

Key Developments:

- **The US labour market report for April came in much weaker than expected. Non-farm payrolls increased by 266K in April against expectations of 1000K increase while downward revisions were made to payrolls readings over February-March. The unemployment rate moved higher from 6% in March to 6.1% in April.**
- **Treasury Secretary Janet Yellen said the report “underscores the long-haul climb back to recovery,” while retaining her expectations of a return to full employment next year. Meanwhile, the President of the Federal Reserve Bank of Minneapolis said that the US labour market needs aggressive support to speed up its healing from the COVID-19 pandemic.**
- **The ECB Governing Council member said that Martins Kazaks said that the central bank could consider reducing its weekly purchases program from next month onwards if there is more evidence of a firming up in recovery.**
- **The UK PM said that the government will be moving forward with re-opening the economy gradually with the next phase likely to begin from 17-May-2021 as infection rates have reached its lowest level since September.**
- **In the UK local elections, it appeared that the UK PM’s ruling Conservative Party has made strong progress while the Scottish National Party did not get adequate majority to move forward with its plans for calling for a referendum.**
- **German Finance Minister Olaf Scholz pledged to increase taxes on the wealthy, spend on cleaner technology and expand social programs if he were to win the chancellery for the Social Democrats in the fall.**

Global Market Developments:

- **GE:** Industrial production increased to 2.5% MoM in March against a contraction of -1.9% in Feb, better than 2.3% rise expected.
- **CH:** China Foreign Reserves expanded to USD 3.198 tn in April from USD 3.170 tn in March, against USD 3.2 tn expected.
- **CA:** Canada unemployment rate increased to 8.1% MoM in April from 7.5% in March, against 7.8% expected. Ivey Purchasing Manager Index declined to 60.6 in April from 72.9 in March.
- **AU:** Australia NAB Business Confidence index rose to 26 in April from 17 in March (revised slightly higher).

- **US stock markets ended higher in the previous trading.** The Dow Jones (+0.66%) and S&P 500 (+0.74%) ended in the green.
- **Asian stock markets are trading higher this morning.** Australia ASX-200 (+0.90%), Shanghai Composite Index (+0.22%), Nikkei (+0.84%) and Kospi (+1.36%) are trading in green while Hang Seng (-0.22%) is trading in the red.
- **US treasuries are trading lower this morning.** The 10 Y US yield is trading at 1.594% vs. the previous close of 1.577%.

Domestic market developments:

- **The Indian Rupee closed stronger at the 73.51 level against the US dollar in the previous trading session.**
- **The Indian bond markets closed weaker with the yield on the benchmark 10-year sovereign bond moved to the 6.02% level in the previous session.**

	Remarks
DXY	The U.S. dollar (DXY) is trading flat at 90.26 level after downbeat US employment figures for April that has forced investors to re-price in the timing of US monetary policy normalization. The headline Nonfarm Payrolls that dropped to 266K versus a million expected while the unemployment rate moved higher. More downside is possible in the near-term.
EUR/USD	The EUR/USD pair is trading flat in today's session at 1.2161 level amid the US dollar pullback, although concerns about the state of the economy remains firmly in place. We expect risk sentiment to emerge as the primary driver for the pair.
GBP/USD	The GBP/USD pair is trading 0.39% higher in today's session at 1.4026 level as the dollar fell after US NFP data and a favourable election outcome. More upside is possible in the near-term.
USD/JPY	The USD/JPY is trading 0.27% higher at 108.89 level as market sentiment improved as downbeat US jobs defy odds of the Fed tapering its purchases. Meanwhile, EU signing a major vaccine deal with the Pfizer-BioNTech added to the latest risk-on mood. However, Japan's covid concerns may dent the USD/JPY amid weak event calendar.
USD/CNY	The USD/CNY pair is trading lower in today's session at 6.4288 level by 0.04% driven primarily by the anti-USD trend in the global markets as investors respond to a fairly weak labour market data. The PBOC sets USD/ CNY reference rate for today at 6.4425 (vs. Friday at 6.4678).
AUD/USD	The AUD/USD pair is trading higher in today's session at 0.7851 level by 0.11%. The final reading of March's local retail sales was lower than expected. Further, NAB Business Confidence jumps to 26 from 15 whereas NAB Business Conditions rise from 25 to 32. The news suggesting sooner availability of the Pfizer-BioNTech vaccine in the New South Wales as well as the European Union's (EU) vaccine deal back the risk-on mood and battle bears.
USD/CAD	The USD/CAD pair is trading lower in today's session at 1.2121 level by 0.08% after dropping to a four-year low near 1.2110. The CAD pair buyers cheered broad US dollar weakness on Friday while the latest gains of WTI, Canada's main export item, as well as mild risk-on mood, seem to help the bulls afterward.
Indian Equities	Benchmark equity indices may open higher today amid continued support from strong business earnings being reported for previous quarter and global equities. Concerns over fallout of the second wave of Covid19 on the economy remains in place and would weigh in on the market sentiments as most of the states of India have announced restrictions in an attempt to curb the rise in cases.
Indian Rupee	Indian Rupee may open higher against US dollar today over the optimism over global economic recovery bringing USD under pressure. Persistent RBI intervention will work to limit any sharp upside in the Rupee.
India G-Sec	Government bond prices may open lower today as market participants might look to book profits following the rise in bond prices while awaiting the next round of gilt purchases under GSAP due next week.
Oil (Brent) (USD/bbl)	Global crude oil prices climbed more than 1% on Monday after a major cyber-attack that forced the shutdown of critical fuel supply pipelines in the United States, highlighting the fragility of oil infrastructure. Colonial's network is the source of nearly half of the U.S. East Coast's fuel supply, transporting 2.5 million barrels per day of gasoline and other fuels, and the company had to shut all its pipelines after the cyber-attack on Friday, which involved ransomware. Brent crude prices are trading at USD 68.96/barrel.
Gold (USD/oz)	Gold prices extended its rally, jumping more than 1% to its best week since November last year after an unexpected drop in U.S. jobs growth in April hastened a retreat in the dollar and U.S. Treasury yields. U.S. nonfarm payrolls rose by only 266,000 jobs last month, falling short of expectations, with employers likely frustrated by labor shortages as the economy reopens. The dollar index extended declines post the data, while benchmark U.S. Treasury yields also retreated, translating into lower opportunity cost of holding the non-interest bearing bullion. Gold is trading at USD 1832.31/oz.

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