

Tuesday, 05 March 2019

DOMESTIC MARKET ACTIVITY AS ON 01-03-2019

Currency Pairs	Open Interest	% Chg	Total Trade Volume	% Chg	No of Contracts Traded	% Chg
USDINR	2199952	-2.04	14330.96	-28.47	2014597	-28.27
EURINR	62126	-1.27	369.75	-35.53	45613	-35.20
GBPINR	80657	-4.61	845.01	-23.69	89543	-23.21
JPYINR	38955	+7.66	212.74	+2.36	33359	+3.56

CURRENCY UPDATES

- DOLLAR INDEX-** The U.S. dollar edged higher in early European hours on Monday, on signs the United States and China were close to striking a deal to end a bitter year-long trade dispute. The Wall Street Journal reported on Sunday Washington could lift most or all of its tariffs on Beijing while a summit between U.S. President Donald Trump and his Chinese counterpart Xi Jinping to sign a final trade deal could happen later this month. That followed comments from Trump last week that he had asked China to immediately remove all tariffs on U.S. agricultural products because trade talks were progressing well. The U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, was at 96.51 by 3:45AM ET (08:45 GMT), its best level since Feb. 22. Traders appeared to look past comments from President Trump, who said over the weekend that the Federal Reserve's tight monetary policy was contributing to a strong dollar and hurting the United States' competitiveness.
- USD/JPY -** After breaking above 112 and refreshing its highest level of 2019 at 112.08, the USD/JPY pair lost its traction and erased a small part of last week's gains. As of writing, the pair is trading at 111.85, losing 0.05% on a daily basis. However, the fact that the pair still sits around 50 pips above the 200-DMA suggests that buyers are likely to continue to control the price action and today's drop is a technical correction of last week's rally. The US Dollar Index, which started the week with a bearish gap following President Trump's comments on USD strength and criticism of the Fed's policy over the weekend, rose sharply on Monday and was last seen adding 0.25% on the day at 96.68. Despite the USD strength, however, a 0.35% drop witnessed in the 10-year T-bond yield today caps the pair's gains. Nevertheless, the S&P 500 Futures is up 0.3% on the day and pointing to a positive start in Wall Street. If major equity indexes in the U.S. gain traction on Monday, the pair could start climbing higher and target a fresh 2019 high. Also in the NA session, ISM-NY Business Conditions Index and construction spending data will be looked upon for fresh impetus.

TECHNICAL LEVELS

Currency Pairs	Fut. Closed	% Chg	S2	S1	Pivot	R1	R2
USD-INR	71.16	+0.26	70.79	70.97	71.09	71.27	71.39
EUR-INR	81.16	-0.10	80.71	80.93	81.05	81.27	81.39
GBP-INR	94.38	-0.37	94.01	94.19	94.34	94.52	94.67
JPY-INR	63.78	-0.71	63.41	63.60	63.72	63.91	64.03

CURRENCY IN FOCUS

USD-INR (Mar)



Technical Strategy: Sell USD-INR Mar at 71.10 – 71.15 with SL above 71.30 TP-70.85/70.75.

Major Economic Data and Events Schedule For 05-03-2019

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.

Contact

SMS: 'Arihant' to 56677

Website

www.arihantcapital.com

Email Id

research@arihantcapital.com

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Arihant Capital Markets Ltd

Commodity/Currency Research Desk: 6, Lad Colony, Y.N. Road Indore-3
T: 0731-4217191. Fax: 0731-4217103
Corporate Office: 1011, Solitaire Corporate Park, Building No.10, 1st Floor,
Andheri-Ghatkopar Link Road, Chakala, Andheri (East), Mumbai-400093
D. +91.22.42254800 and 67114800
www.arihantcapital.com