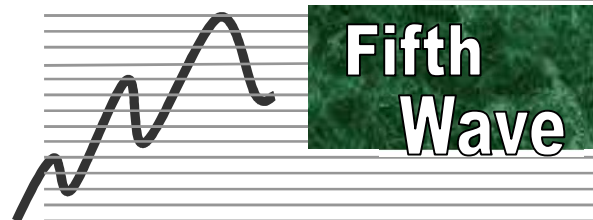


Contents



DOMESTIC MARKET

Dollar Rupee

Forward Market

INTERNATIONAL MARKET

Euro

Pound Sterling

Yen

Gold Market

ECONOMIC CALENDER

COLUMN OF THE WEEK

GRAPH'O'NOMICS

For the week ended 1st Jan – 5th Jan 2018

Global Summary		Close	High	Low	6-Mth Forward (Vs INR in % p.a.)	
	INR	63.3650	63.8650	63.3125	4.46%	
	GBP	1.3568	1.3612	1.3491	5.75%	
	EUR	1.2028	1.2089	1.1993	6.85%	
	JPY	113.0600	113.3000	112.0400	6.61%	
	CHF	0.9750	0.9797	0.9698	7.29%	
	AUD	0.7862	0.7874	0.7792	4.37%	
	CAD	1.2407	1.2579	1.2351	4.84%	
	MYR	3.9950	4.0450	3.9860		
	SGD	1.3261	1.3375	1.3250		
	THB	32.1600	32.5800	32.1300		
	IDR	13,413	13,565	13,390		
	KRW	1,061.53	1,068.30	1,058.97		
	HKD	7.8187	7.8214	7.8126		
GOLD		1319.81	1325.86	1302.45		
SILVER		17.224	17.285	16.91		
SIX MONTH LIBOR						
USD		GBP	JPY	CHF	EUR	
1.86507		0.57438	0.02133	-0.6434	-0.32429	
GLOBAL STOCK MARKET INDICES						
Sensex	Hangseng	DJIA	Nikkei	FTSE	DAX	NASDAQ
34153.85	30814.64	25295.87	23714.53	7724.22	13319.64	7136.558
0.28%	2.99%	2.33%	4.17%	0.47%	3.11%	3.38%



Mumbai: 022-25715001

Ahmedabad: 079-40603000

Bengaluru: 080-23365500

Chennai: 044-42859301

Delhi: 011-49456000

Hyderabad: 040-33456050

Kolkata: 033-22808715

For the week 8^h Jan – 12th Jan 2018

Going Forward:

In the coming week, the Indian Rupee shall trade with a positive bias initially owing to weaker global dollar after the disappointing release of NFP employment data from the US which came lower than the expected levels. However, this strength in Rupee could be short lived as markets would discount the recent move by the Indian government of reducing the forecasted level of economic growth before the Budget Session which is scheduled to take place in the next month. According to the released statement, India's GDP is now estimated to grow at an annual 6.5 percent in 2017/18, slower than a provisional 7.1 percent growth in 2016/17. Also, manufacturing would grow at 4.6 percent this fiscal year compared with 7.9 percent growth in the previous year whereas farm output may slow to 2.1 percent from 4.9 percent; all thanks to the newly adopted taxation regime that hit the government's revenue collections this year, forcing them to resort to borrow from the market to meet spending targets. This could keep the local equities jittery and rupee could follow suit. Also, opportunistic dollar buying by importers and possible RBI intervention to prevent a one way movement could prompt the rupee to find some ground around 63.00 levels. In the latter half, the Rupee is expected to trade in a range bound manner with bias towards positive side as markets remain cautious ahead of the important sets of economic indicators from the US; some of which is expected to come on a weaker note thereby keeping the global dollar weak and rupee positive.

Advise:

Exporters are advised to hedge their short to medium term receivables on spikes towards 63.50 and higher levels while Importers are advised to hedge their near term payable on dips towards 63.00 levels.

