

Daily Currency Price Outlook and Strategy

Decision enabling market analysis & price outlook



Report for May 04, 2017

Global Currency Price Outlook Summary

03 May 2017	Dollar Index	EURUSD	USDINR	NSEFX USDINR May'17
Closing Price	99.21	1.0882	64.15	64.36
Change	+0.23	-0.0045	+0.00	-0.09
Fundamental Summary	Critical Price drivers for USDINR			Price Direction
	Downbeat US economic numbers			Downward
	FOMC statement			Upward
	Widening Indian trade deficit			Upward
Next 10 Trading days	USDINR Spot		Dollar Index	EURUSD Spot
	Prices are likely to trade mixed within INR 63.80 to INR 64.70		Dollar Index Spot is likely to trade mixed within 98 to 100	The pair is likely to trade mixed within USD 1.0950 to USD 1.0820
	Direction		Mixed	Mixed
	Price Range		63.80 to 64.70	98 to 100

Fundamental Analysis

- ❖ Dollar edged higher against the basket of currencies during yesterday's session following slightly hawkish FOMC statement. Fed has kept the rates unchanged during yesterday's monetary policy meet. In expected lines, but said the slowdown in first quarter growth and job additions to be transitory and the monetary guidance remains unchanged. This has aided June rate hike prospects and supported the Dollar.
- ❖ Following the FOMC statement, March rate probabilities as indicated by the CME fed funds futures (Fed watch tool) rose to 71.6% from around 67.5% the previous day.

- ❖ Earlier released data, however, pointed to a more than expected slowdown in the US economy with broadly declining consumer spending growth. US auto makers reported a straight fourth month of decline in Auto sales during April with passenger sales falling to 16.88 million units (SAAR).
- ❖ Decline in consumer spending witnessed in the last few months was augmented by the downbeat JFM GDP number releases last Friday. Growth was reported to have increased by 0.7% (QoQ annualized), lower than the market consensus of around 1.2%, amid slowdown in consumer spending mainly in March undermining the investor sentiments. ISM manufacturing PMI reading came in at 54.8 for the month of April declining from 57.2 in March further augmenting the dip in the economic activity in US in the recent weeks.
- ❖ Further, moving ahead, markets will be eying more economic releases mainly the NFP data for the month of April scheduled to be released coming Friday. As March job growth was seen slowing down sharply, any downbeat number shall dampen the June rate hike prospects and keep the Dollar under pressure.
- ❖ At the Euro Zone front, first quarter GDP growth was reported at 1.7% YoY in expected lines underpinning the ongoing strong recovery in the economy with increased consumer and business confidence levels as the region is seen politically stable.
- ❖ Last week, ECB president sounded dovish than the market expectations during the ECB monetary policy statement while keeping the rates unchanged in expected lines.
- ❖ At the Indian front, broad strength in Rupee remains intact against the greenback tracking international sentiments and strong influx of FIIs into domestic capital markets, particularly debt, in the recent days.
- ❖ For the month of April, FIIs into capital markets stood at USD 3.513 billion with debt markets attracting higher inflows of USD 3.147 billion due to the liquidity tightening measures from RBI announced during the last monetary policy and the increased demand for newly issued masala bonds by the Indian companies.
- ❖ On the other hand, RBI is seen extending its Dollar purchases limiting the Rupee appreciation in a bid to support exports. Foreign currency reserves for the week ending 21st April increased by USD 1.25 billion from the preceding week to USD 371.14 billion, just shy of the all time record levels of USD 371.99 billion witnessed during last September just before the start of FCNR redemptions.

