

Date: 25th August, 2016

Dear Readers,

Indian rupee opened at 67.08 after closing the previous session at 67.11 levels. The intra-day range is seen between 67.00-67.20 levels.

2.5 Million Barrel EIA Weekly Crude Oil Stocks Build Brings Oil Prices Lower

The latest Energy Information Administration (EIA) crude inventories data recorded a build of 2.5mn barrels in the latest week compared with an expected draw of close to 0.5mn barrels and following a draw of 2.5mn last week. There was a build in Cushing stocks of 0.38mn barrels, which was higher than expected. Gasoline inventories were unchanged on the week, while distillates stocks rose by 0.1mn barrels. Both gasoline and distillate inventories remain well above historical averages for this time of year, but the data was less impressive than the API estimate of a substantial gasoline draw.

U.S. Existing Home Sales Fall for First Time Since February

The pace of existing-home sales decreased 3.2% last month from June to a seasonally adjusted annual rate of 5.39 million, the National Association of Realtors said Wednesday. The decrease was the first since February. Sales of previously owned homes slipped in July, a sign that higher prices are taking a bite out of U.S. housing demand.

Jackson hole symposium in focus

Today eight central bankers among them Fed governor Lael Brainard and New York Fed President William Dudley , will meet with and answer questions from about 120 activists from the Campaign for Popular Democracy's Fed Up Campaign, a left-leaning group working to change the way the powerful central bank works. The meeting marks a turn for the invitation-only Jackson Hole symposium, which draws top central bankers and economists from around the world to discuss monetary policy issues behind closed doors.

Bonds

Indian government bonds open higher as traders add to their positions, after foreign banks remained net buyers for second straight session yesterday. Benchmark bond now at INR103.19, yielding 7.12%, against INR103.07 previous close. Foreign banks bought baonds worth around INR 43 billion in last two days, after selling notes worth INR 97 billion in three sessions before that. Benchmark yield tipped in 7.10%-7.14% band today.

Outlook

Intraday Trend: The USD/INR pair is likely to quote in the range of 67.05-67.30 levels.

Exporters are advised to cover their partial booking at current levels 67.20-67.30. (They are suggested to discuss their positions with their respective advisors).

Importers were advised to cover their short term booking on dips towards 66.70-66.75 levels. (They are suggested to discuss their positions with their respective advisors).

Short term range (7-15 days): 66.50-67.50

Medium term range (3-6 months): 65.80 – 70.00

Intraday view on Major Pairs

EURUSD-

Euro area banks saw their profits fall by a fifth in the first three months of this year as they made less money from trading and most other business areas, European Central Bank data showed on Wednesday. Technically, short term resistance can be seen at 1.1400-1450 band. If it reverses then correction can be seen till 1.1150-1.1100 levels. Today, the pair is likely to quote in the range of 1.1220-1.315 band.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
1.1220	1.315	Slightly Bearish	1.0800	1.1440	Bearish	1.0800	1.1450	Bearish

GBPUSD-

Sterling traded above \$1.32 to touch a three-week high on Wednesday, as speculators further cut bets against the currency after data indicated the economy was holding up surprisingly well after the Brexit vote. Technically, In the near term; the pair is likely to face resistance near 1.3270-1.3300 zone. If it reverses then pullback can be seen till 1.3150-1.3100 levels. Today, it could remain in the range of 1.3150-1.3330 band.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
1.3150	1.3330	Slightly Bearish	1.2800	1.3550	Bearish	1.2800	1.3900	Bearish

USDJPY-

The Japanese Yen continues to consolidate within a narrow range USD/JPY may extend the decline from earlier this year especially if Governor Haruhiko Kuroda may attempt to buy more time at the next interest-rate decision on September 21. The USDJPY pair is likely to face resistance near 101.20 and on the lower side face support at 99.50.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
99.50	101.20	Bullish	99.00	109	Bullish	96.60	109.30	Bullish

AUDUSD-

After consolidating in a narrow range in the last couple of sessions the Australian dollar rose in today's early Asian session as the bulls start digesting Australia's treasurer Morrison's latest comments. All eyes remain focused on the next risk event for the major, the Jackson Hole Symposium and key US macro updates, including the durable goods and GDP data, for fresh direction on the pair. For the day the Australian dollar faces resistance near 0.7660 levels and on the lower side 0.7580 will be an important to watch for.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
0.7580	0.7660	Bearish	0.7280	0.7800	Bullish	0.7150	0.7720	Bearish

USDCAD-

The Canadian dollar came under pressure against its US counterpart after global crude oil prices fell after EIA showed increase in inventory. EIA showed crude inventory rose 2.5million barrels compared to drawdown of 2.5million barrels in the previous week. In the near term Canadian dollar faces important resistance around 1.2970 and on the downside faces important support around 1.2860 levels.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
1.2850	1.3000	Bullish	1.2650	1.3400	Bullish	1.2450	1.3550	Bullish

Gold-

Gold rose slightly on Thursday after hitting a four-week low in the previous session, with the dollar losing strength ahead of a speech by Federal Reserve Chair Janet Yellen that will be closely watched for clues on U.S. interest rate policy.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
1310	1340	Bearish	1275	1420	Bullish	1120	1450	Bullish

Crude:

Crude futures fell Wednesday after US Energy Information Administration data showed a larger-than-expected build in crude stocks, and refined products inventories saw slight

increases. Technically, 48 could act as a resistance, as long as prices sustain below this level bias is negative and it could move lower towards the next support of 45.50

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
45.50	48.00	Bearish	37.50	45.00	Bearish	35.00	56.00	Bullish

Dollar Index:

The dollar index edged higher, with investors reluctant to make aggressive moves ahead of an expected speech from Federal Reserve Chairwoman Janet Yellen at the central bank's summer summit at the end of the week. Technically, 94 could act as a support in near term. As long as this support is intact on downside bias is positive and it could move higher towards 95.50-95.70 levels in near term.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
94.00	95.70	Bullish	93.00	99.00	Bullish	92.50	101.00	Bearish

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