Forward Market

6 - month Premium (in Paisa)

6 month forward premia opened the week at 142.25 paisa and initially touched a high of 142.75 paisa. Forming a bearish pattern on the daily chart, the 6 month forward premia started to move lower and touched a low of 138.25 paisa. 6 month forward premia ended the week at 140.25 paisa.

Going Forward:

6 month forward premia has given a bearish close on the short term charts signalling a downmove towards 138.00 and 135.00 paisa. A convincing break and close below the same shall push it to 132.00 paisa. On the upside, key support lies at 143.00 paisa. Technical indicators are signalling a bearish momentum.

Key Support: 138.00, 136.50, 135.00, 132.00

Key Resistance: 143.00, 146.50, 150.00



For the week 08th Jan – 12th Jan 2018

Domestic Market

Likely to move lower

International Markets

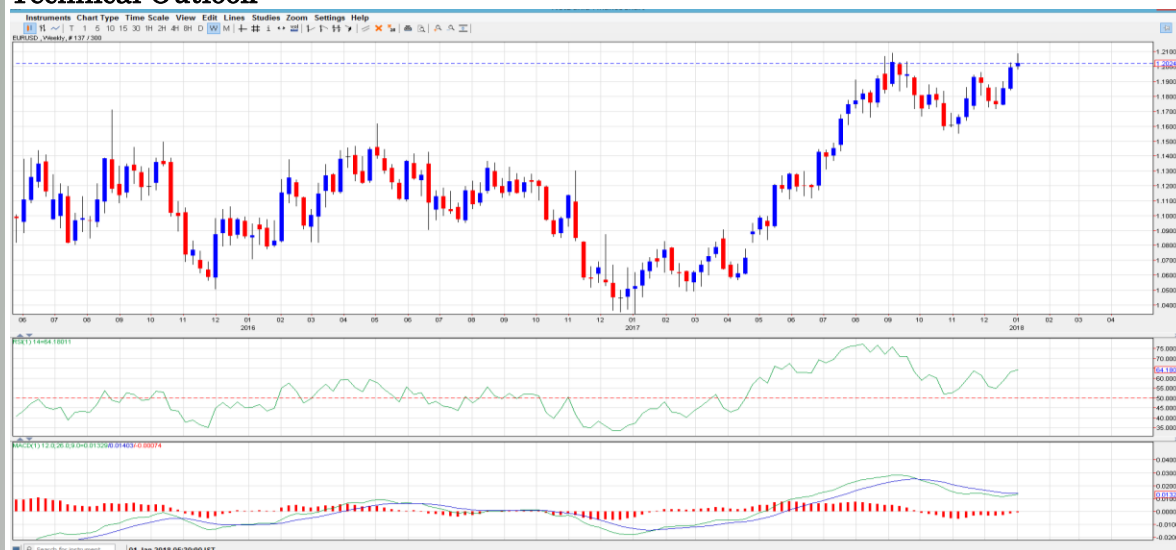
EUR/USD

Euro closed the week at 1.12028 levels.

Euro:

The European currency kick-started the new year at 1.2001 levels and made a weekly low of 1.1993 levels initially, due to lack of momentum in the markets given that most major economies were shut on account of New Year holidays. Nonetheless, there was some movement seen on the next day when the currency pair surged to 1.2082 levels. The upside move was mostly due to global dollar weakness on back of concerns surrounding the impact of the Fed rate hikes and the Republican-led tax reform plan on US economic growth. However, the US Dollar reversed its trend in the mid-week after the release of FOMC Meeting Minutes, which was on a hawkish note, as the committee members did not hint at taking any pause in their rate hike plan for the year 2018. This pushed the American currency higher in turn denting the demand for the shared currency and pulling it down to 1.1999 levels. The losses in Euro was restricted by the robust release of manufacturing data from the Euro Area which hit the highest level since its survey began thereby boosting positive sentiments in the European markets and its currency. EURUSD made a weekly high of 1.2089 levels post that. On the last trading day, the currency pair got support from weaker global dollar on back of disappointing release of NFP employment and non-manufacturing data that came lower than the forecasted levels. EURUSD closed the week at 1.2028 levels.

