

CURRENCY OUTLOOK

FUNDAMENTALS OF CURRENCY:

- WEEK AHEAD: It will be a busy week, with the US jobs report and worldwide manufacturing and services PMIs providing an update on the economic recovery as well as supply constraints and price pressures. Other important releases include GDP figures for India, Brazil, Australia and Canada, monetary policy decisions from the RBA and the RBI, and inflation for the Euro Area.
- The dollar index could not sustain its early momentum after a surge in the PCE index, moving away from a two-week high of 90.44 to bottoming around the 90 neighbourhood. The Fed's preferred inflation measure jumped to 3.1% in April, the highest since the 1990s, beating market forecast. Earlier this week, initial claims fell to a fresh pre-pandemic low, pointing to a continued recovery in the labour market. Given the above and the fact that the US economic outperformance narrative seems entirely priced in, it is unlikely that the greenback will attract fresh buying in the medium term.
- The euro traded around \$1.22 at the end of May, not far from an over four-month high of \$1.2265 hit on May 25th, supported by solid economic recovery hopes across the bloc as vaccinations gather pace allowing authorities to ease restrictions and economic activity to accelerate. The latest data showed Eurozone economic sentiment improved to a 3-year high in May, with the strongest gains in services, retail and among consumers. Earlier, flash PMI data suggested the Eurozone, UK and US expanded all at record rates, following the relaxation of coronavirus-induced restrictions.

RBI REFERENCE RATE

INDEX	CLOSE	PREV. CLOSE	CHANGE IN %
USDINR	73.0233	73.1168	-0.13
GBPINR	103.6103	103.277	0.32
EURINR	89.3075	89.1255	0.20
JPYINR	67.14	67.01	0.19

FII FIGURES

DATE	EQUITY	BOND
28-MAY	913.59	1275.22
27-MAY	-660.9	112.38
26-MAY	241.6	-438.59
25-MAY	959.77	-563.59
24-MAY	585.36	-707.69
NET	2039.42	-322.27

U S DOLLAR INDEX



USDINR TECHNICAL CHART



Technical indicators (Daily):

- RSI- 27.4083
- MACD- -0.3641
- MOVING AVERAGES (20,50,100)-
(73.2095/73.7115/73.2965)

WEEKLY PIVOT LEVELS

S3	S2	S1	PIVOT	R1	R2	R3
73.61	73.39	73.10	72.88	72.59	72.37	72.08

Pivot levels for Domestic Currencies

PAIR	R2	R1	P	S1	S2
USDINR	73.39	73.10	72.88	72.59	72.37
EURINR	89.62	89.16	88.87	88.41	88.12
GBPINR	103.98	103.58	103.20	102.80	102.42
JPYINR	67.48	66.87	66.53	65.92	65.58

Pivot levels for Global Currencies

PAIR	R2	R1	P	S1	S2
EURUSD	1.2295	1.2237	1.2205	1.2147	1.2115
GBPUSD	1.4257	1.4211	1.4157	1.4111	1.4057
USDJPY	110.7167	110.2833	109.4167	108.9833	108.1167

Currency Majors

CURRENCY	FXMAJORS	CLOSEPRICE	DAY	WEEK	MONTHLY	YTD
EURO	EURUSD	1.21923	0.02%	0.10%	0.57%	-0.20%
POUND	GBPUSD	1.4186	-0.11%	0.20%	1.68%	3.75%
AUSTRALIAN DOLLAR	AUDUSD	0.77085	-0.41%	-0.23%	-0.87%	0.00%
YEN	USDJPY	109.7	-0.13%	0.69%	0.77%	6.25%
YUAN	USDCNY	6.35868	-0.29%	-1.18%	-1.62%	-2.21%
SWISS FRANC	USDCHF	0.89951	0.26%	0.19%	-1.04%	1.63%
CANADIAN DOLLAR	USDCAD	1.20782	0.07%	0.11%	-1.62%	-5.15%
MEXICO PESO	USDMXN	19.9163	-0.21%	-0.13%	-0.61%	0.08%
INDIAN RUPEE	USDINR	72.4	-0.41%	-0.57%	-2.28%	-0.87%
BRAZILIAN REAL	USDBRL	5.2244	-0.27%	-2.56%	-2.12%	0.60%
RUSSIAN RUBBLE	USDRUB	73.003	-0.44%	-0.68%	-1.97%	-1.07%
DOLLAR INDEX	DXY	90.058	0.10%	0.05%	-0.61%	0.13%
KOREAN WON	USDKRW	1109.64	-0.44%	-1.30%	0.52%	2.36%
SOUTH AFRICAN RAND	USDZAR	13.7605	-0.04%	-1.37%	-3.74%	-6.28%
SINGAPORE DOLLAR	USDSGD	1.32234	-0.18%	-0.66%	-0.27%	0.02%
HONGKONG DOLLAR	USDHKD	7.76077	0.01%	-0.03%	-0.03%	0.10%

COMMODITY MARKET OUTLOOK

Pivot levels for MCX Bullion:

COMMODITY	R3	R2	R1	P	S1	S2	S3
GOLD	50100	49660	49130	48690	48160	47720	47190
SILVER	74884	73831	72681	71628	70478	69425	68275

Pivot levels for MCX Energy:

COMMODITY	R3	R2	R1	P	S1	S2	S3
CRUDEOIL	5180	5042	4948	4810	4716	4578	4484
NATURAL GAS	238.3	229.7	223.6	215.0	208.9	200.3	194.2