Daily Currency Price Outlook and Strategy

Decision enabling market analysis & price outlook



Pricing Strategy: USDINR

USDINR (Spot + Premium) Imports Pricing Strategy for spot month*

Open Position	Pricing Window			Already Priced	
	Start	End	Avg Till Date	Weighted Average Price	Quantity
Open Position				NA	0%
	02 May 2017	31 May 2017	64.39	Yet to be Priced	
				Cover near 63.95	30%
			Wait for pricing	70%	
Strategy Review	Apr'17 exposure covered at 64.59 against the month avg of 64.64				
Closed Positions Audit	Market	Period	Pricing savings % (Bettering the market average)		
	USDINR	2003 to Till Date	0.04%		
		Apr 2017	0.08%		

* Please contact Engagement manager for forward / long term buying strategies

USDINR (Spot + Premium) Exports Pricing Strategy for spot month*

Open Position	Pricing Window			Already Priced	
	Start	End	Avg Till Date	Weighted Average Price	Quantity
Open Position				NA	0%
	02 May 2017	31 May 2017	64.39	Yet to be Priced	
				Wait for pricing	100%

Strategy Review

Apr'17 exposure covered at 64.57 against the month avg of 64.64

Closed Positions Audit

Market	Period	Pricing savings % (Bettering the market average)
USDINR	2003 to Till Date	-0.41%
	Apr 2017	-0.11%

* Please contact Engagement manager for forward / long term buying strategies

Trading Strategy: USDINR Spot

USDINR Spot Trading Strategy

Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	Spot	Sell	64.30/35	--	63.80	64.75
Strategy Review	For fresh positions traders may consider the above mentioned strategy.					
Closed Positions Audit	Market	Period	Strike Rate %		Net Profit Per Lot	
	USDINR Spot	2017 to Till Date	100%		INR 100	
		Apr 2017	100%		INR 100.00	

Technical Outlook: USDINR Spot

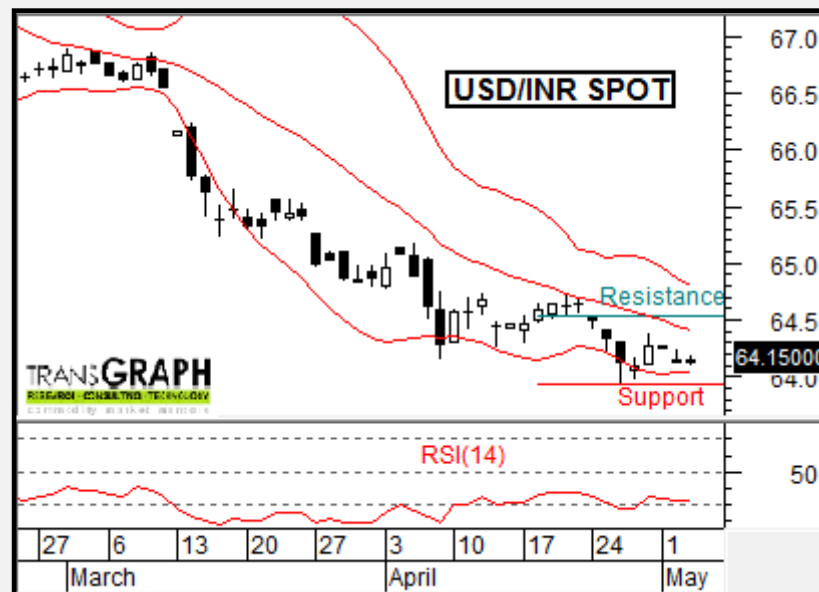
- ❖ USDINR Spot prices continue to trade in a mixed tone for 5 consecutive days turning the short term momentum to sideways.
- ❖ Prices are trading around its long term support zone after trending lower from INR 68.86 since Nov'16 suggesting a halt in negative sentiment.
- ❖ A break above INR 64.71 will shift the market sentiments from bearish to mixed for medium term hence has to be carefully watched.

Daily Currency Price Outlook and Strategy

Decision enabling market analysis & price outlook



- ❖ On the daily technical setup the 14-Day RSI is hovering above its oversold region and turning flat however, Stochastic Oscillator (14/3/3) is gradually turning down hovering below its equilibrium thereby supporting the above view of mixed price action.
- ❖ On downside, INR 63.90 shall act as immediate support followed by INR 63.50.
- ❖ On upside INR 64.50 shall act as immediate resistance followed by INR 64.70.



Concisely, USDINR Spot is likely to trade mixed within INR 63.80 to INR 64.70 in the coming 3 to 5 trading days.