Technical Outlook:



Technical

Likely to move lower

Upcoming Events

- Factory Orders m/m(DE)
- Sentix Investor Confidence
- Retail Sales m/m
- Industrial Production m/m(DE)
- Trade Balance(DE)
- Unemployment Rate
- Industrial Production m/m

Week ahead: Cross has formed a bearish pattern (shooting star) on the weekly charts while has given a bearish close on the daily chart signalling an downmove towards 1.1930 and 1.1860 levels. A convincing break and close below the same shall push it to 1.1710 levels. Further support lies at 1.1640 levels. On the upside, cross faces stiff resistance at 1.2090 levels. Only a convincing break and close above 1.2090 levels shall negate the above view and push the cross towards 1.2200 and 1.2350 levels. Technical indicators are signalling a bearish momentum.

Key Support: 1.1930, 1.1860, 1.1710

Key Resistance: 1.2090, 1.2200, 1.2350

Advise: Importers are advised to cover their near term payables on dips towards 1.1860 levels and target 1.1710 levels for further tenors. Exporters are advised to cover their short term receivables on spikes towards 1.2060 levels.

For the week 08th Jan – 12th Jan 2018

Sterling:

The British Currency opened the new calendar year of 2018 at 1.3512 levels and briefly depreciated to its weekly low of 1.3491 levels, on account of New Year holidays in the International Markets. The following days saw some action with the release of Manufacturing PMI data in UK and the US. The data in the UK fell short of expectation while the same for the US came in better than expected but the Markets remained caution ahead of the release of US Fed Meeting minutes which pulled the US dollar lower against the crosses and Pound surged to its weekly high of 1.3612 levels. Further the UK services printed a reading at 54.2 against the expectation of 54.1 keeping the pound firm. However, with the release of US Fed meeting minutes, which indicated same stance of three rate hikes in the year 2018, gave strength to the US Dollar and the Pound dipped lower towards 1.3503 levels. Later, with the release of poor US Non-farm Payrolls data which printed a reading of 148K against the expectations of 190K, the US dollar came under pressure and Pound surged back to 1.3581 levels before closing the week at 1.3568 levels.

Technical Outlook:



Week ahead: Cross continues to signal a bullish momentum targeting 1.3650 levels. Only a convincing break and close above the same shall push it to 1.3780 levels. On the flipside, any resistance towards 1.3650 levels shall reverse the trend in the pair and open up the target towards 1.3500 and 1.3420 levels. Next key support lies at 1.3300 and 1.3260 levels. Technical indicators are signalling the same bullish momentum.

Key Support: 1.3500, 1.3420, 1.3300, 1.3260

Key Resistance: 1.3650, 1.3780, 1.3850

Advise: Importers are advised to cover their near term payables on dips towards 1.3420 levels. Exporters are advised to cover their near term receivables on spikes towards 1.3650 levels and cover further tenors on further spike towards 1.3850 levels.

For the week 8th Jan –12th Jan 2018

International Markets

GBP/USD

GBP closed the week at 1.3568 levels.

