

Date: 24th August, 2016

Dear Readers,

Indian rupee opened at 67.11 after closing the previous session at 67.06 levels. The intra-day range is seen between 67.05-67.30 levels.

Eurozone Flash PMI edges up to seven-month high

Euro zone's flash manufacturing purchasing-managers' index (PMI) for August was 51.8, which was below the 52.0 seen in June and predicted. The flash services PMI was 53.1, from 52.9 in June and against views for 52.8. Germany's flash manufacturing PMI for August was 53.6, which was ahead of the 53.5 forecast and below the previous print of 53.8. The country's flash services PMI was at 53.3, beneath the prior and forecast 54.4.

U.S. new home sales race to near nine-year high

New U.S. single-family home sales unexpectedly surged in July, reaching their highest level in nearly nine years amid robust demand, brightening the housing market outlook and bolstering views that economic growth will pick up in the third quarter. The Commerce Department said new home sales jumped 12.4 percent to a seasonally adjusted annual rate of 654,000 units last month, the highest level since October 2007. It was the fifth straight monthly gain in new home sales.

Oil prices fall on U.S. crude stocks build

Oil futures declined in electronic trading Tuesday after the American Petroleum Institute reported a 4.46 million-barrel climb in U.S. crude supplies for the week ended August 19. West Texas Intermediate prices fell lower after the release of the new data, in light of the high inventory build-ups. Today market participants will be keeping an eye on the EIA data; expectation is that drawdown of 0.5million barrels could be seen but overall volatility could be remain limited in today's session.

Bonds

Indian government bonds trading almost flat, amid low volume, in absence of any fresh triggers, say traders. Benchmark bond now at INR102.89, yielding 7.16%, against INR102.90 previous close. RBI to auction treasury bills worth INR140 billion today. Benchmark yield tipped in 7.14%-7.18% 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-

Yesterday, recovery in US dollar on back of positive economic numbers erased euro's earlier gains and the pair fell upto 1.13 in NY session. The eurozone's slow economic recovery appears to have weathered the initial shock of Britain's vote to leave the EU with a closely-watched survey of business activity reaching its highest level in seven months. Today, the pair expected to trade in the range of 1.1230-1.1350 band.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
1.1230	1.1350	Slightly Bearish	1.0800	1.1440	Bearish	1.0800	1.1450	Bearish

GBPUSD-

Sterling hit a three-week high against the dollar on Tuesday, rising above \$1.32, with speculators cutting bets against the currency as data suggested that Britain's economy is holding up surprisingly well in the aftermath of the Brexit vote. On Tuesday British government bond prices jumped after the Bank of England received fewer offers than last week for its purchase of long-dated gilts under its bond-buying programme. Today, the pair is expected to trade in the range of 1.3100-1.3260 zone.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
1.3100	1.3260	Slightly Bearish	1.2800	1.3550	Bearish	1.2800	1.3900	Bearish

USDJPY-

In the last few sessions the Japanese yen managed to hold above 100 levels. Amid a lack of fresh economic drivers, focus remains on any BOJ headline that indicates further easing next month, while the Jackson Hole Symposium is eagerly awaited for fresh insights on the US interest rates outlook.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
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Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
99.50	101	Bullish	99.00	109	Bullish	96.60	109.30	Bullish

AUDUSD-

The Australian dollar is down after optimism about US housing sales increased optimism about a rate rise in the world's largest economy. Technically, the pair has formed shooting star pattern on daily chart thus trend remains negative over near term. 0.7656 and 0.7500 could act as an immediate resistance and support level respectively.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
0.7500	0.7656	Bearish	0.7280	0.7800	Bullish	0.7150	0.7720	Bearish

USDCAD-

USD/CAD fell to fresh daily lows as the loonie strengthened in tandem with oil prices. Crude oil futures moved higher, erasing earlier losses, with WTI briefly rising above \$48.00 a barrel. USD/CAD came under pressure and dropped to its lowest level since Friday at 1.2860. The pair has moved slightly off lows and it was last down 0.55% at 1.2873.

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-

After closing in the green in the last couple of session today in the early Asian session the yellow metal came under pressure. Expectation is that gold could test levels of \$1,325 on lower levels and on the higher side faces important resistance at \$1,355 levels. Better-than-expected economic data from the US supported the dollar on lower levels and that could weigh on the yellow metals in the near term.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
1320	1360	Slightly Bearish	1275	1420	Bullish	1120	1450	Bullish

Crude:

Yesterday, crude rebounded in the latter half of the session on expectation that API inventory could show drawdown in inventories but unexpected buildup in inventory weighed on crude in today's Asian session. Crude was also weighed down on concerns that Chinese crude demand could falter as Beijing clamps down on alleged tax evasion in the oil industry.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
46.20	48.50	Bearish	37.50	45.00	Bearish	35.00	56.00	Bullish

Dollar Index:

In the last couple of session the dollar against its major crosses is finding support near 94 levels and better-than-expected economic data from the US also extended gains for the greenback. This week market participants will be importantly keeping an eye on the Fed chair Janet Yellen speech at Jackson Hole symposium.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
94.20	95.20	Bullish	93.00	99.00	Bullish	92.50	101.00	Bearish

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