

Sharekhan

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## Dollar bounced back after strong durable goods orders data

### News and development

- Spanish unemployment rate declined to 17.2% in Q1CY17 compared to 18.8% in Q4 CY16
- US Core Durable goods orders increased by 0.2% in June 2017 compared to 0.3% rise in May 2017
- Durable goods orders improved by 6.5% in June 2017 compared to decline of 0.8% in May 2017
- US unemployment claims increased to 244K for week ending 21st July from 234K in preceding week

Domestic Currency Pairs-Spot			
Pair Name	27/07/17	26/07/17	% change
USD-INR	64.11	64.37	-0.40
EUR-INR	75.05	74.96	0.13
GBP-INR	84.21	84.04	0.2
JPY-INR	57.56	57.59	-0.1

Domestic Currency Pairs-Futures			
Pair Name	27/07/17	26/07/17	% change
USD-INR	64.12	64.39	-0.42
GBP-INR	84.21	84.03	0.22
EUR-INR	75.21	74.97	0.32
JPY-INR	57.74	57.62	0.20

Non-deliverable forward USDINR			
Pair	27/07/17	26/07/17	% change
INR NDF OUTRIGHT 1 MO	64.39	64.48	-0.14
INR NDF OUTRIGHT 3 MO	64.8	64.91	-0.17
INR NDF OUTRIGHT 6 MO	65.46	65.51	-0.08
INR NDF OUTRIGHT 12 MO	66.77	66.85	-0.12

### US Dollar Index (DX):

US Dollar increased by 0.20 percent in yesterday's trading session against basket of six major currencies on the back of strong economic data from US. Durable goods order rose more than expected in June 2017. However, sharp gain was prevented as US Federal Reserve kept its monetary policy unchanged and signaled that central bank is in no hurry to raise interest rates. In Intraday Dollar Index touched a high of 94.103 and closed at 93.864 against Dollar.

*Outlook: Dollar is expected to trade with the negative bias as US Federal Reserve kept its monetary policy unchanged and said it would begin normalizing its \$4.5 trillion balance sheet "relatively soon". Statements from Fed showed that policymakers remained cautious ahead of slowdown in Inflation. Further, rising political uncertainty in country will add downside pressure. However, sharp downside may be prevented as traders will remain cautious ahead of GDP data from US. GDP data is expected to show that the economy expanded by 2.5 percent in Q2 CY17 compared to 1.4 percent in Q1 CY17.*

### USDINR:

Indian Rupee appreciated by 0.40 percent in yesterday's trading session on the back of weak dollar and FII inflows into local shares. FII's net bought stocks worth Rs 1869.92 crores yesterday as per provisional data from NSE. Dollar weakened after US Federal Reserve kept its monetary policy unchanged and signaled that central bank is in no hurry to raise interest rates. Further, optimistic domestic market sentiments supported rupee. Indian Rupee tracked strength in other Asian Currencies. In Intraday Indian Rupee touched a high of 64.0638 and closed at 64.1087 against Dollar.

Major Global Currencies			
Pair Name	27/07/17	26/07/17	% change
Dollar Index	93.864	93.672	0.20
EURUSD	1.1677	1.1734	-0.49
GBPUSD	1.3066	1.3122	-0.43
USDJPY	111.26	111.18	0.07
USDCAD	1.2554	1.2445	0.88
USDCHF	0.9649	0.9509	1.47
USDNZD	1.3356	1.3301	0.41
USDAUS	1.2551	1.2492	0.47
GBPJPY	145.36	145.882	-0.36
EURJPY	129.92	130.46	-0.41
EURGBP	0.89375	0.8943	-0.06

Asian Currencies			
Pair Name	27/07/17	26/07/17	% change
USD-CNY	6.743	6.754	-0.16
USD-THB	33.328	33.398	-0.21
USD-KRW	1112.82	1121.85	-0.80
USD-MYR	4.2767	4.2847	-0.19
USD-PHP	50.525	50.65	-0.25
USD-IDR	13318	13338	-0.15
USD-TWD	30.188	30.348	-0.53
USD-BRL	3.1507	3.1384	0.39