Technical

Likely to move higher

Upcoming Events

- Halifax HPI m/m
- BRC Retail Sales Monitor y/y
- Manufacturing Production m/m
- Goods Trade Balance
- Construction Output m/m
- Industrial Production m/m
- BOE Credit Conditions Survey

Japanese Yen:

This week, the Japanese Yen was seen trading in a volatile manner by appreciating in the first half and thereafter reversing its course. Yen opened the week at 112.65 levels and traded on a flat note considering the markets abroad were shut on New Year's Eve thereby giving no scope for speculation. It showed bouts of positivity on the next trading day and strengthened towards 112.04 levels on back of global dollar weakness on concerns surrounding the impact of the Fed's rate hikes and the Republican-led tax reform plan on US economic growth. However, sharp gains were restricted and Yen reversed its trend and traded with a weaker bias in the latter half of the week. The currency pair was seen depreciating given the fading risk concerns in the global arena which prompted the traders to place risky bets. The slump continued till the last trading day as well owing to the temporary strength seen in the American currency after the robust release of ADP Employment data from the US, Yen weakened to 113.30 levels on the last day. This positive trend in the DXY later got halted after the disappointing release of NFP employment and non-manufacturing data that came lower than the forecasted levels giving a slight support to the Japanese Yen. Yen closed the week at 113.06 levels.

Technical Outlook:



Week ahead: The pair has given a bullish close on the short term charts signalling an upmove towards 113.50 levels. A convincing break and close above the same shall push it to 114.30 levels. Further key resistance lies at 115.50 levels. On the downside, key support lies at 112.00 and 110.80 levels. Technical indicators are signalling a bullish momentum.

Key Support: 112.00, 111.65, 110.80

Key Resistance: 113.50, 114.30, 115.50

Advise: Importers are advised to cover their near term payables in a staggered manner on spikes towards 114.30 and 115.50 levels. Exporters are advised to sell their near term receivables on dips towards 112.00 levels.

For the week 8th Jan – 12th Jan 2018

International Markets

USD/JPY

Yen closed the week at 113.06 levels.

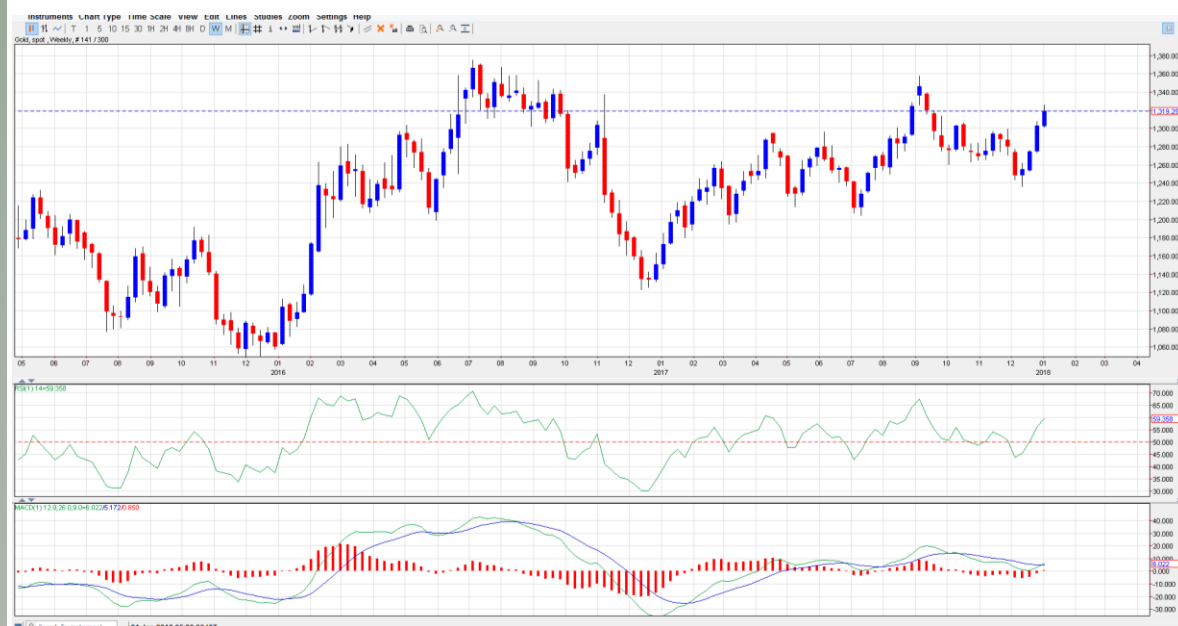
Technical

Likely to move higher

Upcoming Events

- Consumer Confidence
- Leading Indicators
- Bank Lending y/y
- Current Account
- Economy Watchers Sentiment