Pivot levels for MCX Metals:

COMMODITY	R3	R2	R1	P	S1	S2	S3
ALUMINIUM	212.8	204.8	200.8	192.7	188.7	180.7	176.7
NICKEL	1460.0	1395.0	1359.0	1294.0	1258.0	1193.0	1157.0
ZINC	252.7	246.1	241.9	235.3	231.1	224.5	220.3
COPPER	811.0	790.7	778.5	758.2	746.0	725.7	713.5
LEAD	177.4	175.2	173.5	171.4	169.7	167.5	165.8

FUNDAMENTALS OF COMMODITY:

- WTI crude futures traded around \$67 a barrel Friday, not far from a two-year high of \$68 hit in March as solid economic data for the US boosted prospects of strong fuel demand and as investors shrugged off concerns over more crude supply from Iran. The US benchmark climbed almost 5% this week, putting it on track for a monthly gain, the fourth out of five this year, as prospects of growing demand in the US, Europe, and China more than offset concerns over rising coronavirus cases in Asia.
- Gold has managed to regain ground and consolidate above the \$1,900 level, making a dramatic reversal from an intraday low of \$1,881, as Treasury yields retreated and the dollar eased off of its more than two-week highs. Adding to the bullish tone, core PCE prices in the US, which exclude volatile food and energy cost, surged 3.1% from a year earlier in April, the highest since the 1990s. These latest reading cemented expectations of a roaring comeback for the US economy and increased price pressures, boosting the metal's appeal as an inflation hedge.
- The steel market extended its downward momentum, with Shanghai steel futures trading below 4,660 yuan a tonne for the first time since March 11th on worries over China's price-control. Steel prices rallied to an all-time high of 5,887 yuan per tonne on May 12th, buoyed by high cost of steelmaking ingredient iron ore and as China's steel capital Tangshan instructed most mills to cut production by 30%-50% until the end of the year to reduce carbon emissions.

Commodity Majors

COMMODITY	PRICE	DAY	WEEKLY	MONTHLY	YTD
CRUDE OIL	66.32	-0.79%	4.31%	2.02%	36.69%
BRENT	69.65	0.27%	4.83%	2.35%	34.46%
NATURAL GAS	3.012	1.89%	3.65%	3.47%	18.63%
GOLD	1903.2	0.38%	1.22%	7.45%	0.35%
SILVER	27.938	0.28%	1.52%	7.11%	5.99%
PLATINUM	1180.03	0.05%	1.16%	-1.50%	10.70%
PALLADIUM	2822.33	0.61%	1.41%	-4.39%	15.31%
COPPER	4.677	0.23%	4.03%	4.10%	32.91%
LEAD	2196.25	-0.57%	0.13%	4.67%	11.16%
ALUMINIUM	2506.5	0.84%	6.60%	3.79%	26.54%
TIN	30950	2.27%	4.84%	9.12%	52.35%
ZINC	3072.25	0.29%	3.49%	5.50%	11.68%
NICKEL	18078	1.22%	7.89%	4.91%	9.21%

MCX GOLD CHART



Technical indicators (Daily):

- RSI- 60.6083
- MACD- 476.2062
- MOVING AVERAGES (20,50,100)-
(48022/46907/47021)

WEEKLY PIVOT LEVELS

S3	S2	S1	PIVOT	R1	R2	R3
50100	49660	49130	48690	48160	47720	47190

MCX CRUDE OIL CHART



Technical indicators (Daily):

- RSI- 56.57
- MACD- 40.196
- MOVING AVERAGES (20,50,100)- (4779/4639/4449)

WEEKLY PIVOT LEVELS

S3	S2	S1	PIVOT	R1	R2	R3
5180	5042	4948	4810	4716	4578	4484

MCX COPPER CHART



Technical indicators (Daily):

- RSI- 53.9741
- MACD- 4.7445
- MOVING AVERAGES (20,50,100) - (767.25/728.12/687.68)

WEEKLY PIVOT LEVELS

S3	S2	S1	PIVOT	R1	R2	R3
811.0	790.7	778.5	758.2	746.0	725.7	713.5

UPCOMING ECONOMIC EVENTS

DATE	TIME	COUNTRY	DATA	FORECAST	PREVIOUS
Mon May 31	6:30am	CNY	Manufacturing PMI	51.3	51.1
	All Day	GBP	Bank Holiday		
	All Day	USD	Bank Holiday		
Tue Jun 1	1:25pm	EUR	German Final Manufacturing PMI	64	64
	All Day	All	OPEC-JMMC Meetings		
	7:30pm	USD	ISM Manufacturing PMI	61.2	60.7
	8:30pm	GBP	BOE Gov Bailey Speaks		
Wed Jun 2	All Day	EUR	Italian Bank Holiday		
Thu Jun 3	5:45pm	USD	ADP Non-Farm Employment Change	675K	742K
	6:00pm	USD	Unemployment Claims	400K	406K
	7:30pm	USD	ISM Services PMI	63	62.7
	8:00pm	USD	Natural Gas Storage		115B
	8:30pm	USD	Crude Oil Inventories	-1.0M	-1.7M
	9:30pm	GBP	BOE Gov Bailey Speaks		
Fri Jun 4	4:30pm	EUR	ECB President Lagarde Speaks		
		USD	Fed Chair Powell Speaks		
	6:00pm	USD	Average Hourly Earnings m/m	0.20%	0.70%
		USD	Non-Farm Employment Change	670K	266K
		USD	Unemployment Rate	5.90%	6.10%

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