

Thursday, 04 July 2019

**DOMESTIC MARKET ACTIVITY AS ON 03-07-2019**

| Currency Pairs | Open Interest | % Chg  | Total Trade Volume | % Chg  | No of Contracts Traded | % Chg  |
|----------------|---------------|--------|--------------------|--------|------------------------|--------|
| USDINR         | 1980985       | +4.32  | 12079.91           | +7.42  | 1748172                | +7.59  |
| EURINR         | 62429         | +5.68  | 551.18             | -19.75 | 70467                  | -19.56 |
| GBPINR         | 77125         | +11.49 | 884.55             | -3.05  | 101549                 | -2.53  |
| JPYINR         | 46389         | +17.36 | 302.37             | +87.83 | 47027                  | +87.13 |

**CURRENCY UPDATES**

- DOLLAR INDEX-** The U.S. dollar was hovering near two-week highs against a currency basket on Wednesday as renewed concerns over trade tensions and slowing global growth weighed on investor confidence, bolstering demand for the Japanese yen. The U.S. dollar index against a basket of six major currencies was at 96.38 by 03:12 AM ET (07:12 GMT), not far from the highs of 96.45 scaled on Tuesday, the most since June 20. The greenback was weaker against the safe haven yen, down 0.2% at 107.66, having been nudged off a 12-day high of 108.53 scaled at the start of the week. At the G20 summit in Japan on Saturday, Washington and Beijing agreed to restart trade talks after U.S. President Donald Trump offered concessions. But investors were wary about the chances of a resolution to the year-long trade war between the world's two biggest economies, especially given the recent breakdown in talks and Trump's comments that any deal would have to be tilted in U.S.'s favour. Sentiment was also dented by Washington's threat of tariffs on \$4 billion of additional European Union goods in a long-running dispute over aircraft subsidies. Global growth concerns also weighed on investor confidence, with South Korea the latest trade-reliant economy to cut its economic growth and export targets, a day after weaker factory readings worldwide.
- GBP/USD-** The Pound Sterling US Dollar (GBP/USD) exchange rate edged down and the pairing is currently trading at an inter-bank rate of \$1.2571. On Wednesday data showed that the UK's service sector fell close to stagnation in June. The UK services PMI fell from 51 in May to 50.2 in June due to risk aversion amidst the ongoing Brexit uncertainty. Commenting on the data release, Chief Business Economist at IHS Markit, Chris Williamson said: 'The near-stagnation of the services sector in June is one of the worst performances seen over the past decade and comes on the heels of steep declines in both manufacturing and construction. Collectively, the PMI surveys indicate that the economy has slipped into contraction for the first time since July 2016, suffering the second steepest fall in output since the global financial crisis in April 2009.

**TECHNICAL LEVELS**

| Currency Pairs | Fut. Closed | % Chg | S2    | S1    | Pivot | R1    | R2    |
|----------------|-------------|-------|-------|-------|-------|-------|-------|
| USD-INR        | 69.09       | -0.12 | 68.93 | 69.01 | 69.08 | 69.16 | 69.23 |
| EUR-INR        | 78.25       | -0.14 | 77.96 | 78.11 | 78.22 | 78.36 | 78.47 |
| GBP-INR        | 87.02       | -0.56 | 86.66 | 86.84 | 87.09 | 87.27 | 87.52 |
| JPY-INR        | 64.27       | +0.38 | 64.06 | 64.17 | 64.26 | 64.36 | 64.45 |

**CURRENCY IN FOCUS**

**JPY-INR (July)**



**Technical Strategy: Buy JPY-INR July AT 64.25 – 64.20 with SL below 64.05 TP-64.45/64.65.**

**Major Economic Data and Events Schedule For 04-07-2019**

| 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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