Gold

**Week Gone by:**

Gold opened the week at 1302.49 levels and initially touched a low of 1302.45 levels. Given a bullish close on the short term charts, the yellow metal started to move higher and touched a high of 1325.86 levels. Profit booking at these levels pushed the yellow metal back lower to end the week at 1319.81 levels.

Week Ahead:

The yellow metal continues to signal a bullish momentum on the short term charts indicating a move towards 1325.00 and 1335.00 levels. A convincing break and close above the same shall push it to 1354.00 levels. Further resistance lies at 1375.00 levels. On the downside, key support lies at 1300.00 and 1284.00 levels. Technical indicators are signaling the same bullish momentum.

Key Support: 1300.00, 1284.00, 1265.00

Key Resistance: 1325.00, 1335.00, 1354.00

Advise: Short term traders are advised to buy the yellow metal on dips towards 1310.00 levels targeting 1335.00 and 1354.00 levels while keeping a strict stop loss below 1295.00 levels.

International
Market

Likely to move
higher

Forex
Calendar

Forex Calendar

Date	Time	Country	Data	Forecast	Previous
08/01/2018	12:30	DE	Factory Orders m/m	0.1%	0.5%
08/01/2018	14:00	UK	Halifax HPI m/m	0.2%	0.5%
08/01/2018	15:00	EU	Sentix Investor Confidence	31.5	31.1
08/01/2018	15:30	EU	Retail Sales m/m	1.4%	-1.1%
09/01/2018	1:30	US	Consumer Credit m/m	17.8B	20.5B
09/01/2018	5:31	UK	BRC Retail Sales Monitor y/y		0.6%
09/01/2018	10:30	JP	Consumer Confidence	45.1	44.9
09/01/2018	12:30	DE	Industrial Production m/m	1.9%	-1.4%
09/01/2018	12:30	DE	Trade Balance	20.7B	19.9B
09/01/2018	15:30	EU	Unemployment Rate	8.7%	8.8%
10/01/2018	15:00	UK	Manufacturing Production m/m	0.3%	0.1%
10/01/2018	15:00	UK	Goods Trade Balance	-11.0B	-10.8B
10/01/2018	15:00	UK	Construction Output m/m	0.5%	-1.7%
10/01/2018	15:00	UK	Industrial Production m/m	0.4%	0.0%
11/01/2018	10:30	JP	Leading Indicators	108.9%	106.5%
11/01/2018	15:00	UK	BOE Credit Conditions Survey		
11/01/2018	15:30	EU	Industrial Production m/m	0.6%	0.2%
11/01/2018	19:00	US	PPI m/m	0.2%	0.4%
11/01/2018	19:00	US	Core PPI m/m	0.2%	0.3%
11/01/2018	19:00	US	Initial Jobless Claims	248K	250K
12/01/2018	0:30	US	Federal Budget Balance	-49.2B	-138.5B
12/01/2018	5:20	JP	Bank Lending y/y	2.7%	2.7%
12/01/2018	5:20	JP	Current Account	2.19T	2.44T
12/01/2018	10:30	JP	Economy Watchers Sentiment	55.2	55.1
12/01/2018	19:00	US	CPI m/m	0.2%	0.4%
12/01/2018	19:00	US	Core CPI m/m	0.2%	0.1%
12/01/2018	19:00	US	Core Retail Sales m/m	0.4%	1.0%
12/01/2018	19:00	US	Retail Sales m/m	0.5%	0.8%

For the week 08th Jan –12th Jan 2018

BITCOIN WILL GIVE JAPAN'S ECONOMY A SUBSTANTIAL BOOST

Bitcoin and cryptocurrencies had a year of exceptional growth in 2017. The cryptocurrency market cap managed to surpass the valuation of \$638 billion and many experts believe that it will further increase.

