSI has remained above 50 levels on a daily chart.

For now, we expect prices should move higher towards 84.40 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 68 levels.

The pair has taken the support of its horizontal trend line at 68.30 levels on the hourly chart.

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

On a daily chart momentum oscillator, RSI has remained above 50 levels, which suggests the possibilities of bounce back 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 71.40 levels in the coming trading session.

Pivot levels for the Day

	S3	S2	S1	Pivot	R1	R2	R3
GBPINR	83.34	83.57	83.70	83.80	83.93	84.03	84.26
EURINR	70.37	70.54	70.64	70.71	70.81	70.88	71.05

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Economic Indicators					
Date	Time	Data	Prior	Expected	Impact
10.05.17	10:30 AM	Leading Indicators	104.8%	105.5%	Actual > Forecast = Good for currency; JPYINR
10.05.17	05:30 PM	ECB President Draghi Speaks			More hawkish than expected = Good for currency; EURINR
10.05.17	08:00 AM	Crude Oil Inventories	-0.9M	-2.0M	

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