

HighLights:

The dollar traded above break-even Thursday, buoyed by bullish initial jobless claims data, lifting expectations that the economy will rebound in the second-quarter but a widening of the trade balance limited upside momentum.

The U.S. dollar index, which measures the greenback's strength against a trade-weighted basket of six major currencies, rose by 0.09% to 97.04 by 12:51 EDT.

Investors mulled over a mixed bag of economic data, as initial jobless rose less than expected, offsetting a larger than expected rise in the trade deficit, which helped push the dollar into positive territory.

The goods trade gap – the difference in value between imported and exported goods – widened to \$67.6 billion in April from \$65.1 billion in March, the Census Bureau said in its advanced report.

| Market Highlights | | | | |
|-------------------|-------|-----------|-----------|-------------|
| | Close | Prev Cls. | Price Chg | Price Chg % |
| Doller Index | 97.18 | 97.24 | -0.06 | -0.06 |
| USD/INR (Spot) | 64.62 | 64.48 | 0.14 | 0.22 |
| USD/INR (Nse May) | 64.63 | 64.78 | -0.15 | -0.23 |
| EUR/INR (Spot) | 72.48 | 72.66 | -0.18 | -0.25 |
| EUR/INR (Nse May) | 72.51 | 72.47 | 0.04 | 0.06 |
| GBP/INR (Spot) | 83.78 | 83.92 | -0.14 | -0.17 |
| GBP/INR (Nse May) | 83.78 | 84 | -0.22 | -0.26 |
| JPY/INR (Nse May) | 57.77 | 57.96 | -0.19 | -0.33 |

The stronger labor market data came a day after the release of the Federal Reserve's minutes to its May meeting, pushed the dollar to fresh six-month lows, as investors parsed somewhat dovish comments from Fed members concerning future rate hikes.

The minutes revealed that some Fed members said that further signs would need to show that weakness in the first-quarter was temporary, prior to future rate hikes.

Traders' expectations of a June rate hike, however, remained intact – nearly 80% of traders expect the Federal Reserve to hike rates in June, according to investing.com's fed rate monitor tool.

GBP/USD fell to \$1.2957, as investors look ahead to the general election, as the main UK political parties are set to resume national campaigning on Friday, after a three-day break imposed by the terrorist attack in Manchester.

USD/JPY rose by 0.22% to 111.75 while USD/CAD rose by 0.35% to \$1.3455, as the oil-linked Canadian dollar, came under pressure after oil prices plummeted, following OPEC's confirmation of a nine-month supply-cut agreement.

The dollar held onto moderate gains against other major currencies in subdued trade on Thursday, helped by the release of positive U.S. jobless claims data, although the minutes of the Federal Reserve's latest policy meeting continued to weigh.

The U.S. Department of Labor said initial jobless claims in the week ending May 20 increased by 1,000 to 234,000 from the previous week's total of 233,000. Analysts expected jobless claims to rise to 238,000 last week.

USDINR



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 64.50 with SL of 64.20 for the target of 65.10 levels.

JPYINR



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 57.66 with SL of 57.40 for the target of 58.20 levels.

Pivot levels for the Day

| | S3 | S2 | S1 | Pivot | R1 | R2 | R3 |
|---------------|-------|-------|-------|-------|-------|-------|-------|
| USDINR | 64.08 | 64.32 | 64.41 | 64.56 | 64.65 | 64.8 | 65.04 |
| JPYINR | 56.11 | 56.37 | 56.50 | 56.63 | 56.76 | 56.89 | 57.15 |

GBPINR



Technical View:

On a daily chart, the price has given breakout of its falling wedge pattern at 83.70 levels. The pair has given breakout of its horizontal trend line at 83.90 levels on a daily chart.

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

Moreover, momentum indicator MACD has given positive crossover and MACD has remained above its signal line 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, which support our bullish view on the stock.

For now, we expect prices should move higher towards 84.50 levels in the coming trading sessions.

EURINR



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 | 69.69 | 69.98 | 70.08 | 70.27 | 70.37 | 70.56 | 70.85 |
| GBPINR | 82.03 | 82.70 | 82.96 | 83.37 | 83.63 | 84.04 | 84.71 |

Economic Indicators

| Date | Time | Data | Prior | Expected | Impact |
|----------|----------|----------------------------------|-------|----------|--|
| 26.05.17 | ALL | G7 Meetings | | | |
| 26.05.17 | 06:00 PM | Core Durable Goods Orders m/m | 0.0% | 0.4% | Actual < Forecast = Good for currency; USDINR |
| 26.05.17 | 06:00 PM | Prelim GDP q/q | 0.9% | 0.9% | Actual < Forecast = Good for currency; USDINR |

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