

Daily Market Report 16th June 16



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Research Team – IFA Global

Domestic and International Highlights

Indian rupee opened at 66.13 after closing the previous session at 66.15 levels. The intra-day range is seen between 66.95-67.30 levels.

Australia holds Jobless rate at 5.7%; economy adds 17,900 positions

Australia's labour market remained in surprisingly decent health in May, with the unemployment rate holding steady at 5.7 per cent, a 29-month low, and in line with expectations. The Australian economy added 17,900 jobs last month, up from a downwardly revised 800 (previously 10,800) in April. But this was ahead of the 15,000 gain economists on average expected and also the third month in a row the nation has added jobs. Participation rate, a measure of labor force as a share of population, held at 64.8% against forecast of 64.9%.

FOMC holds rates steady lowers outlook

The Federal Open Market (FOMC) left the target range of its benchmark Federal Funds Rate unchanged at a level between 0.25 and 0.50%. It marked the fourth consecutive meeting the FOMC held rates steady at their current level since their historic rate hike in December 2015. Lowered its economic growth forecasts and scaled back its rate hike projections.

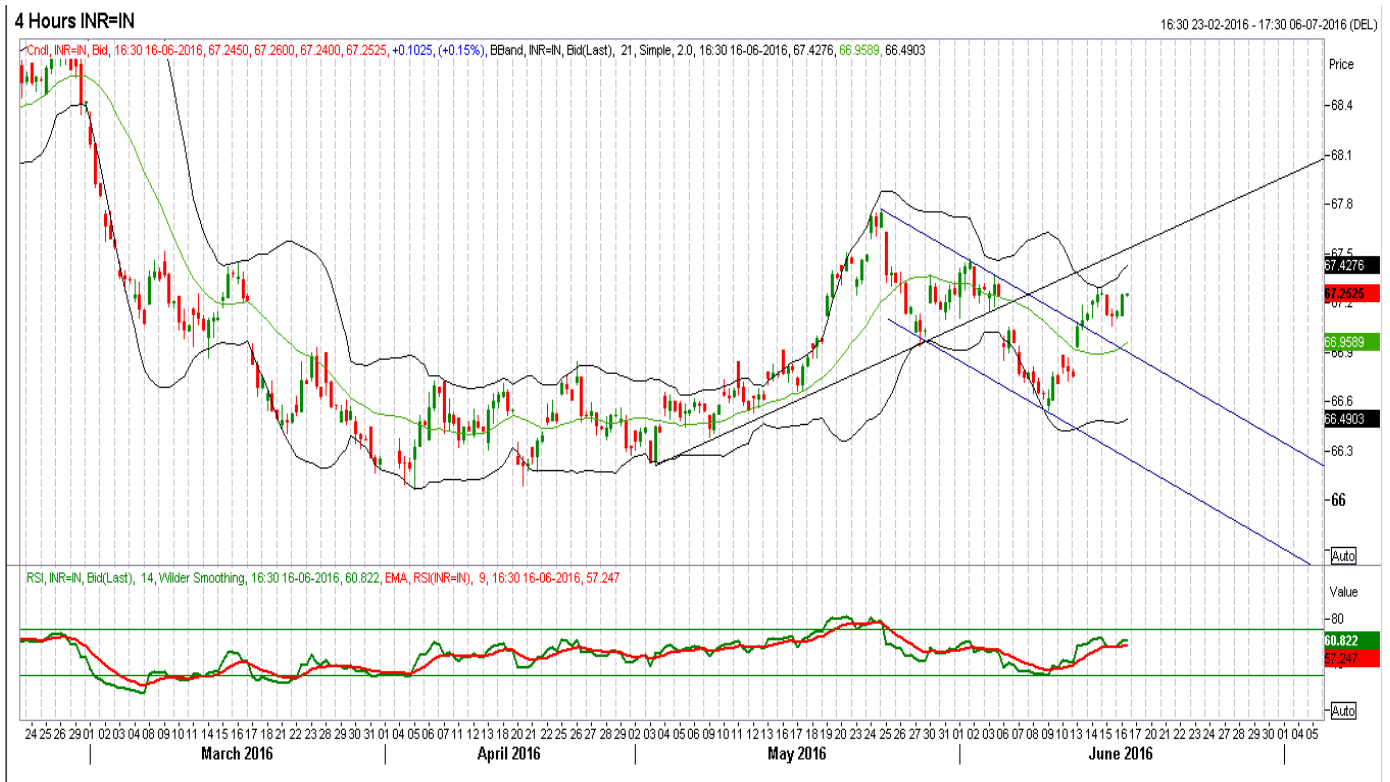
Bank of Japan holds steady on monetary base, negative rates

The Bank of Japan keeps the monetary base at ¥80 trillion annually along with negative rates at minus 0.1%. A possible vote by Britain to leave the European Union was the biggest near-term concern for BOJ. Sluggish global growth and anaemic inflation would put policymakers under pressure which has increase the chances of the BOJ easing in next meeting held on July 28-29.