2017 was one of the most exciting and interesting years for the cryptocurrency market. Bitcoin and Ethereum had a spectacular bull run and managed to make huge gains for investors and traders. We also had a huge number of Initial Coin Offerings and a record-breaking amount of funding. ICOs managed to raise over \$3.7 billion in funding for blockchain and cryptocurrency-related projects. Most of these startups were successfully able to raise their funding goals and are now on a hiring spree.



An article by Fortune mentions that the number of Bitcoin and blockchain-related job listings grew by over 5,753%. Experts believe that this is just the start and that the number of Bitcoin jobs will rise further in the upcoming years. Some governments have decided to implement regulations and laws in order to attract Bitcoin companies to operate in their countries. The most recent example is Belarus, which implemented new laws to officially legalize cryptocurrencies and give them a tax-exempt status for the next five years in the hopes of attracting companies to start operations in the country.

HOW JAPAN WILL BENEFIT FROM BITCOIN

Japan has become one of the most popular countries for Bitcoin and blockchain-related companies. One of the major reasons for this situation is the fact that the Japanese government has proper regulations and laws that favor cryptocurrencies. Earlier this year, the Japanese government officially recognized Bitcoin as a legal payment method. This caused a major price increase, as many Japanese investors decided to invest in the decentralized cryptocurrency.

Analysts at Nomura believe that the price rise of Bitcoin has given many investors a very high return on investment, which might lead to a boost for the economy of Japan. The lead of the analyst team, Yoshiyuki Suimon, stated the following:

