

## Data released since yesterday

Date	Time	Country	Event	Period	Expectation	Actual	Prior	Revised
Jul 11	18:00	US	Initial Jobless Claims ('000s)	Jul-06	340	360	343	344

## Developments since yesterday

- Fed Chairman Bernanke hinted at an accommodative policy stance in his speech in Boston yesterday, leading to significant improvement in global risk sentiment.
- According to two Finance Ministry officials, Indian government is likely to meet bankers as it mulls over selling bonds abroad to raise Dollars and provide support to the Rupee.
- Indonesia's Central Bank surprised the market by hiking its benchmark policy rate by 50 bps to 6.50% as against expectations of a 25 bps hike.
- US stocks ended higher yesterday as comments by Fed Chairman Bernanke aided expectations of continued monetary stimulus by the Fed. Dow Jones ended at 15460.92 (+1.11%) while S&P 500 closed at a record high of 1675.02 (+1.36%).
- Asian stocks are trading largely in the green tracking overnight gains on the Wall Street amidst optimism over policy stimulus by Fed and BoJ. Nikkei, Hang Seng, Shanghai Composite and Australian ASX are trading higher by 0.05%, 0.19%, 0.04% and 0.55% respectively. However, Kospi is trading lower by 0.31%.
- US Treasuries are trading flat this morning following a range bound session yesterday as gains owing to expectations of continuation of quantitative easing by the Fed were countered by upbeat risk sentiment and gains in stocks. The 10-year benchmark yield is currently at 2.57% unchanged from yesterday's opening and closing levels.

## Data Today

Time	Country	Event	Period	Expectation	Prior
10:00	JN	Industrial Production (%YoY)	May F	--	-1.00
14:30	EZ	Industrial Production (%YoY)	May	-1.40	-0.60
14:30	IN	Trade Balance (USD bn)	Jul	--	-20.1
19:25	US	U.Mich Confidence Index	Jul P	85.00	84.10
17:30	IN	Industrial Production (%YoY)	May	1.50	2.30
17:30	IN	CPI (%YoY)	Jun	9.30	9.31

## View Today

	Trend		Support (1)	Support(2)	Resistance (1)	Resistance (2)	Market level*
	Intraday	Fortnight					
DXY	Bearish	Bullish	82.40	82.20	82.98	83.65	82.78
EUR/USD	Bullish	Rangebound	1.3060	1.3020	1.3146	1.3180	1.3090
GBP/USD	Rangebound	Rangebound	1.5150	1.5130	1.5220	1.5260	1.5178
USD/JPY	Bearish	Bullish	98.60	98.20	99.40	99.80	99.02
USD/CHF	Bearish	Bearish	0.9430	0.9404	0.9488	0.9520	0.9467
USDINR(Spot)	Bearish	--	59.48	58.24	59.65	59.93	59.79
AUD/USD	Rangebound	Rangebound	0.9137	0.9095	0.9200	0.9225	0.9172
USD/CAD	Bearish	Rangebound	1.0335	1.0300	1.0393	1.0420	1.0369
	Trend		Trading Range				Market level*
	Intraday	Fortnight					
OIS (5Y)	--	--	7.48% - 7.54%				7.51%
Gsec (7.16% 2023)	--	--	7.45%-7.51%				7.48%
Sensex	Ranged	Ranged	19450-19950				19885
Gold	Ranged	Ranged	\$1275/\$1325				\$1,280
Brent Oil	Ranged	Ranged	\$107-\$108				\$107.59