Bonds

Indian government bonds rise as Fed keeps interest rates unchanged, hints at slower pace of rate hikes in years ahead; benchmark note now at INR 100.57 against INR 100.48 previous close. US 10-year Treasury yield fell sharply to trade at 1.55%. Indian benchmark yield is expected to trade in 7.50-7.53% band today.

USD/INR Daily Chart



Source: Reuters

Overall Outlook & Strategy

Outlook

Intraday Trend: The USD/INR pair is likely to quote in the range of 66.90-67.30 levels.

Exporters are advised to partially cover their long term exports in range of 67.15-67.35 zone. (They are suggested to discuss their positions with their respective advisors).

Importers are advised to wait for further bookings. (They are suggested to discuss their positions with their respective advisors).

Short term range (7-15 days): 66.00-67.20

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

EUR / USD

The euro extending its gains for the second session in a row after the FOMC surprised markets with an unexpected dovish tone at its meeting on Wednesday. With crucial level of 1.1320 technically, market participants are waiting for EMU's final CPI figures due later, while inflation figures gauged by the CPI and the Philly Fed survey will be in the limelight across the pond.

(Intraday) Support: 1.1220, Resistance: 1.1320, Outlook: Slightly Bullish

GBP / USD

The GBPUSD pair is losing its momentum and hovering near day's low level, pressurized by leading "Leave" votes ahead of Britain referendum. Ahead in the session, UK's Retail Sales for the month of May are due followed by the BoE interest rate decision. Market consensus expects sales to have expanded at a monthly pace of 0.3%. Technically, bias remains on the upside.

(Intraday) Support: 1.4020, Resistance: 1.4340, Outlook: Slightly Bearish

USD/ JPY

The Bank of Japan kept the monetary base at ¥80 trillion annually along with negative rates at minus 0.1%. After interest rate decision, USDJPY drop to lowest since Sept 2014. Technically, prices have breached the important support level of 105.50, this suggested the resumption of downtrend and it can move lower towards the next support of 102.20-102 levels in the near term.

(Intraday)Support: 103.50, Resistance: 105.25; Outlook: Slightly Bearish

USD/CAD

Canadian dollar continues the strengthening against American dollar despite of cautious note in FOMC meeting yesterday. Declining Oil prices have been the exclusive driver behind the up move in USDCAD pair. Technically, 1.2828 (Previous day low) will act as support level and as long as this level holds, bias remains positive and it can move higher towards 1.3050 level.

(Intraday)Support: 1.2828, Resistance: 1.3050; Outlook: Slightly Bullish

AUD / USD

The Australian jobs report suggest that the employment change standing at +17.9k vs 15k expected and 10.8k prior, with full time job creation flat at 0, while part time jobs came at 17.9k. Today, a renewed sell-off in the Aussie as risk-off moods extends following a cautious outlook noted by the Fed yesterday. Technically, 0.7440 would act as an immediate resistance and 0.7330 could act as immediate support level.

(Intraday)Support: 0.7330, Resistance: 0.7440, Outlook: Slightly Bullish

Gold

Gold rose to the highest level since early May after the US Federal Reserve chair indicated that the central bank could be less aggressive in tightening monetary policy in next year. The Fed kept interest rates unchanged yesterday and signalled it still planned to raise rates twice in 2016, though it said slower economic growth would crimp the pace of monetary policy tightening in future years.

(Intraday)Support: \$1292, Resistance: \$1325; Outlook: Slightly Bullish

Crude WTI

Oil fell for the fifth consecutive session on worries Britain might leave the European Union while the U.S. Federal Reserve kept rates unchanged. A weekly draw in U.S. crude stockpiles helped crude futures pare losses during the session, before prices fell again in post-settlement trade.

(Intraday)Support: \$47.10, Resistance: \$47.75; Outlook: Slightly Bearish

Dollar Index

The dollar against its major crosses fell after the Federal Reserve held rates unchanged but are of the view of two rate hikes in this year. Today market participants will be keeping an eye on the inflation and Philly Fed manufacturing index number to gauge a view for the dollar.

