

Sharekhan

August 18, 2017

## Dollar advances on upbeat economic data

### News and development

- UK Retail sales improved by 0.3% in July 2017 compared to expectation of 0.2%
- Europe Final CPI stood unchanged at 1.3% in July 2017 compared to initial estimate of 1.3%
- US Unemployment claims decline to 232K for week ending 11th Aug from 244K in preceding week
- US Philly Fed Manufacturing index decline to 18.9 in August 2017 from 19.5 in July 2017
- US Industrial production increased by 0.2% in July 2017 compared to 0.4% in June 2017

Domestic Currency Pairs-Spot			
Pair Name	17/08/17	16/08/17	% change
USD-INR	64.15	64.12	0.05%
EUR-INR	75.08	75.64	-0.74%
GBP-INR	82.53	83.20	-0.8%
JPY-INR	57.90	58.44	-0.9%

Domestic Currency Pairs-Futures			
Pair Name	17/08/17	16/08/17	% change
USD-INR	64.23	64.23	0.01%
GBP-INR	82.74	83.36	-0.74%
EUR-INR	75.22	75.77	-0.72%
JPY-INR	58.02	58.55	-0.90%

Non-deliverable forward USDINR			
Pair	17/08/17	16/08/17	% change
INR NDF OUTRIGHT 1 MO	64.24	64.38	-0.22%
INR NDF OUTRIGHT 3 MO	64.63	64.78	-0.23%
INR NDF OUTRIGHT 6 MO	65.28	65.43	-0.23%
INR NDF OUTRIGHT 12 MO	66.5	66.73	-0.34%

### US Dollar Index (DX):

US Dollar increased by 0.09% in yesterday's trading session against basket of six major currencies on the back of upbeat economic data from US and as tension between United States and North Korea eased. However, sharp gain was prevented as US Federal Reserve monetary policy meeting minutes showed that the policymakers are worried about weak inflation. Further, rumors of Cohn director of US National economic Council resignation added downside pressure. In Intraday Dollar Index touched a low of 93.312 and closed at 93.622 against Dollar.

*Outlook: Dollar is expected to trade with negative bias on political uncertainty in country. Traders doubt President Donald Trump's ability to deliver on its economic agenda. Further, market sentiments are hurt after attack in Barcelona. FOMC meeting minutes showed that the policymakers are worried about weak inflation. However, sharp downside may be prevented on expectation of upbeat economic data from US.*

### USDINR:

Indian Rupee depreciated by 0.05 percent on Wednesday's trading session as traders remained cautious ahead of FOMC meeting minutes. Further, disappointing macro economic data and FII outflows from local shares added downside pressure. However, sharp fall was prevented on rise in risk appetite in the domestic markets. Benchmark stock index 50 shares Nifty Index increased by 1.05 percent to 9897.3. In Intraday Indian Rupee touched a low of 64.3262 and closed at 64.1525 against Dollar.

*Outlook: Indian Rupee is expected to trade with negative bias on weak global market sentiments and FII outflows from local shares. Further, Disappointing Industrial production data and Inflation data from India will hurt Rupee. Tensions between India and China will impair market sentiments. India Economic Survey flagged risk to fiscal policy stance. However, sharp downside may be prevented on rise in risk appetite in the global markets. USDINR Aug expected to trade in a range between 64.0 on lower side to 64.50 on higher side with upward trend.*

Major Global Currencies			
Pair Name	17/08/17	16/08/17	% change
Dollar Index	93.622	93.541	0.09%
EURUSD	1.1723	1.1767	-0.37%
GBPUSD	1.2868	1.2891	-0.18%
USDJPY	109.57	110.19	-0.56%
USDCAD	1.2682	1.2618	0.51%
USDCHF	0.963	0.9658	-0.29%
USDNZD	1.3732	1.3677	0.40%
USDAUS	1.2682	1.2618	0.51%
GBPJPY	140.996	142.057	-0.75%
EURJPY	128.45	129.67	-0.94%
EURGBP	0.91105	0.91281	-0.19%

Asian Currencies			
Pair Name	17/08/17	16/08/17	% change
USD-CNY	6.6755	6.6916	-0.24%
USD-THB	33.255	33.26	-0.02%
USD-KRW	1137.38	1141.7	-0.38%
USD-MYR	4.2955	4.2985	-0.07%
USD-PHP	51.29	51.384	-0.18%
USD-IDR	13358	13377	-0.14%
USD-TWD	30.312	30.356	-0.14%
USD-BRL	3.1753	3.1524	0.73%

Major indices			
Indices	17/08/17	16/08/17	% change
DOW JONES INDUS	21750.73	22024.87	-1.24%
HANG SENG	27344.22	27409.07	-0.24%
NIKKEI 225	19702.63	19729.28	-0.14%
FTSE 100	7387.87	7433.03	-0.61%
Nifty 50	9904.15	9897.3	0.07%
DAX	12203.46	12263.86	-0.49%

### EURO-INR:

Euro depreciated by 0.37 percent in yesterday's trading session on the back of strong dollar and European Central Bank policymakers are worried about possible overshoot in Euro. In intraday Euro touched a low of 1.1662 and closed at 1.1723 against Dollar.