Trading Strategy: EURUSD

EURUSD Spot Trading Strategy

Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	Spot	Buy	1.0855/60	--	1.0940	1.08

Strategy Review: For fresh positions traders may consider the above mentioned strategy.

Closed Positions Audit	Market	Period	Strike Rate %	Net Profit Per Lot
	EURUSD Spot	2010 to Till Date	58.37%	USD 320.03

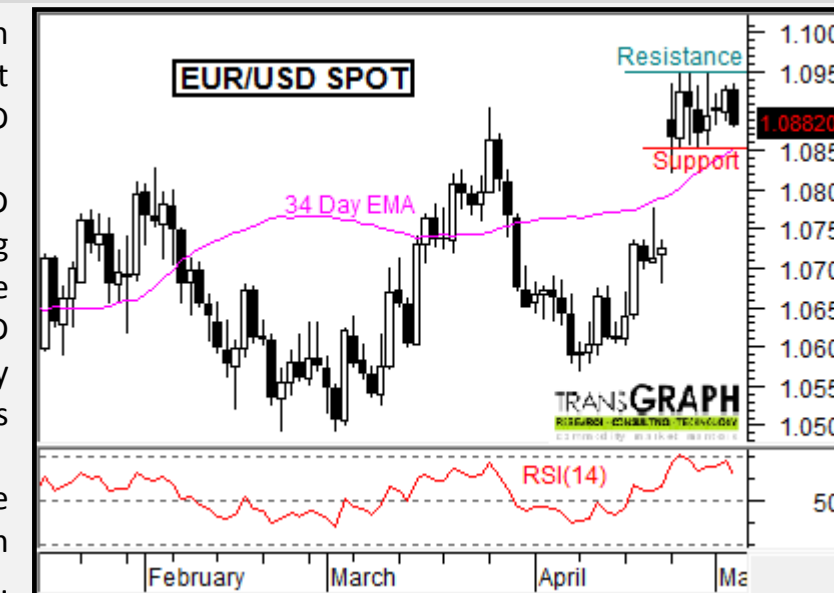
Apr 2017

75%

USD 46.87

Technical Outlook: EURUSD Spot

- ❖ EURUSD Spot prices traded with negative momentum in its last trading day and closed at USD 1.0882.
- ❖ Prices after posting a high of USD 1.0950 on 25th Apr'17 are trading mixed since past 5 consecutive days within a tight range of USD 1.0850 to USD 1.0950 thereby indicating lack of directional bias in the market in short term.
- ❖ On the daily technical setup the 14-Day RSI is turning down from its overbought region however, Stochastic (14/3/3) is turning flat in its overbought region thereby indicating mixed price action in short term.
- ❖ On upside, USD 1.0950 shall act as immediate resistance followed by USD 1.1050.
- ❖ On downside, USD 1.0850 shall act as immediate support followed by USD 1.0820.



Concisely, EURUSD Spot is likely to trade mixed within USD 1.0950 to USD 1.0820 in the coming 3 to 5 trading days.