Major indices			
Indices	27/07/17	26/07/17	% change
DOW JONES INDUS	21796.55	21711.01	0.39
HANG SENG	27131.17	26941.02	0.71
NIKKEI 225	20079.64	20050.16	0.15
FTSE 100	7443.01	7452.32	-0.12
Nifty 50	10020.55	10020.65	0.00
DAX	12212.04	12305.11	-0.76

*Outlook: Indian Rupee is expected to trade with negative bias on the back of rise in risk aversion in the global markets. Further, month end dollar demand from importers will hurt rupee. However, sharp downside may be prevented on the back of weakness in Dollar. Dollar plunges after US Federal Reserve kept its monetary policy unchanged and statements from central bank showed that policymakers remained worried over slowdown in Inflation. USDINR Aug expected to trade in a range between 64.20 on lower side to 64.60 on higher side with sideways trend.*

#### EURO-INR:

Euro depreciated by 0.49 percent in yesterday's trading session on the back of strong dollar. However, sharp downside was prevented on the back of upbeat economic data from Euro Area. Spanish unemployment rate declined to 17.2% in Q1CY17 compared to 18.8% in Q4 CY16. In intraday Euro touched a low of 1.165 and closed at 1.1677 against Dollar.

*Outlook: Euro currency expected to trade with positive bias on the back of expectation of upbeat economic data From Euro Area. Spanish GDP is forecasted to improve to 0.9 percent in Q2 CY17 compared to 0.8 percent in Q1 CY17. Further, expectation of monetary tapering by European central bank sooner than anticipated will support Euro. However, sharp gain may be capped as traders will remain cautious ahead of GDP data from US. GDP data is expected to show that the economy expanded by 2.5 percent in Q2 CY17 compared to 1.4 percent in Q1 CY17. EURINR Aug expected to trade in a range between 74.80 on lower side to 75.90 on higher side with sideways up trend.*

#### GBP-INR:

Pound depreciated by 0.43 percent in yesterday's trading session on the back of strong dollar. However, sharp downside was prevented on upbeat economic data from UK. UK CBI realized sales index rose to 22 in July 2017 compared to 12 in June 2017. In intraday Pound touched a high of 1.3052 and closed at 1.3066 against Dollar.

*Outlook: British pound is expected to trade with a positive bias on account of upbeat economic data from UK. Further, hawkish statements from Bank of England policymakers will support Pound. However, sharp gain may be capped as traders will remain cautious ahead of GDP data from US. GDP data is expected to show that the economy expanded by 2.5 percent in Q2 CY17 compared to 1.4 percent in Q1 CY17. GBPINR Aug expected to trade in a range between 84.10 on lower side and 84.80 on higher side with sideways up trend.*

10Yr Govt. Bond Yield			
Country	27/07/17	26/07/17	change
India	6.44	6.444	-0.004
US	2.311	2.288	0.02
Germany	1.199	1.232	-0.03
Japan	0.065	0.074	-0.009
UK	0.534	0.558	-0.024
IRF 7.59% GSec	105.05	105.13	-0.08

**JPY-INR:**

Japanese Yen depreciated by 0.07 percent in yesterday's trading session on the back of strong dollar. Further, dovish statement from Bank of Japan officials continued to weigh on Yen. Further, demand for safe haven declined on rise in risk appetite in the domestic markets. In intraday Yen touched a low of 111.71 and closed at 111.26 against Dollar.