(Intraday)Support: 93.80, Resistance: 94.65; Outlook: Slightly Bearish

Economic calendar for the day

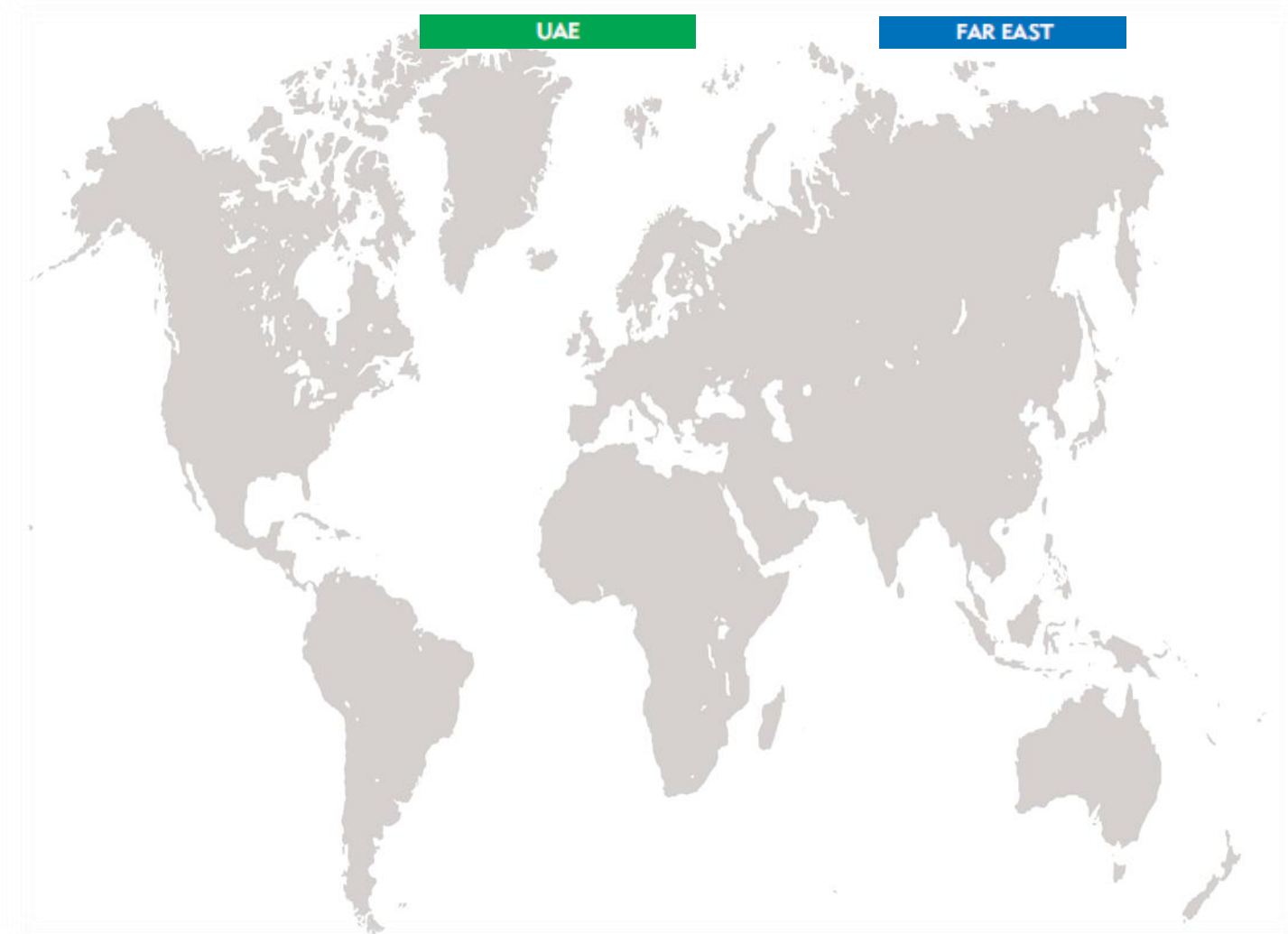
| CURRENCY | TIME | EVENT | FORECAST | PREVIOUS |
|----------|---------|--------------------------------|----------|----------|
| GBP | 2.00 PM | Retail Sales m/m | 0.30% | 1.30% |
| EUR | 2.30 PM | Final CPI y/y | -0.10% | -0.10% |
| GBP | 4.30 PM | MPC Official Bank Rate Votes | | |
| USD | 6:00 PM | CPI m/m | 0.30% | 0.40% |
| USD | 6:00 PM | Philly Fed Manufacturing Index | 1.1 | -1.8 |
| USD | 6:00 PM | Unemployment Claims | 267K | 264K |

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INDIA

IFA Global

MUMBAI

9th Floor, 351 ICON Kanakia,
Western Express Highway,
Andheri East,
Mumbai – 400069.

☎ +919930675265

Website: www.ifaglobal.net

Email: research@ifaglobal.net

IFA Global DMCC

DUBAI

IFA Global DMCC
Level 37, Unit No. 3730, Jumeirah
Business Center II,
Jumeirah Lake Towers, Cluster V,
Dubai, UAE

☎ Mobile: +971507516637

Email: abhishek.goenka@ifaglobal.net

IFA Global Advisors Ltd.

HONG KONG

4210, Office Tower
Convention Plaza, 1 Harbour Road
Wan Chai, Hong Kong
Telephone: 0085 225988620

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