

FROM RESEARCH DESK

Important Highlights

U.S. ISM reported that purchasing managers index rose to 54.7 in December from 53.2 in November. Economists had expected the index to inch up to 53.8.

U.S. ADP said private sector employment rose by 153,000 jobs in December after jumping by a revised 215,000 jobs in November.

U.S. Initial unemployment benefits dropped to 235,000, a decrease of 28,000 from the previous week's revised level of 263,000.

Euro zone Inflation increased more-than-expected to 1.1% in December from 0.6% in November. A similar higher rate was last seen in September 2013. Economists had expected the inflation to rise to 1%.

Core inflation in Euro zone excluding energy, food, alcohol and tobacco, rose slightly to 0.9% in December from 0.8% in November.

The Federal Open Market Committee December monetary policy minutes hinted uncertainty over the policy direction of newly elected US President Donald Trump's incoming administration.

China's foreign exchange reserves fell for sixth straight months in dec by \$41 billion last month to \$3.011 trillion, central bank data showed on Saturday, following a drop of \$69.06 billion in Nov.

U.S. Department of Labor said non-farm payrolls rose to a seasonally adjusted 156K, from 204K in the preceding month whose figure was revised up from 178K.

U.S unemployment rate rose to a seasonally adjusted 4.7%, from 4.6% in the preceding month.

Weekly Change & Technical levels

NSE/BSE/MSEI January Future

Currency Pair	LTP	Wk % Change	R1	R2	Pivot	S1	S2
USDINR	68.11	0.02	68.4600	68.8050	68.1150	67.8200	67.5250
EURINR	72.18	0.37	72.5650	72.9425	72.1875	71.5050	70.8225
GBPINR	84.29	0.56	84.6650	85.0375	84.2925	83.7450	83.1975
JPYINR	58.78	0.63	59.1100	59.4600	58.7600	58.1800	57.6000

Currency against U.S. dollar

Currency Pair	LTP	Wk % Change	R1	R2	S1	S2	Trend
DOLLAR INDEX	102.17	-0.20	103.553	104.936	101.043	99.9167	Bullish
EURUSD	1.0533	0.14	1.0658	1.0784	1.0373	1.0214	Recovery
GBPUSD	1.2284	-0.56	1.2415	1.2547	1.2175	1.2067	Recovery
USDJPY	117.03	0.06	118.746	120.463	115.176	113.323	Bearish

Foreign exchange reserves, in billion \$

	December 30, 2016	Change in\$ (Wk)
Total Reserves	\$360.29 bln	up \$625.5 mln

Seema Yadav

Research Analyst

Tel: +91-0731-4262702

seema.yadav@indianivesh.in

USD-INR January Future

LTP	Sell around	1 Target	2 Target	Stop loss
68.11	68.35-68.40	68.00	67.75	68.65



USDINR continued its neutral to bearish trend for second consecutive week. Weakness in the dollar index which drops towards 101.30 after FOMC meeting minutes added some selling pressure and pair retreated towards 67.8775 from the weekly high 68.5150. Technically, sell strategy given around 68.35-68.40 was initiated, and it hit first predicted level of 68.00. On the weekly chart formation of doji candle stick is yet indicating for relatively neutral to volatile trend. But, a closing below 23.8% Fibonacci Retracement of 21 Feb to 6 Nov 2016 is creating probability for short term bearishness. On the Upside, 68.65 will act as a strong resistance and pair would need to break it in order to test 68.85-69.20.

Dollar Index



Dollar index extended fall for second consecutive week and after breaching its lowest level since Dec 15 settled at 102.17, on grew cautious about the health of the world's largest economy post release of dismal US economic data. FOMC minutes which showed the central bank is concerned about a strengthening dollar, and that more fiscal stimulus could raise demand above sustainable levels, also added weakness. Technically, weekly price action resulted in formation of shooting star candle stick which is indicating for temporary correction. It broke crucial support 101.60 last week which also creating probability for next support levels 101.20 then 100.80. On the upside, massive resistance for the week is seen at 103.85 and next bullish move could expect only above this levels.

