

Data released since yesterday

Date	Time	Country	Event	Period	Expectation	Actual	Prior	Revised
Jul 02	10:00	AU	RBA Policy Rate (%)	--	2.75	2.75	2.75	--
Jul 02	18:00	US	Factory orders (%MoM)	May	2.0	2.1	1.0	1.3
Jul 03	6:30	CH	Non-manufacturing PMI	Jun	--	53.9	54.3	--
Jul 03	7:00	AU	Trade Balance (AUD mn)	May	53	670	28	171
Jul 03	7:00	AU	Retail Sales (sa) (%MoM)	May	0.3	0.1	0.2	-0.1

Developments since yesterday

- Federal Reserve Bank of New York President William Dudley commented yesterday that US economic growth is likely to improve in 2014, possibly warranting a reduction in Fed's bond purchase program. However, he also added that the Fed is prepared to increase the scale of asset purchases if the economy unexpectedly weakens
- US stocks ended marginally lower yesterday amidst caution ahead of the ADP employment report and non farm payrolls data due later in the week. Dow Jones ended at 14932.41 (-0.28%) while S&P 500 closed at 1614.08 (-0.05%).
- Asian stocks are trading in the red weighed down by resource stocks following a decline in metal prices overnight. Decline in China's PMI services reading also weighed on the sentiment Nikkei, Hang Seng and Shanghai Composite are trading lower by 0.57%, 1.69% and 1.09% respectively. Meanwhile, Kospi and the Australia's ASX are also down by 1.07% and 1.8% respectively.
- US Treasuries are trading flat in the early trade today following a ranged session yesterday as market await further cues from a slew of US labour market data releases due this week The 10-year benchmark yield is currently at 2.47%, flat around yesterday's close.

View Today

	Trend		Support (1)	Support(2)	Resistance (1)	Resistance (2)	Market level*
	Intraday	Fortnight					
DXY	Bullish	Bullish	83.35	83.00	83.95	84.22	83.58
EUR/USD	bearish	Rangebound	1.2935	1.2900	1.3000	1.3030	1.2971
GBP/USD	bearish	Rangebound	1.5097	1.5050	1.5193	1.5220	1.5151
USD/JPY	Bullish	Bullish	100.00	99.80	101.00	101.40	100.55
USD/CHF	Bullish	Bearish	0.9485	0.9455	0.9542	0.9571	0.9507
USDINR(Spot)	Bullish	--	59.67	59.40	59.98	60.16	59.66
AUD/USD	Bearish	Rangebound	0.9133	0.9100	0.9188	0.9220	0.9162
USD/CAD	Bullish	Rangebound	1.0495	1.0475	1.0550	1.0580	1.0532
	Trend		Trading Range				Market level*
	Intraday	Fortnight					
OIS (5Y)	Ranged	Ranged	7.48%-7.54%				7.51%
Gsec (8.15% 2022)	Ranged	Ranged	7.66%-7.72%				7.69%
Gsec (7.16% 2023)	Ranged	Ranged	7.47%-7.53%				7.50%
Sensex	Ranged	Ranged	19000-19600				19252
Gold	Ranged	Ranged	\$1225/\$1265				\$1,245
Brent Oil	Ranged	Ranged	\$104.5 -\$105.5				\$104.99

