

# Daily Market Report 15<sup>th</sup> June 16



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## Domestic and International Highlights

Indian rupee opened at 66.25 after closing the previous session at 66.26 levels. The intra-day range is seen between 67.10-67.45 levels.

### WPI inflation hits 0.79% in May, fastest pace since Oct 2014

Wholesale Price-base inflation jumped to 0.79% in May, rose for the second straight month witnessed by double digit growth in vegetable prices. Inflation in vegetables came in at 12.94 per cent, a sharp rise from 2.21 per cent, a month earlier. Pulses inflation remained stubborn at 35.56 per cent. The hardening of WPI food inflation follows the trend of retail inflation released yesterday.

### MSCI Delays Adding China's Local Currency Shares to Emerging-Market Index

MSCI Inc., a widely-followed global index provider, said it wasn't adding China's local-currency shares to its benchmark emerging markets index, a fresh setback for China's efforts to join international markets. To win over MSCI, Chinese regulators recently stepped up their reform efforts, such as creating new rules that limit how long companies could suspend trading in their shares, and allowing foreign money management funds to take bigger stakes in the market. Despite of reforms still there is concern over the openness and transparency of Chinese markets.

### US retail sales in May rise slightly more than expected

Retail sales in the United States went up 0.5 percent in May from April of 2016, following a 1.3 percent rise in the previous period and above market expectations of a 0.3 percent increase. It is the second straight month of gains as 9 of 13 major categories showed increases in demand. Today, all eye on FOMC meeting, as they emerge from two day policy meeting, where the future path for interest rates will most certainly be discussed.

### Bonds

Indian government bonds gain marginally at open on continued value buying by state-run banks; benchmark note now at INR100.48 against INR 100.53 intra-day high and unchanged compared to previous close. Market participants are likely to keep eyes on Fed Chair Janet Yellen at policy meeting that concludes today; expected to hold rates today. Indian benchmark yield is expected to trade in range of 7.50% - 7.54% 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 67.10-67.45 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

**Note:** - Be cautious ahead of today's FOMC meeting and statement; releasing at 11:30 PM

### EUR / USD

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The euro came under pressure against the dollar and in the recent past has fallen from levels of 1.14 to 1.12 levels. On the downside euro faces important support around 1.1100 levels and immediate resistance is at 1.13 levels. For the day, volatility is expected to be slightly low ahead of the important FOMC policy statement that will be released later during the day.

**(Intraday) Support: 1.1165, Resistance: 1.1305, Outlook: Slightly Bullish**

### GBP / USD

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The pound together with euro saw selling pressure on rising expectation that Britain could vote to leave the EU that could further add pressure on the pound. Today market participants will be keeping an eye on the unemployment number that will be released later during the day; expectation is that unemployment rate could remain unchanged in April compared to the previous month.

**(Intraday) Support: 1.4020, Resistance: 1.4240, Outlook: Slightly Bullish**

### USD/ JPY

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The yen continues to appreciate against the dollar and the USDJPY pair faces important support near 105 levels; we expect that a rebound in the pair could be seen on rising expectation that the Bank of Japan in tomorrow's could intervene in the market to weaken the currency. On the lower side If the pair holds on to 105.50 levels a rebound towards 107.50-108 is possible.

**(Intraday)Support: 105.50, Resistance: 107.30; Outlook: Slightly Bearish**

### USD/CAD

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USDCAD hits the four week high in previous trading session. API weekly inventory was more than expected which has extended the down move in crude oil prices. This has further added bullish momentum in USDCAD pair. Technically, from last three trading session prices have formed bullish candles and closed above the previous day high thus bias remain positive with immediate support comes at 1.2810-1.2800 levels.

**(Intraday)Support: 1.2800, Resistance: 1.2950; Outlook: Slightly Bullish**

## AUD / USD

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The Australian dollar extends weakness against USD after the Australian consumer sentiment deteriorated in May. Today, Aus Westpac Consumer Sentiment data released, which revealed that recent uncertainty across the financial markets has dampened consumer sentiment in the OZ economy. Technically, 0.7325 (Previous day low) will act as an immediate support and 0.7420 will act as an immediate resistance level. **(Intraday)Support: 0.7325, Resistance: 0.7420, Outlook: Slightly Bullish**

## Gold

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Yesterday, Gold extended gains and closed on positive note for consecutive 5th trading session as investors sought the relative safety of haven assets ahead of next week's "Brexit" referendum and a tandem of closely watched central-bank meetings. Technically, bias is likely to remain positive and a move above \$1290 could take prices towards \$1295-\$1300.**(Intraday)Support: \$1272, Resistance: \$1300; Outlook: Slightly Bullish**

## Crude WTI

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Oil prices fell about 2%, extended down move as data showed a surprise build in U.S. crude inventories last week showed API data released yesterday. Technically, 48.70 would act as resistance levels, as long as prices persist below this level bias remains negative and it can move lower towards 47.10/47 levels.**(Intraday)Support: \$47.00, Resistance: \$48.70; Outlook: Slightly Bearish**

## Dollar Index

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The dollar rose to the strongest level in almost two weeks as investors dumped riskier currencies before central bank meetings in the U.S. and Japan and the U.K. Brexit referendum. Technically, index is hovering near the immediate resistance of 95; impulsive move above this level would take index higher towards 95.40/95.50 levels

**(Intraday)Support: 94.23, Resistance: 95.20; Outlook: Slightly Bearish**

## Economic calendar for the day

Currency	Time	Event	Previous	Forecast
GBP	2.00 PM	Unemployment Rate	5.1%	5.1%
USD	6.00 PM	PPI m/m	0.3%	0.2%
USD	6.45 PM	Industrial Production m/m	-0.20%	0.70%
USD	8.00 PM	Crude Oil Inventories		(3.2M)
USD	11.30 PM	FOMC Statement		
USD	8.00 PM	Federal Funds Rate	0.50%	0.50%

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