\*These levels are taken at 9:30 AM IST

<b>DXY</b>	The DXY index is trading at 82.75 levels after losing 1.55% in yesterday's trading session as Bernanke's comments and FOMC June policy minutes signalled that the low inflation and weak labour market situation might lead the Fed to maintain an accommodative policy stance in the coming months, thereby resulting in paring of Fed QE tapering expectations as early as September. The index though remains supported and hit an intraday high of 83.25 yesterday, on account of the differential economic prospects and monetary policy stance in the US economy as compared to the other G4 economies. The index though pared gains on weaker than expected jobless claims prints and data showing decline in export and import prices for the 4 <sup>th</sup> consecutive month. The greenback has also come under pressure on Chinese Finance Minister Lou Jiwei's comments that "sustained U.S. growth supports QE exit, but jobless rate suggests it is too early" The markets would now watch for the US consumer confidence data due for release later today. Technically, intraday trend for the DXY is bearish with support and resistance at 82.37 and 83.65 respectively.
<b>EUR/USD</b>	The common currency is trading at 1.3090 levels after gaining 0.92% in the previous trading session, on account of pared Fed QE tapering expectations. However, the currency gave up some of its gains yesterday after hitting an intraday high of 1.3201, on account of fundamental weakness in the Eurozone economy and persistent debt concerns. The Portugal authorities have asked the troika to delay their bailout review amidst vulnerable political situation in the economy. The currency though has received some support from the Bundesbank President Weidmann's comments that the ECB is not tied by its forward guidance and that the Central Bank might resort to rate hikes if the inflation situation deteriorates. The markets await the industrial production print due later today. The intraday trend for the Euro is bullish, with support and resistance at 1.3050 and 1.3131 respectively.
<b>GBP/USD</b>	The Sterling is trading at 1.5182 levels after gaining 1.15% in the previous trading session. The currency though pared some of its gains after hitting an intraday high of 1.5222 yesterday on the accommodative policy stance signalled by the new BoE Governor in the policy meeting last week. The markets would watch for the minutes of the meeting due for release next week. The intra day trend for the GBP/USD cross is range bound, with support and resistance at 1.5150 and 1.5220 respectively.
<b>USD/JPY</b>	The Japanese Yen is trading at 99.04 levels after gaining 0.70% in the previous trading session, amidst a weak greenback. The currency though has pared some of its gains after hitting a high of 98.27 yesterday as the low inflation levels in the economy is likely to lead the Central Bank to continue with an ultra accommodative policy stance in the coming months. There has been an indication from the authorities that the consumption tax hike next year may be restricted to 1% as against the 3% expected. Meanwhile, the BoJ in its policy meeting yesterday maintained status quo and provided the most upbeat economic assessment in the last 2 ½ years and this provided some support to the currency. The intraday move though is likely to be range bound ahead of long Japanese weekend with markets closed on Monday. Technically, the intra day trend for USD/JPY cross is ranged with support at 98.40 and resistance at 99.50.
<b>USD/CHF</b>	USD/CHF is currently trading marginally lower at around 0.9466 compared to yesterday's close of 0.9570 amidst slight recovery in the Dollar this morning. Meanwhile, the EUR/CHF cross is also trading slightly lower at 1.2394 vs. yesterday's close of 1.2402 owing to improvement in global risk sentiment that is weighing on the safe-haven demand for the Franc. Technically, USD/CHF is expected to trade bearish with support at 0.9430 and resistance at 0.9488.
<b>AUD/USD</b>	The Australian Dollar is trading lower at around 0.9167 compared to yesterday's close of 0.9188 as weak employment data from Australia released yesterday added to expectations of rate cut by the RBA in the August policy meeting. The currency also remained under pressure as growth concerns in China headed higher though losses were limited amidst expectations of continued monetary stimulus by the Fed and BoJ. Technically, we expect AUD/USD to trade ranged with support at 0.9137 and resistance at 0.9200.
<b>USD/CAD</b>	The Canadian Dollar is currently trading little changed this morning around 1.0362 levels, albeit holding on around the 3-week high level amidst expectations of continued monetary accommodation in US, Canada's largest trading partner. However, the upside was capped amidst marginal decline in crude oil prices in early trade today. Technically, we expect USD/CAD to trade bearish with support at 1.0335 and resistance at 1.0393.

<b>Sensex</b>	Indian stock markets received positive cues this morning from the general euphoria in US markets where the US indices ended yesterday at a record high. Asian stocks are also mostly trading in the green. In domestic markets, Infosys released their result today, which was better than expected. Net FII flows into equities FYTD and for the month of July remain positive. Technically, Sensex is expected to trade ranged between 19450-19950.
<b>USD/INR</b>	The Indian Rupee has opened weaker than yesterday's close at 59.75 levels and is trading mostly in a range currently. The RBI meanwhile has issued several notifications yesterday whereby the ECB all in cost ceiling of 350 bps over 6 m Libor for 3-5 years and 500 bps over 6m Libor for more than 5 years has been extended till September 30 <sup>th</sup> this year. All in cost ceiling for trade credit for imports has also been extended till September 30 <sup>th</sup> . The ceiling currently is 350 bps over 6m Libor for all tenures. Markets will watch for the release of June trade data, which is expected to show a narrowing in deficit. Technically USDINR bearish is expected to trade in the range of 59.48-59.65.
<b>Gsec</b>	The 10Y benchmark yield has opened almost flat at around 7.48% levels and trading is expected to remain range bound ahead of the release of two key domestic data points viz. IIP and CPI. However, both of these will be released post market hours. Meanwhile, bond markets will watch for the cut offs for the INR 150 bn worth of dated securities auction later today. The 10-year benchmark, currently at 7.48% is expected to trade in the range of 7.45% and 7.51%.
<b>Oil</b>	Crude oil prices are trading marginally lower today as weak US labour market data weighed on the outlook on oil demand. International Energy Agency projected that daily oil supply from non-OPEC countries will rise by 1.3 mbpd, surpassing the increase in daily consumption by 1.2 mbpd in 2014, which further added to the bearishness in prices. The front-month WTI future is currently trading at USD 104.78/bbl compared to prior close of USD 104.91/bbl while Brent is trading at USD 107.6/bbl, compared to prior close of USD 107.7/bbl.
<b>Gold</b>	Gold prices are trading little changed today after huge gains yesterday as profit booking weighed on the metal but Fed Chairman Bernanke's dovish comments supported the prices. Meanwhile, holdings in SPDR Gold Trust remained unchanged at 939.07 tonnes yesterday. Spot gold is currently trading at USD 1284.75/oz as compared to prior close of USD 1286.01/oz.

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