

Market Overview

Asia markets declined today, tracking Wall Street's negative close overnight, with resources and financial shares losing ground.

The dollar index fell to near three-week lows and bond yields fell amid as markets turned cautious on disappointing US economic data and lingering US-North Korea tensions.

Vice President Mike Pence, arriving in Tokyo from South Korea, reassured Japan of American commitment to reining in North Korea's nuclear and missile ambitions on Tuesday, after warning that US strikes in Syria and Afghanistan showed the strength of its resolve.

European equities fell broadly after UK Prime Minister Theresa May overnight called for a snap election in June. The announcement also sent the British pound on a wild ride where it rose sharply after initially falling as low as USD 1.2520 on word that May would make an important announcement.

Rupee against the Dollar to open at 64.60 and expected to trade in the 64.45-64.75 range for the day.

The Beige book today should be the usual boilerplate. Markets will look out for any commentary on some of the slowdown in "real" activity seen in recent numbers which are reflecting a sluggish 1.3% growth rate on Q1 GDP, even as sentiment remains high. The Fed's summary should reiterate that the economy continued to expand at a moderate to modest pace. The March report already reflected a more lackluster, subdued tone versus the data through late February, and recent statistics don't give much reason for a more upbeat assessment.

The Oil Boost for y/y Inflation has Passed All the major U.S. y/y inflation measures have posted a steady climb since the oil price trough in February of 2016. Yet, the base-effect on the y/y measures has now passed, and a weak March round of headline and core CPI figures with associated y/y drop-backs has highlighted the transition. Oil price risk now looks more balanced as OPEC considers extensions of production cuts in the face of rising U.S. output, and cyclical pressure on prices remains modest despite the Fed's more hawkish rhetoric regarding the policy path.

Indices	Last Close	Previous Close	% CHANGE
NASDAQ	5849.47	5856.79	-0.12
DOW JONES	20523.28	20636.92	-0.55
NIKKEI	18330.50	18355.26	-0.13
HANGSENG	23843.00	24242.00	-1.65
Currencies	Today Morning	Yesterday at 05:00 PM	% CHANGE
DXY	99.52	99.93	-0.41
EURUSD	1.0719	1.0675	0.41
GBPUSD	1.2824	1.2670	1.22
USDJPY	108.54	108.86	-0.29
	Today Morning	Yesterday at 05:00 PM	% CHANGE
USDINR Spot	64.60	64.63	-0.04
IRF	104.12	104.02	0.10

USDINR Intraday Outlook

US dollar index is trading at 99.61, reversing from the higher levels of 100.39 in yesterday's session. Key reason for this move was because of falling U.S. yields, as data reported yesterday disappointed investors. Housing starts dropped -6.8% in March, more than double expectations. Building permits increased and industrial production met expectations. Still, these reports were not strong enough for investors to forget the recent deterioration in spending, inflation and manufacturing activity. Adding to this, the geopolitical fears were exacerbated amid rumors that the U.S. was mulling a "shoot down" strategy on North Korea missile tests in the event they coincide with nuclear tests. Today, The Beige Book is scheduled to be released and while the U.S. economy in general continues to recover, if Fed districts report a slowdown, the dollar could extend its losses quickly.



This is the daily chart of USDINR pair, during the day the pair was trading sideways and was consolidating in the range, after opening at 64.60 and made a low of 64.54 and bounced from the lower levels, the pair has been taken support near 64.15 spot levels with a doji kind of pattern signifying in indecision, the pair on spot basis has been consolidating in the range of 64.15-64.82 levels for past weeks with RSI remaining oversold at 34.02, today likely to consolidate in small range.

Intraday Bias	Intraday Strategy						Intraday Range (SPOT)	
Sideways	USDINR FUT Range 64.50-64.75						64.45-64.75	
Pivot Levels (Futures)	S3	S2	S1	Pivot	R1	R2	R3	
	64.38	64.46	64.50	64.70	64.86	64.90	64.98	
Exporters Strategy	May Exports to be held open with a stop below 64.60							
Importers Strategy	Suggest May imports to be partially hedged at 64.85-64.90 levels							

EURINR Intraday Outlook

EURO is trading 1.0720, after making a high of 1.0737 in yesterday's session. Euro was boosted as news said that support for pro-EU candidate Macron increased in the latest France election poll. The French presidential election on Sunday, will dominate euro markets, with two anti-EU candidates, Le Pen and Melenchon, polling over a combined 40%. And also U.S. dollar weakness and a sympathy rally for the pound has helped euro to extend its gains further. The U.K. election will make the French presidential election even more important and we are days away from the first round of voting in France with the polls showing Macron and Le Pen neck and neck. Investors will be watching the polls closely over the next 3 days as they digest incoming data. The Eurozone's inflation and trade reports are scheduled to be released today followed by the Euro zone PMI reports on Friday. We expect current rally in euro to run out of steam, and the market will not likely overextend itself into the vote, which remains wide open.