*These levels are taken at 9:30 AM IST

DXY	The DXY index is trading strong at 83.55 levels after gaining 0.59% in yesterday's trading session. The US durable goods orders, factory orders and vehicle sales prints came out better than market expectations and further fuelled speculation that the Fed might resort towards early tapering of the QE program. Weak services PMI data from China also aided the safe haven demand for the Dollar. Meanwhile, comments from Fed official Dudley were mixed. Though Dudley stressed on the prospects of an improvement in US economic growth in 2014, he also added that the Fed might consider increasing the pace of monthly asset purchases if the economic recovery deteriorates sharply. The markets now eagerly await the US ADP employment, initial jobless claims, ISM non-manufacturing PMI release due later today. The market volumes though are likely to be limited ahead of the US Independence Day Holiday tomorrow. Technically, intraday trend for the DXY is bullish with support and resistance at 83.35 and 83.95 respectively.
EUR/USD	The Euro is trading below the psychological 1.30 mark at 1.2970 levels after losing 0.65% in the previous trading session, amidst broad Dollar strength. The currency has also come under pressure on re-emergence of political concerns, with the resignation of the Foreign Minister in Portugal. The markets remains focused on the ECB policy meeting due tomorrow, with Draghi likely to assert an accommodative policy stance in the ailing economy. The investors would also track the Eurozone retail sale and services PMI due later today. The intraday trend for the Euro is bearish, with support and resistance at 1.2935 and 1.3000 respectively.
GBP/USD	The British Pound is trading at 1.5150 levels after losing 0.40% in the previous trading session tracking losses in the Euro. The currency moves though are likely to be limited ahead of the BoE policy meeting due later this week, the first under the new Governor Carney, with his monetary policy stance to be closely watched. The investors would also track the UK services PMI release due later today. The intra day trend for the GBP/USD cross is bearish, with support and resistance at 1.5097 and 1.5193 respectively.
USD/JPY	The USDJPY currency pair is trading above the psychological 100 mark at 100.54 levels on broad Dollar strength. After hitting a high of 93.78 in mid-June, the currency has been consistently under pressure amidst Dollar strength and BoJ's ultra accommodative policy stance. Technically, the intra day trend for USD/JPY cross is bullish with support at 100.00 and resistance at 101.00
USD/CHF	USD/CHF is currently trading at 0.9509 levels after gaining 0.56% in the previous trading session amidst Fed QE tapering concerns. Meanwhile, the EURCHF cross is trading around 1.2332, after hitting highs of 1.2382 yesterday amidst losses in the Euro. In terms of data releases the markets will track the Swiss CPI print due on Friday. Technically, USD/CHF is expected to trade bullish with support at 0.9485 and resistance at 0.9542.
AUD/USD	The Australian Dollar is trading marginally higher around 0.9152 levels as against previous close of 0.9147 as more than expected rise in Australia's May trade surplus coupled with a positive retail sales reading aided growth optimism. However, the upside remains capped amidst broad based strength in the Dollar and decline in metal prices overnight. Meanwhile, the currency has witnessed sharp losses yesterday falling from over 0.92 levels to an intraday low of 0.9153 as the RBA said that the Aussie is likely to weaken further, which would foster growth rebalancing in the country. The Central Bank however, maintained the policy rate at historic low of 2.75%. Technically, we expect AUD/USD to bearish with support at 0.9133 and resistance at 0.9188.
USD/CAD	The Canadian Dollar is trading slightly strong at 1.0538 compared to yesterday's close of 1.0544 tracking sharp gain in crude oil prices. However, significant strength in the Dollar capped the upside. Markets would closely watch a series of labour market data prints from US, Canada's largest trading partner due this week for further cues on the economy's growth momentum. Technically, we expect USD/CAD to trade bullish with support at 1.0495 and resistance at 1.0550.

Sensex	Indian stocks markets opened in the red tracking sharp losses in other Asian peers and weak overnight cues from the Wall Street. In the absence of fresh domestic triggers, markets would closely watch developments on the global front including cues on Fed's asset purchases program. Meanwhile, some caution is likely to prevail ahead of the FY2013 Q1 earning result announcement by corporates, starting this Friday. Technically, Sensex is expected to trade ranged between 19000-19600.
USD/INR	The Indian Rupee opened at 59.87 weaker than yesterday's close of 59.66 on the back of sharp overnight gain in the US Dollar and weakness in other Asian currencies. The Rupee is expected to remain under pressure as caution prevails in the global financial markets ahead of key US labour market data releases. Though likely capital inflows related to HUL open offer, which ends tomorrow could support the Rupee, gains are expected to be capped amidst Dollar demand from oil importers. Intraday movements in domestic stocks would be closely watched for further cues. The intraday trend for USDINR is bullish with support at 59.67 and resistance at 59.98.
Gsec	The Indian Government bonds have opened weaker amidst weak cues from the US Treasury markets as positive US economic releases have further boosted expectations of an early QE tapering by the US Fed. The domestic supply pressures and rise in international crude prices would further add to losses in the gilts. Yesterday, the bonds traded weak, with the rise in yields tracking the losses in the Rupee and US Treasuries. The old 10-year bond yield, currently at 7.69%, is expected to trade in the range of 7.66%-7.72% while the new 10-year benchmark, currently at 7.50%, is expected to trade in the band of 7.47%-7.53%.
Oil	Crude oil prices are trading sharply higher as continued geopolitical tensions in the Middle East with the political unrest in Egypt now in focus adding to supply concerns. Prices also gained support as the American Petroleum Institute yesterday reported that crude oil inventories fell 9.4 mn barrels last week. Markets await further cues from the US Energy Department report due later in the day for further cues on crude stockpiles. WTI is trading at USD 101.74/bbl, vs. yesterday's close of USD 99.60/bbl. Brent is currently at USD 104.99/bbl vs. USD 104.00/bbl yesterday. Technically, Brent is expected to trade ranged between USD 104.5 -105.5/bbl.
Gold	Gold prices are trading little changed this morning around USD 1245/oz levels as against previous close of USD 1243/oz as gains owing to strong physical demand for the metal were offset by a stronger Dollar. Meanwhile, gold ETFs continued to witness sell-off with assets in the SPDR Gold Trust, the largest bullion backed ETP, decreasing to 964.69 metric tons yesterday, the least since 2009. Technically gold is expected to trade ranged between USD 1225-1265/oz.

Data Today

Time	Country	Event	Period	Expectation	Prior
10:30	IN	PMI Services	Jun	--	53.6
13:30	EZ	PMI Services	Jun F	48.6	48.6
14:00	UK	PMI Services	Jun	55.0	54.9
14:30	EZ	Retail Sales (%MoM)	May	0.1	-0.5
17:45	US	ADP Employment Change ('000s)	Jun	160.0	135.0
18:00	US	Trade Balance (USD bn)	May	-40.2	-40.3
18:00	US	Initial Jobless Claims ('000s)	Jun-29	345	346
19:30	US	ISM Non-Mfg Composite	Jun	54.2	53.7

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