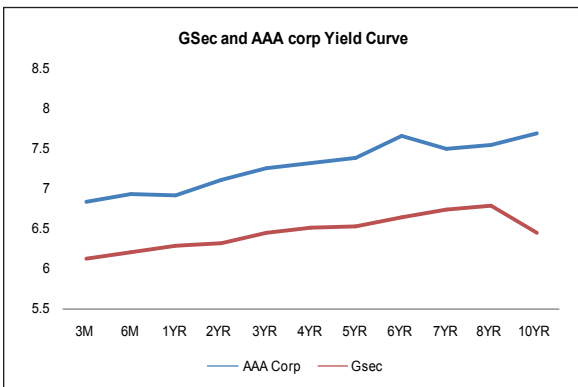
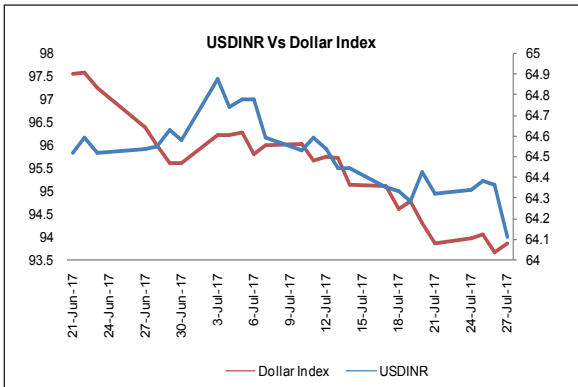
*Outlook: Yen is expected to trade with negative bias on the back of divergence in monetary policy. Further, traders will remain cautious ahead of GDP data from US. GDP data is expected to show that the economy expanded by 2.5 percent in Q2 CY17 compared to 1.4 percent in Q1 CY17. However, sharp downside may be prevented on upbeat economic data from Japan and as demand for safe haven will improve on rise in risk aversion in the global markets. JPYINR Aug expected to trade in a range between 57.50 on lower side and 58.10 on higher side with sideways down trend.*

Commodities			
Commodity	27/07/17	26/07/17	% change
Gold	1259.15	1260.53	-0.11
Brent Crude Oil	51.49	50.97	1.02
Silver	16.5804	16.6507	-0.42
Copper	6330	6329	0.02

**Gsec:**

Indian bond yield decreased to 6.44 in yesterday's trading session as traders remained cautious ahead of Reserve bank of India monetary policy next week. Investors expect RBI to cut interest rate.

*Outlook: India bond yield may move down as it may track downside in US treasury yield. Yields will remain lower as US Federal Reserve did not give any timeline on unwinding its balance sheet and kept its monetary policy untouched. Investors speculate that lower retail inflation may prompt Reserve Bank of India to cut rate in near future. However, sharp downside may be prevented as RBI will auction bonds worth 100 billion rupees under its open market operations on August 10 and four bonds worth 150 billion rupees today. IRF Aug 7.59% 2026 expected to trade in a range between 104.70 on lower side and 105.50 on higher side with upward trend.*



Currency Morning View

Global Economic Data							
Data	Country	Date	Time	Actual	Expected	Previous	Impact
Spanish Unemployment Rate	Europe	27-07-17	11:30am	17.20%	17.80%	18.80%	Medium
Core Durable Goods Orders m/m	US	27-07-17	6:00pm	0.20%	0.40%	0.30%	High
Durable Goods Orders m/m	US	27-07-17	6:00pm	6.50%	3.50%	-0.80%	High
Unemployment Claims	US	27-07-17	6:00pm	244K	240K	233K	High
National Core CPI y/y	Japan	28-07-17	5:00am	0.40%	0.40%	0.40%	Medium
German Prelim CPI m/m	Europe	28-07-17	All Day	-	0.20%	0.20%	Medium
Spanish Flash CPI y/y	Europe	28-07-17	12:30pm	-	1.50%	1.50%	Medium
Spanish Flash GDP q/q	Europe	28-07-17	12:30pm	-	0.90%	0.80%	Medium
Advance GDP q/q	US	28-07-17	6:00pm	-	2.50%	1.40%	High
Revised UoM Consumer Sentiment	US	28-07-17	7:30pm	-	93.2	93.1	Medium

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