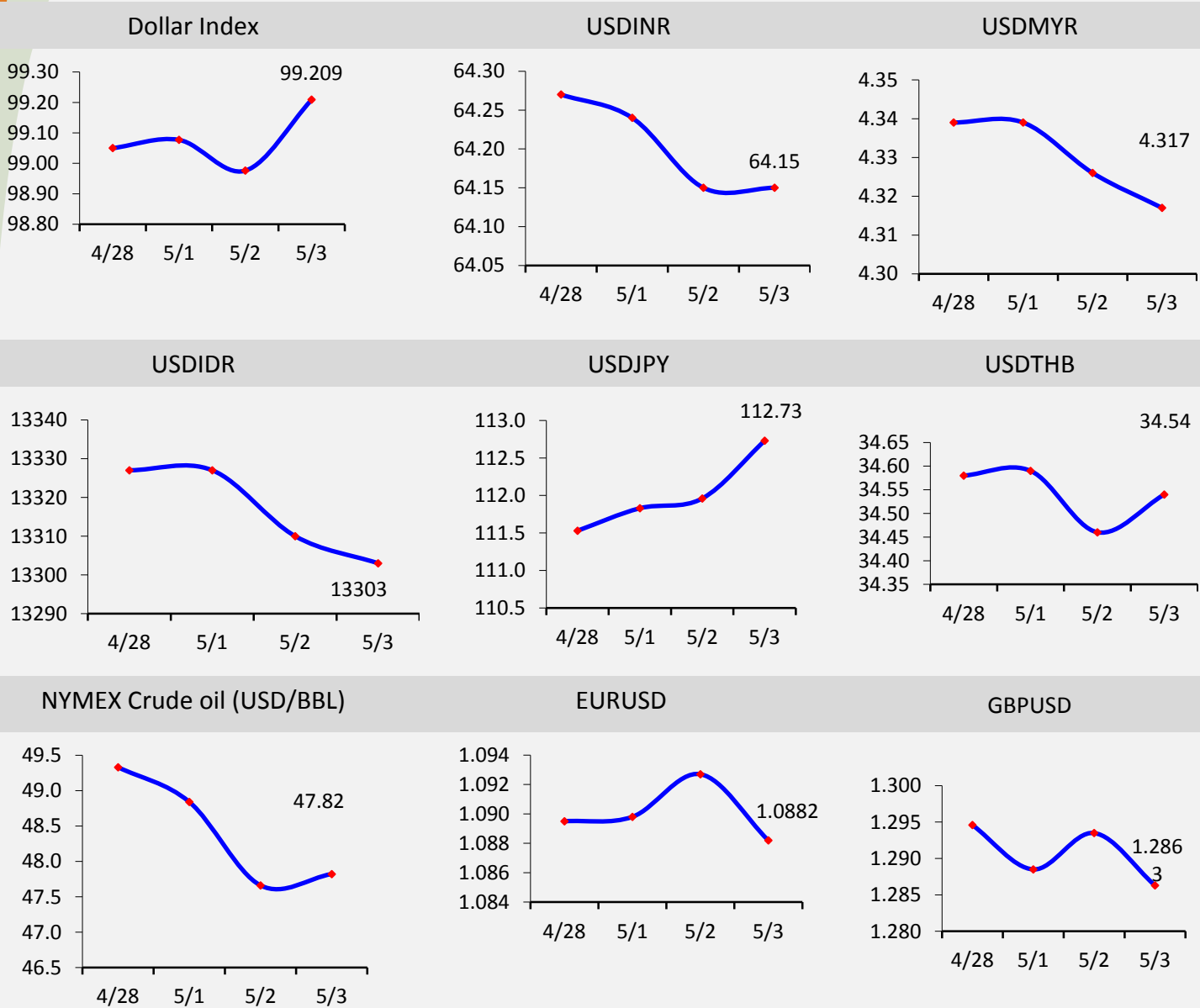
Mini Charts

Daily Currency Price Outlook and Strategy

Decision enabling market analysis & price outlook



Market Prices



Exchange	Contract	03 May 2017				Change	Previous Close
		Open	High	Low	Close		
NSEFX	May'17	64.41	64.41	64.33	64.36	-0.09	64.45
USDINR	Jun'17	64.61	64.65	64.59	64.63	-0.08	64.71
NSEFX	May'17	70.50	70.50	70.30	70.32	-0.12	70.44
EURINR	Jun'17	70.88	70.88	70.70	70.71	-0.13	70.84
NSEFX	May'17	83.23	83.42	83.06	83.25	-0.09	83.35
GBPNR	Jun'17	83.80	83.80	83.46	83.65	-0.09	83.74
NSEFX	May'17	57.46	57.55	57.41	57.43	-0.07	57.50
JPYINR	Jun'17	57.85	57.85	57.69	57.72	-0.10	57.82

Currency	03 May 2017	02 May 2017	Change	% Change
Dollar Index	99.21	98.98	0.23	0.2%
EURUSD	1.0882	1.0927	-0.0045	-0.4%
GBPUSD	1.2863	1.2935	-0.0072	-0.6%
USDJPY	112.7	112.0	0.77	0.7%
USDBRL	3.1644	3.1514	0.0130	0.4%
USDTHB	34.54	34.46	0.08	0.2%
USDINR	64.15	64.15	0.00	0.0%
USDCNY	6.8968	6.8949	0.0019	0.0%
USDIDR	13303	13310	-7.00	-0.1%

