

Friday, 4 January 2019

DOMESTIC MARKET ACTIVITY AS ON 03-01-2019

Currency Pairs	Open Interest	% Chg	Total Trade Volume	% Chg	No of Contracts Traded	% Chg
USDINR	2039116	+1.65	17265.29	+4.37	2448815	+3.75
EURINR	62062	-4.90	658.82	-24.06	82027	-23.92
GBPINR	29788	+5.85	726.34	-10.68	81938	-10.04
JPYINR	47828	+11.71	730.47	+91.14	110988	+86.80

CURRENCY UPDATES

- DOLLAR INDEX-** The global flight to safety underpinned the US Dollar's relative safe-haven demand against its British counterpart, which coupled with relatively thin liquidity conditions triggered a flash crash. However, the greenback struggled to preserve early gains, which eventually turned out to be one of the key factors that helped the pair to catch some fresh bids and recover around 180-pips from daily swing lows. Meanwhile, a slight miss from the latest UK construction PMI, coming in at 52.8 for December as compared to 52.9 expected, did little to impress the bulls and provide any meaningful bullish impetus. It, however, remains to be seen if the pair is able to extend the recovery momentum or meets with some fresh supply at higher levels as market participants look forward to the US economic docket for fresh impetus.
- EUR/USD -** While the focus of the currencies market has been on the flash crash, EUR/USD continues to do its own thing by ranging between the 1.13 and 1.15 handle still. The price action from the highs yesterday and the lows today exemplifies that trading range that has persisted since mid-November. The rebound from the lows today sees price now run into resistance from the 38.2 retracement level @ 1.1381. That is so far limiting further upside in the pair. Of note, there is a decent amount of expiries at 1.1400 as well so watch out for that to put a cap on price action too. But the two key levels in the near-term chart that buyers must break above for a chance at a real extension are the key hourly moving averages at 1.1413 and 1.1430. By shifting the bias back towards being more bullish, only then will we see a potential retest of the 1.1500 handle. There is still decent arguments to be made on both sides of the trade in EUR/USD now with the Fed to take a more dovish stance while US-China trade worries appear to be hitting home rather hard (Apple latest to take a hit, signalling that no US companies may be spared from the dispute).

TECHNICAL LEVELS

Currency Pairs	Fut. Closed	% Chg	S2	S1	Pivot	R1	R2
USD-INR	70.36	+0.00	69.93	70.14	70.42	70.64	70.92
EUR-INR	80.07	-0.67	79.67	79.87	80.19	80.39	80.71
GBP-INR	88.47	-0.88	88.08	88.28	88.59	88.78	89.09
JPY-INR	65.51	+1.46	64.72	65.12	65.70	66.10	66.68

CURRENCY IN FOCUS

JPY-INR (Jan)



Technical Strategy: JPY-INR Jan. Sell AT 65.65 with SL above 65.85 TP-65.35/65.15.

Major Economic Data and Events Schedule For 04-01-2019

Time	Currency	Economic Indicators	Forecast	Previous	Possible Impact
-	-	No major release	-	-	-

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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