EUR-INR January Future

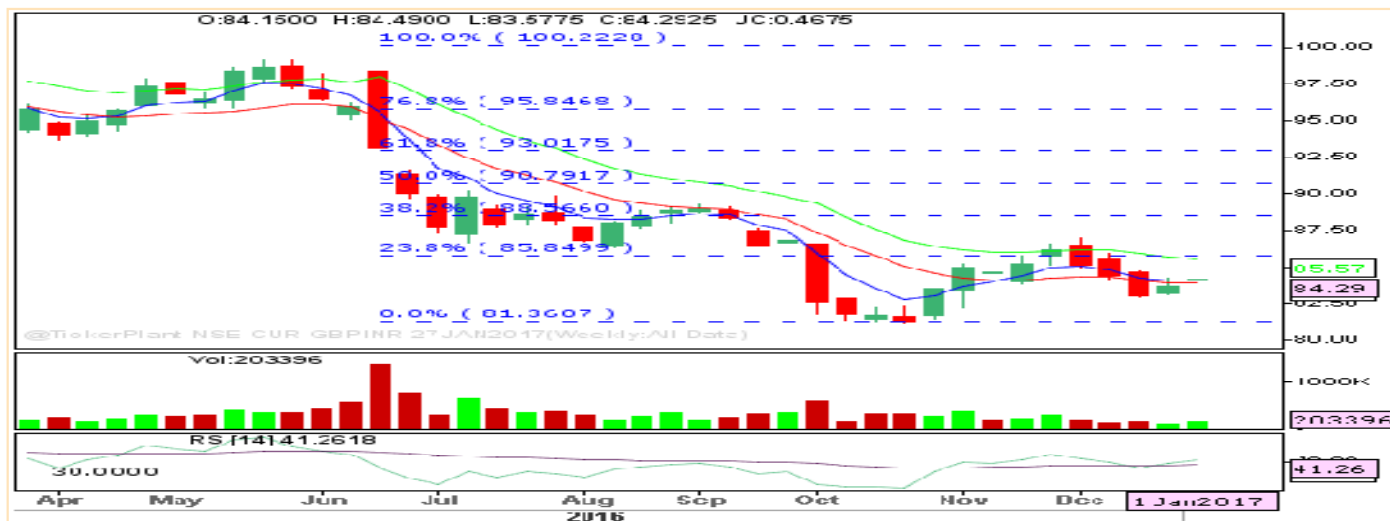
LTP	Buy above	1 Target	2 Target	Stop loss
72.20	72.30	72.60	72.90	72.05



EURINR continued its recovery rally for second consecutive week and settled with gain of 0.37%. Euro zone services' activity indices and higher-than-expected flash inflation added some strength for the currency. The recent jump in the Euro has taken place as the dollar against a basket of currencies has moved lower in the wake of a bullish Chinese Yuan. Technical, a strong bounce back from the weekend 18 December is creating probability for momentum gain towards 72.85-73.00. Further, pair settled above 161.8% Fibonacci Retracement which also indicating for positive trend for next week also. On the downside, crucial support is seen at 71.20 and break below only could add selling pressure towards 70.85-70.40.

GBP-INR January Future

LTP	Sell around	1 Target	2 Target	Stop loss
84.30	84.70-84.75	84.10	83.65	85.00.



The pound pared back losses as favorable U.K. service sector data which accelerated for a third straight month to a 17-month high in December and weakness in dollar index supported the currency pair. Technically, as per the sell strategy given around 83.95-84.05 was initiated in start of the week and after hitting first predicated level 83.65, pair witnessed bounce back from 83.5775. Technical, on the weekly chart, GBPINR yet settled below its short term moving average and 23.8% Fibonacci Retracement of previous swing is yet creating probability for bearishness in GBPINR. On the upside, strong resistance is seen at 85.10 pair would need to trade above it in order to test 85.60-86.00.

JPY-INR January Future

LTP	Sell around	1 Target	2 Target	Stop loss
58.39	58.95-59.05	58.20	57.90	59.60



JPYINR rebounded more than 1.50% from the weekly low 57.95 as investors covered their short term profits taking advantage of the sharp plunge in the greenback. The greenback extended fall, breaching its lowest level since Dec 15, as investors grew cautious about the health of the world's largest economy post release of dismal US economic data. On the weekly chart, pair settled below the SMA, which is indicating for bearishness in JPYINR. Further massive resistance is seen at 59.60 and break above only could open the door for upside target 60.00 then 60.65. Else any rise towards 58.90-59.00 could attract selling activities for the levels 58.45-58.20.

High Impact Economic Data & Events Schedule during the week

Date	Time	Currency	Economic Indicators	Forecast	Previous	Impact
10.01.17	7:00am	CNY	CPI y/y	2.20%	2.30%	Negative
11.01.17	3:00pm	GBP	Manufacturing Production m/m	0.60%	-0.90%	Positive
12.01.17	7:00pm	USD	Unemployment Claims	266K	235K	Negative
13.01.17	5:30am	USD	Fed Chair Yellen Speaks	-	-	-
	Tentative	CNY	Trade Balance	345B	298B	Positive
	7:00pm	USD	Core Retail Sales m/m	0.50%	0.20%	Positive
		USD	PPI m/m	0.10%	0.40%	Negative
		USD	Retail Sales m/m	0.50%	0.10%	Positive
	8:30pm	USD	Prelim UoM Consumer Sentiment	98.6	98.2	Positive

Note: Economic data expectations are based on median forecast by economists or Reuters and Bloomberg survey. Here positive impact indicates currency could appreciate and negative indicates currency could depreciate in comparison with US Dollar. Technical Chart Source: Tickerplant

*DOS- Depends on statement. DOV- Depends on Votes. DOR- Depends on Report.



IndiaNivesh Securities Limited | SEBI Registration No. INH000000511
601 & 602, Sukh Sagar, N. S. Patkar Marg, Girgaum Chowpatty, Mumbai 400 007.
Tel: (022) 66188800 / Fax: (022) 66188899
e-mail: research@indianivesh.in | Website: www.indianivesh.in

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