

Daily Market Report 23rd June 16



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Research Team – IFA Global

Domestic and International Highlights

Indian rupee opened at 67.43 after closing the previous session at 67.47 levels. The intra-day range is seen between 67.25-67.60 levels.

EIA Reports Another 900,000 Barrel Draw On US Crude Stockpiles

Oil prices were trading near \$50 today ahead of the U.S. Energy Information Administration's (EIA) release of crude inventory data, but were trading slightly lower after the official numbers showed U.S. stockpiles down by another 900,000 barrels for the week ended 17 June. Late on Tuesday, the American Petroleum Institute (API) reported that crude inventories had fallen by 5.2 million barrels for the previous week, and that gasoline supplies fell by 1.5 million. Finished gasoline inventories increased while blending components inventories decreased last week, and distillate fuel inventories increased by 0.2 million barrels. Total commercial petroleum inventories increased by 5.2 million barrels last week.

Euro zone consumer confidence falls slightly in June

Euro zone consumer confidence fell slightly in June, figures released on Wednesday by the European Commission showed. The EU executive arm said in a flash estimate that euro zone consumer morale decreased to -7.3 points in June from -7.0 in May, after having risen for two consecutive months. The figure remains above the euro zone's long-term average. In the European Union as a whole, consumer sentiment remained broadly stable in June falling by 0.1 points to -5.8.

Government introduces incentives to boost textile sector

Yesterday, the government approved incentives to boost job creation in manufacturing and labor intensive textile sector. The government cleared a special package of Rs.6,000 crore that to create 1 crore new jobs in three years, in addition to attracting investments of \$11 billion and generating \$30 billion in exports. The government will foot the entire 12% of employer's contribution under the Employers Provident Fund Scheme for new hands hired by the industry and earning less than Rs15,000 a month for the first three years.

Bonds

Indian government bonds largely flat ahead of Brexit referendum today, even as polls show support split across camps. Indian benchmark note is currently trading at INR100.77 against INR100.76 previous close. 10-year US Treasury nearly flat at 1.70%; benchmark Brent crude steady at \$50.10 per barrel. Indian benchmark yield pegged in 7.46%-7.50% band today.

USD/INR 4 Hourly Chart



Source: Reuters

Overall Outlook & Strategy

Intraday Trend: The USD/INR pair is likely to quote in the range of 67.25-67.60 levels.

Exporters were advised to partially cover their long term exports in range of 67.50-67.60 zone. (They are suggested to discuss their positions with their respective advisors).

Importers are advised to book their imports on dips towards 67-67.10 levels. (They are suggested to discuss their positions with their respective advisors).

Short term range (7-15 days): 66.80-67.80

Medium term range (3-6 months): 65.80 - 68.50

Cautious Note- Importers should remain cautious and keep stoploss above 67.80 on weekly basis.

EUR / USD

Yesterday, EURUSD has posted a gain because of rising sentiment of Britain to stay in EU. The latest opinion poll outcomes showed Remain in the lead and boosted the Breman sentiment once again. The outcome of the poll will be out tomorrow, which will spur massive volatility across the board. Technically, 1.1230 and 1.1470 could act as support and resistance respectively. As long as pair hold 1.1230 it could move higher towards 1.1470 level in near term. **(Intraday) Support: 1.1230, Resistance: 1.1470, Outlook: Slightly Bullish**

GBP / USD

British pound hits new high against the US dollar. Last Four Brexit Polls Split. An online poll by Opinium was slightly in favor of Leave. An online poll by TNS was slightly in favor of Leave. An online poll by YouGov was slightly in favor of Remain. A phone poll by ComRes shows a 6 point lead for Remain. Technically, cable has breached the resistance zone of 1.4700-1.4770 levels, to continue the upmove it is imperative for cable to move towards 1.5020. On the downside, support is located at 1.4600 levels. **(Intraday) Support: 1.4600, Resistance: 1.5020, Outlook: Slightly Bullish**

USD/ JPY

The dollar-yen pair is wavering in a tight range of 103.50-105 levels amid market participant keeping eye on Brexit poll. If Breman campaign win than the USD/JPY could move higher sharply because demand for the safe haven yen will likely fall, while the USD could bounce. Conversely, if Brexit campaign win then safe haven yen could rally sharply, then we can see downward pressure on the USD/JPY pair. Technically, USDJPY is moving within the range of 103.50-105 levels. Either side of the break will provide the direction in future.

(Intraday)Support: 103.50, Resistance: 105; Outlook: Slightly Bearish

USD/CAD

Yesterday, CAD was gaining momentum after better than expected MoM retail sales data. Market consensus sees headline sales to have expanded 0.6% inter-month in April and Core sales to rise 0.9%, both prints reverting previous drops of 0.3% and 1.0%, respectively. Technically, the weaker dollar is likely to weigh on the USD/CAD pair and it is likely to extend its losses further upto 1.2720 levels.

(Intraday)Support: 1.2720, Resistance: 1.2850; Outlook: Slightly Bearish

AUD / USD

The AUDUSD is making fresh one-month high on improved risk conditions as markets increasingly hope for Breain success after the latest opinion polls favour UK to remain in the EU. Looking ahead, markets now await RBA official Debelle' speech scheduled later in the EU session and participants are expected to closely track the Brexit-related news flow today and tomorrow. **(Intraday)Support: 0.7480, Resistance: 0.7570, Outlook: Slightly Bullish**

Gold

Gold fell on the COMEX to the lowest level in two-weeks on cautious optimism that Britons would vote to stay in the European Union at the referendum that will be held later today evening. Today in the Asian session gold has continued to trade with a negative bias but, for the day, volatility will continue to remain high for the yellow metal. **(Intraday)Support: \$1248, Resistance: \$1290; Outlook: Slightly Bullish**

Crude WTI

Oil slipped in yesterday's session after data released by EIA showed a smaller-than-expected drawdown in inventory. While it was the fifth consecutive weekly draw, the EIA's number was smaller than a 1.7 million-barrel drawdown forecast. On the downside \$48.40 will be an important support to watch and break below this level could push prices further lower. **(Intraday)Support: \$48.40, Resistance: \$50.50; Outlook: Slightly Bullish**

Dollar Index

Yesterday, dollar slipped lower against the other major currencies, as polls showed that the race between the Leave and Remain campaigns remains tight one day before the vote on a potential British exit from the European Union, or Brexit. Technically, a move below 93.40 could continue the previous down move and it could move lower towards the next support of 92.75 levels. **(Intraday)Support: 92.75, Resistance: 94.15; Outlook: Slightly Bearish**

Economic calendar for the day

CURRENCY	TIME	EVENT	FORECAST	PREVIOUS
EUR	1.30 PM	Euro Zone Flash Manufacturing PMI	51.4	51.50
EUR	1.30 PM	Flash Services PMI	53.2	53.30
USD	6.00 PM	Unemployment Claims	271K	277K
USD	7:30 PM	New Home Sales	561K	619K
GBP		EU Membership Vote		

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