This is the daily chart of EURUSD, during the day the pair broke out above the resistance of 1.0670 after spending previous day in a range of 1.0600-1.0670 the pair is having bullish candle signifying buyers are aggressive and the pair violated the 50DMA on the upside, for past weeks the pair reversed from 1.0906 levels and corrected towards 1.05 levels that has a strong supports in the pair if the pair able to 1.07 levels likely to see some more appreciation.

Intraday Bias	Intraday Strategy						Intraday Range (SPOT)	
Bullish	BUY EURUSD 1.0705-1.0700 TGT 1.0745 SL 1.0680 BUY EURINR FUT 69.25-69.15 TGT 69.55 SL 69.05						69.00-69.50	
Pivot Levels (Futures)	S3	S2	S1	Pivot	R1	R2	R3	
	68.56	68.73	68.84	69.00	69.30	69.42	69.59	
Exporters Strategy	May exports to be held open with a stop below 69.30							
Importers Strategy	May imports partially booked at 69.10 levels							

GBPINR Intraday Outlook

Pound is trading at 1.2830, after being topped at 1.2909 in yesterday's session which was highest levels since October. Firstly, a strong selling pressure was witnessed in the British Pound before the statement from the Prime Minister, as market participants were being ignorant about what she would speak. But later markets were quite surprised as UK PM Theresa May called for a snap election on 8th June, saying she need to strengthen her hands in exit talks with the European Union by holding up support for her Brexit plan. While an argument can be made that the election introduces new uncertainty, a flash poll by ICM finds May's party with a 21-point lead. The IMF also raised its 2017 forecast for UK growth to 2.0% from 1.5% forecast in January, and up from the 1.0% growth it was forecast back in October.



This is the daily chart of GBPUSD, during the day the pair was trading in the volatile note and in early European session reversed from 1.26 levels and made a low of 1.2510 levels and reversed from the lows, second half the pair violated the resistance of 1.2650 and trended on the upside after a prolonged period, the pair has broke out of the triangle pattern confirming some more room for the upside now previous resistance 1.2670 will become support and swing traders can enter longs for a target of 1.30 levels.

Intraday Bias	Intraday Strategy						Intraday Range (SPOT)
Bullish	BUY GBPUSD 1.2790-1.2770 SL 1.2750 TGT 1.2855 BUY GBPINR FUT 82.75-82.60 TGT 83.25 SL 82.50						82.50-83.30
Pivot Levels (Futures)	S3	S2	S1	Pivot	R1	R2	R3
	80.70	81.20	81.51	81.70	82.45	82.76	83.28
Exporters Strategy	May exports to be partially booked at 83.35 levels						
Importers Strategy	May imports partially hedged at 81.50-81.60 levels						

JPYINR Intraday Outlook

USD-JPY is down for the fifth day out of the last six trading days. The pair logged a fresh four-month low at 108.12 during a thin Asian session. Tensions remain high on the Korean peninsula, and U.S. VP Pence is currently in Seoul. The backdrop should keep USD-JPY, which correlates inversely during phases of heightening North Korean concerns, under pressure.



The USDJPY Daily chart, during the day the pair was trading with a sideways bias the pair after violating the descending triangle neckline below 110 levels had a trending move on the downside, with the pair falling for past many days, yesterday had taken support of 108.68 and saw some bounce the pair is having a narrow range signifying contraction, its making lower top and bottom on the daily chart signifying more room on the down side, the pair has taken support at 200DMA at 108.75 and made a hammer pattern on the daily scale day before so likely to trade in a range of 108 on the downside and 109 on the upside for the day.

Intraday Bias	Intraday Strategy						Intraday Range (SPOT)	
Sideways	SELL USDJPY 108.80-108.90 TGT 108.20 SL 109.20 BUY JPYINR FUT 59.55-59.50 TGT 59.75 SL 59.30						59.20-59.60	
Pivot Levels (Futures)	S3	S2	S1	Pivot	R1	R2	R3	
	58.93	59.09	59.19	59.40	59.62	59.72	59.88	
Exporters Strategy	May exports to be held open with a stop below 59.50							
Importers Strategy	May imports partially booked at 59.70							

Economic Data for the Day

Time	Currency	Data	Forecast	Previous
02:30 PM	EUR	Final CPI y/y	1.5%	1.5%
08:00 PM	USD	Crude Oil Inventories		-2.2M

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