

**Date: 28<sup>th</sup> July, 2016**

Dear Readers,

Indian rupee opened at 67.06 after closing the previous session at 67.14 levels. The intraday range is seen between 66.90-67.25 levels.

### **Government moves one step close to clearing GST**

India has moved a significant step close to clearing the GST bill after a lot of hassles from the opposition in the past. The Union Cabinet on Wednesday approved amendments to the constitutional amendment Bill, needed to make the goods & services tax a reality, incorporating suggestions by states. The current ruling government has accepted a key demand from the opposition to remove 1% tax on inter-state transactions. The government wants to roll out GST from April 1, 2017 seven years later than originally scheduled.

### **FOMC Kept rates unchanged, pointed economy had “been expanding at a moderate rate”**

The Federal Open Market Committee (FOMC), which decides on US monetary policy, decided to keep rates unchanged at its July meeting, but stressed three times that hiring conditions had improved, and noted that the economy had “been expanding at a moderate rate”. Policymakers also judged that “near-term risks” to the outlook had diminished.

### **U.S. durable goods orders data points to weak business spending**

New orders for U.S. manufactured capital goods rose less than expected in June amid weak demand for machinery, suggesting an ongoing downturn in business spending. Business investment remains soft despite data ranging from retail sales to housing suggesting that U.S. economic growth has regained speed after growth almost stalled early in the year.

### **Bonds**

India’s benchmark bond inched higher in today’s opening session after cabinet approved changes to GST bill and after the Fed held rates unchanged. Expectation is high that downside could be restricted to 7.20% levels. For the day, benchmark yield is expected to quote in the range of 7.20% -7.24%.

### **Outlook**

**Intraday Trend:** The USD/INR pair is likely to quote in the range of 67.20-67.25 levels.

**Exporters** are advised to hold for further bookings. (They are suggested to discuss their positions with their respective advisors).

**Importers** advised to cover their short term booking at 66.95. (They are suggested to discuss their positions with their respective advisors).

**Short term range (7-15 days):** 66.75-67.80

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

### Intraday view on Major Pairs

#### EURUSD-

EUR/USD rose sharply above 1.1050 to trade at 1-week highs, as the Dollar and U.S. bond yields unexpectedly tumbled late in the session after the Federal Reserve held interest rates steady at a meeting in Washington D.C. Today, participants are expected to keep an eye on German prelim CPI. Technically, the pair is expected to trade in the range of 1.1020-1.1150. Today, bias is expected to remain bullish as dollar is weakening against its major counter pairs.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
1.1020	1.1150	Slightly Bullish	1.0800	1.1300	Bearish	1.0800	1.1450	Bearish

#### GBPUSD-

Yesterday, Sterling edged down against the dollar, refusing to be lifted by second-quarter UK growth data that was stronger than had been expected, though backward-looking. However, weaker dollar helped sterling to gain momentum above 1.32 in early Asian market. Technically, the pair is expected to trade in the range of 1.3150-1.3350

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
1.3150	1.3350	Slightly Bullish	1.2630	1.3900	Bearish	1.2800	1.3900	Bearish

#### USDJPY-

Yesterday, the pair has observed high volatility and moved in a 1.3% range during two hour deluge of news reports and official comments around Prime minister shinzo's Ane announcement his fiscal stimulus package would exceed 28 trillion yen and it may sell 50 year government bonds. Market participant will keep an eye on BOJ meeting which is due tomorrow.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
104.00	106.00	Slightly Bearish	99.00	109	Bullish	96.60	109.30	Bullish

### AUDUSD-

Yesterday, AUDUSD closed almost near the opening level, as it has experienced high volatility because of CPI data of Australia, Japan Fiscal stimulus package and US Fed FOMC meeting. Today, Australian dollar has gained some ground after the US dollar weakened on signs the Fed is not ready to lift interest rates in September.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
0.7400	0.7600	Slightly Bullish	0.7280	0.7800	Bullish	0.7150	0.7720	Bearish

### USDCAD-

The Canadian dollar is higher after the U.S. Federal Reserve ended its two day Federal Open Market Committee (FOMC) meeting and released its statement holding interest rates unchanged. Technically, USDCAD is hovering near the immediate support of 1.3100, if the pair closed above this level then it can bounced back towards 1.3200 levels.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
1.3100	1.3200	Slightly Bearish	1.2650	1.3400	Bullish	1.2450	1.3550	Bullish

### Gold-

After consolidating in the range of \$1,300 and \$1,340 levels for nine consecutive session the yellow metal rose, on the COMEX, following weakness in the dollar against its major crosses after the fed decided to hold rates unchanged. On the other hand hinted to raise rates in this year after monitoring economic number that released in the coming months. Gold is expected to quote in the range of \$1,320 and 1,360 levels in the near future.

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

### Crude:

Crude fell to the lowest level in three-months after inventories grew 1.7 million barrels against expectation of drawdown of 2.3 million barrels. Bias for crude has turned negative and on the lower side could test levels of \$41.50 from where a marginal bounce is expected. In the near term crude is expected to quote in the range of \$41.50 to \$44.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
41.50	44.00	Slightly Bearish	39	49.50	Bearish	35.00	56.00	Bullish

### Dollar Index:

Post the Fed policy decision the dollar came under against its major crosses. The Fed decided to hold rates but hinted towards raising rates in this year; probability for a December rate hike has increased and this could restrict major weakness for the local currency.

INTRADAY RANGE			SHORT TERM (Upto 3 months)			MEDIUM TERM (3-6 months)		
Support	Resistance	Trend	Support	Resistance	Trend	Support	Resistance	Trend
96.10	97.50	Slightly Bearish	93.00	99.00	Bullish	92.50	101.00	Bearish

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