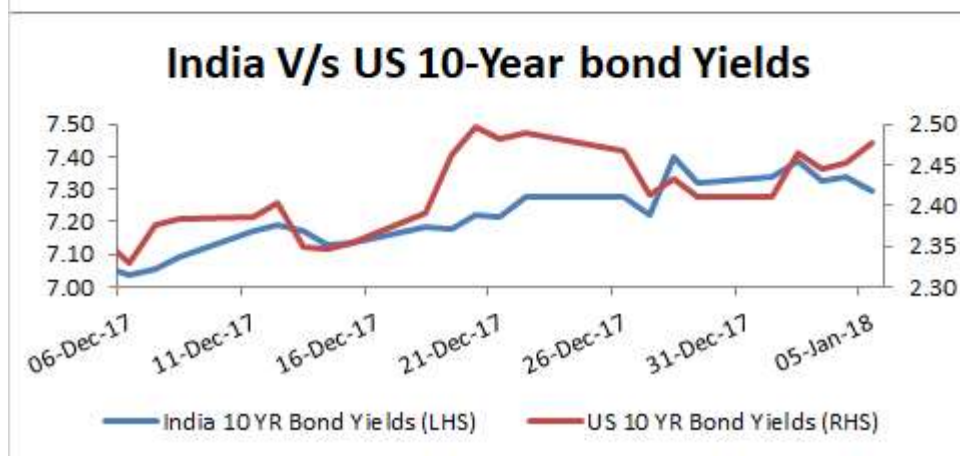
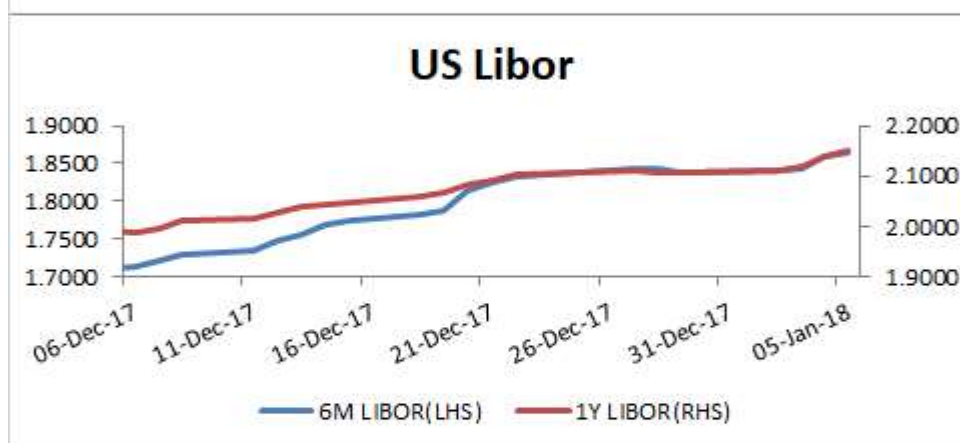
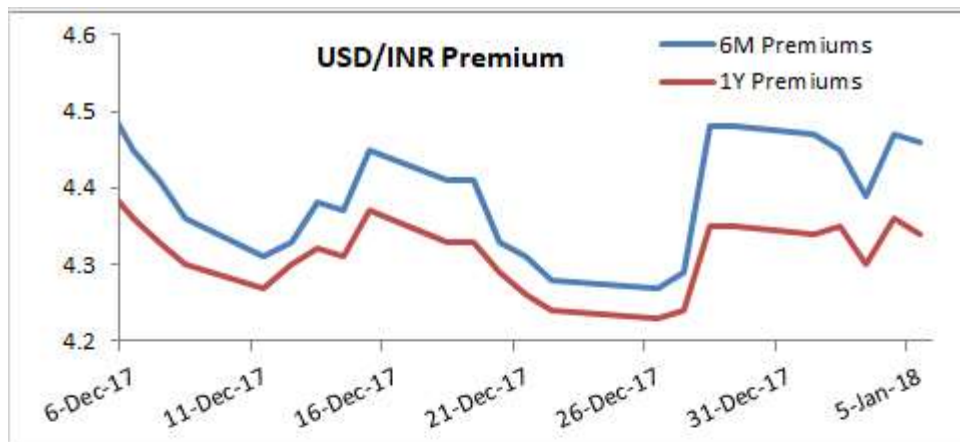
“Rises in asset values often result in a rise in consumer spending, too, known as the wealth effect. We estimate the wealth effect from unrealized gains on bitcoin trading by Japanese investors since the start of fiscal year 2017, and estimate a potential boost to consumer spending of 23.2-96.0 billion yen.”

He also added:

“Moreover, the fact that the rise in bitcoin prices was concentrated in 2017 fourth quarter could result in the wealth effect materialising in 2018 first quarter, and if that is the case, we estimate a potential boost to real GDP growth on an annualised quarter over quarter basis of up to about 0.3 percentage points”

The effects of Bitcoin are multiple on the economy of Japan. Not only are further jobs being created, but the resulting wealth effect from the cryptocurrency's rise in value is spurring real and measurable economic growth. As more cryptocurrency exchanges and operations move to Japan, it's likely that this financial trend will continue unabated.

Source: Bitcoinist.com



FII Trends in last 6 Months



Option Pricing

Tenor	Call Option				Put Option			
	ATMF	ATMS	Forward Premium	Option Premium ATMS : Forward Premium	ATMF	ATMS	Forward Premium	Option Premium ATMS : Forward Premium
1 Month	0.32	0.44	0.25	1.76	0.32	0.20	0.23	0.87
2 Month	0.47	0.71	0.47	1.51	0.47	0.26	0.45	0.58
3 Month	0.61	0.99	0.71	1.39	0.61	0.30	0.69	0.43
6 Month	0.97	1.79	1.44	1.24	0.97	0.41	1.42	0.29
9 month	1.25	2.47	2.11	1.17	1.25	0.47	2.09	0.22
1 Year	1.50	3.13	2.79	1.12	1.50	0.52	2.77	0.19

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For the week 8th Jan – 12th Jan 2018