*Outlook: Euro currency expected to trade with positive bias on weakness in dollar and upbeat economic data from Euro Area. Further, expectation of monetary tapering by European central bank sooner than anticipated will support euro. 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 0.18 percent in yesterday's trading session on the back of strong dollar and rise in risk aversion in the domestic markets. However, sharp downside was prevented on upbeat job data and Retail sales data from the country. In intraday Pound touched a low of 1.2853 and closed at 1.2868 against Dollar.

*Outlook: British pound is expected to trade with positive bias on upbeat economic data from UK and weakness in Dollar. However, sharp gains may be prevented rise in risk aversion in the global markets. Traders are worried that the disappointing inflation data from UK may force central bank to continue with its loose monetary policy. GBPINR Aug expected to trade in a range between 82.60 on lower side and 83.30 on higher side with sideways up trend.*

### JPY-INR:

Japanese Yen appreciated by 0.56 percent in yesterday's trading session as demand for safe haven increased after attack in Barcelona and on rumors of Cohn director of US National economic Council resignation. In intraday Yen touched a high of 109.45 and closed at 109.57 against Dollar.

*Outlook: Yen is expected to trade with positive bias on weakness in dollar and as the demand for safe haven will improve on rise in political uncertainty in US. Further, Market sentiments are hurt after attack in Barcelona. JPYINR Aug expected to trade in a range between 57.90 on lower side and 58.70 on higher side with upward trend.*

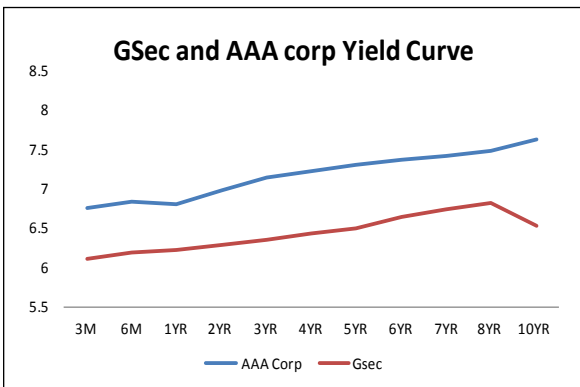
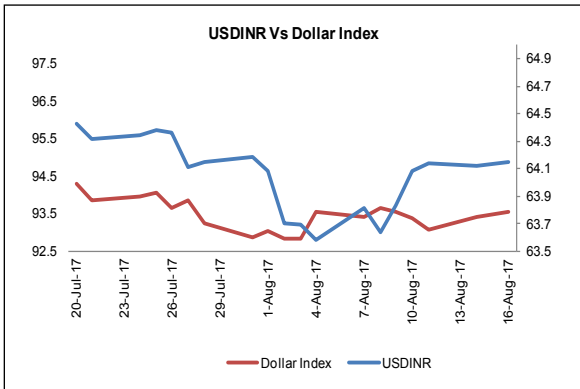
### Gsec:

Indian bond yield increased to 6.533 on Wednesday's trading session as India CPI rose more than expected which dampened the expectation of near term monetary easing by central bank.

10Yr Govt. Bond Yield			
Country	17/08/17	16/08/17	change
India	6.533	6.52	0.01
US	2.186	2.223	-0.04
Germany	1.084	1.104	-0.02
Japan	0.039	0.034	0.01
UK	0.422	0.442	-0.02
IRF 6.97% GSec	101.55	101.57	-0.02

*Outlook: India bond yield may move upside as retail inflation for July picked up pace. India CPI increase by 2.36% in July 2017 compared to 1.54% in June 2017. Minutes of monetary policy committee meeting showed several members were concerned about future rise in inflation. Rise in inflation led to the speculation that this may force RBI to keep its monetary policy untouched in next bi monthly policy meet. Indian government will auction 150 billion rupees of notes. IRF Aug 6.97% 2026 expected to trade in a range between 101.0 on lower side and 101.80 on higher side with downward trend.*

Commodities			
Commodity	17/08/17	16/08/17	% change
Gold	1288.15	1283.11	0.39%
Brent Crude Oil	51.03	50.27	1.51%
Silver	17.0378	17.118	-0.47%
Copper	6490	6532	-0.64%



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## Currency Morning View

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Global Economic Data							
Data	Country	Date	Time	Actual	Expected	Previous	Impact
Current Account	Europe	8/18/2017	1:30pm	-	27.3B	30.1B	Medium
Prelim UoM Consumer Sentiment	US	8/18/2017	7:30pm	-	94	93.4	Medium
FOMC Member Kaplan Speaks	US	8/18/2017	7:45pm	-	-	-	Medium



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