Daily Currency Price Outlook and Strategy

Decision enabling market analysis & price outlook



Currency	03 May 2017	02 May 2017	Change	% Change
USDMYR	4.317	4.326	-0.009	-0.2%

Our Extensive coverage of Currencies

Report	Coverage #	Price Outlook & Strategies
Daily Currency Price Outlook and Strategy	NU, FA, TA, PO, TS, PS, FF, MP, 5D, 2W	EURUSD.SPOT, USDINR.SPOT, EURINR.SPOT
Bi-Weekly Currency Elliott wave analyzer	EWA, PO, 6W, 4-6M	EURUSD.SPOT, USDINR.SPOT
Monthly Currency special report	FA, BS, TA, PO, 2M	DXY.SPOT, EURUSD.SPOT, USDINR.SPOT, USDMYR.SPOT

News Update **NU**, Fundamental Analysis **FA**, Balance Sheets **BS**, Weather Analysis **WA**, Policy Impact **PI**, Technical Analysis **TA**, Trading Strategies **TS**, Procurement Strategies **PS**, Price Outlook **PO**, Market Intelligence **MI**, Facts & Figures **FF**, Market Prices **MP**, Price Spreads **PS**, Forward Curves **FC**, Elliott Wave Analysis **EWA**, 5D, 2W, 6W, 2M, 4-6M

LEGAL INFORMATION

This document is the whole property of TransGraph Consulting Private Limited, Hyderabad, India (hereafter "TransGraph").

The following acts are strictly prohibited:

- Reproduction and/or forwarding for sale or any other uses
- Posting on any communication medium
- Transmittal via the Internet

Terms of usage

Upon receipt of this document either directly or indirectly, it is understood that the user will and must fully comply with the other terms and conditions of TransGraph. By accepting this document the user agrees to be bound by the foregoing limitations. This publication is prepared by TransGraph and protected by copyright laws. Unless otherwise noted in the Service Agreement, the entire contents of this publication are copyrighted by TransGraph, and may not be reproduced, stored in another retrieval system, posted on any communication medium, or transmitted in any form or by any means without prior written consent of TransGraph. Unauthorized reproduction or distribution of this publication, or any portion of it, may result in severe civil and criminal penalties, and will be prosecuted to the maximum extent necessary to protect the rights of TransGraph. The information and opinions contained in this report have been obtained from sources TransGraph believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate or complete and it should not be relied upon as such. This report does not constitute a prospectus or other offering document or an offer or solicitation to buy or sell any assets (commodities, currencies, etc) or other investment. Information and opinions contained in the report are published for the assistance of recipients, but are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient; they are subject to change without any notice and not intended to provide the sole basis of any evaluation of the

instruments discussed herein. Any views expressed reflect the current views of the analysts, which do not necessarily correspond to the opinions of TransGraph or its affiliates. Opinions expressed may differ from views set out in other documents, including research, published by TransGraph. Any reference to past performance should not be taken as an indication of future performance. No member in the public related to TransGraph accepts any liability whatsoever for any direct or consequential loss arising from any use of material contained in this report.

Analyst Certification

Each analyst responsible for the preparation of this report certifies that (i) all views expressed in this report accurately reflect the analyst's views about any and all of the factors and assets (commodities, currencies, etc) named in this report, and (ii) no part of the analyst's compensation is directly or indirectly, related to the execution of the specific recommendations or views expressed herein.

Errors and Omissions Excepted (E&OE)

Copyright © TransGraph Consulting Private Limited, Hyderabad, India.

Talk to us on: **+91-40-46619999**

Research Queries: services@transgraph.com

Sales: mktg@transgraph.com

TransRisk software: demo@transgraph.com

More info: www.transgraph.com | www.transrisk.net

TransGraph Consulting Private Limited

6C/A, Melange Towers, Sy.No.80-84, Hitech City, Hyderabad – 500081, India