

Thursday, 02 August 2018

DOMESTIC MARKET ACTIVITY AS ON 01-08-2018

Currency Pairs	Open Interest	% Chg	Total Trade Volume	% Chg	No of Contracts Traded	% Chg
USDINR	2166123	-0.26	9576.68	34.78	1392314	34.93
EURINR	109772	-11.63	797.34	24.63	99010.00	25.21
GBPINR	53987	4.33	834.67	56.98	92423	57.47
JPYINR	34926	4.89	246.15	-55.62	39988	-55.39

CURRENCY UPDATES

- DOLLAR INDEX-** The U.S. dollar edged up against the yuan and growth-leveraged currencies on Wednesday after a source familiar with the Trump administration's plans said the White House was about to propose higher tariffs on \$200 billion in Chinese imports. The news came as a survey showed China's factory sector grew at the slowest pace in eight months in July as export orders declined yet again. The dollar added 0.4 percent to 6.8306 yuan after reports circulated President Donald Trump would propose tariffs of 25 percent, instead of 10 percent, in an announcement that could come as early as Wednesday. The yuan has now fallen for four months in a row and China's central bank on Wednesday set the currency at its weakest since May last year. The Australian dollar, often used as a proxy for China plays, dipped 0.2 percent to \$0.7412 . Against a basket of currencies the dollar added 0.15 percent to 94.631, while the euro was sidelined at \$1.1681 (EUR=). "The jury is out on whether this is yet another 'clever' negotiating tactic by the U.S., but the market has reacted as expected and risk appetite looks set once again to pull back over the next couple of trading sessions," said Nick Twidale, COO at Rakuten Securities. The dollar was also holding the whip hand against the yen after Tuesday's pledge by the Bank of Japan to keep rates extremely low for an extended period.
- USD/JPY-** The dollar was higher against the yen, with USD/JPY rising 0.22% to 112.12. The yen remained on the back foot after the Bank of Japan pledged to keep interest rates very low for the time being after its latest policy meeting on Tuesday. It also made small adjustments to its asset purchase program to make it more flexible, rather than more drastic moves that some market participants had anticipated.

TECHNICAL LEVELS

Currency Pairs	Fut. Closed	% Chg	S2	S1	Pivot	R1	R2
USD-INR	68.65	-0.19	68.51	68.58	68.71	68.78	68.92
EUR-INR	80.40	-0.62	80.23	80.31	80.47	80.56	80.71
GBP-INR	90.30	-0.39	90.09	90.20	90.31	90.42	90.53
JPY-INR	61.51	-0.48	61.35	61.43	61.54	61.62	61.73

CURRENCY IN FOCUS

EUR-INR (Aug)



Technical Strategy: Sell EUR-INR Aug AT 80.45 with SL above 80.65 TP- 80.20/80.00.

Major Economic Data and Events Schedule For 02-08-2018

Time	Currency	Economic Indicators	Forecast	Previous	Possible Impact
2:00pm	GBP	Construction PMI	52.8	53.1	High
4:30pm	-	BOE Inflation Report	-	-	-
-	-	MPC Official Bank Rate Votes	7-0-2	3-0-6	-
-	-	Monetary Policy Summary	-	-	-
-	-	Official Bank Rate	0.75%	0.50%	-
5:00pm	-	BOE Gov Carney Speaks	-	-	-

Impact - High Medium Low

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.

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