

Friday, 05 July 2019

DOMESTIC MARKET ACTIVITY AS ON 04-07-2019

Currency Pairs	Open Interest	% Chg	Total Trade Volume	% Chg	No of Contracts Traded	% Chg
USDINR	2007402	+1.33	15024.03	+24.37	2179270	+24.66
EURINR	74060	+18.63	557.62	+1.17	71501	+1.47
GBPINR	79029	+2.47	963.85	+8.97	111014	+9.32
JPYINR	43137	-7.01	174.3	-42.36	27202	-42.16

CURRENCY UPDATES

- DOLLAR INDEX-** The dollar was trading near one-week lows against the yen on Thursday as declines in U.S. Treasury yields boosted expectations the U.S. Federal Reserve will cut interest rates later this month. Government bonds are in the middle of a global rally, which has pushed U.S. Treasury yields to the lowest in over two-and-a-half years and sent European yields to record lows on increasing bets major central banks will cut interest rates to bolster the global economy. Waning expectations for a quick resolution to the U.S.-China trade war also hurt sentiment on the dollar. Investors were shifting their attention to the U.S. non-farm payrolls data due on Friday, which economists expect to have risen by 160,000 in June, compared with 75,000 in May. Positive payroll data is unlikely to buoy the dollar as expectations for U.S. rate cuts are strong, given low inflation and the fallout from the trade war. "When U.S. yields are this low, you can't expect people to pile in and buy the dollar," said Junichi Ishikawa, senior foreign exchange strategist at IG Securities in Tokyo. "Sentiment is tilted toward testing the dollar's downside. There are expectations for lower rates in Europe and Britain, so it may be easier for the dollar to move versus the yen."
- GBP/USD-** The Pound US Dollar (GBP/USD) exchange rate is holding its ground this morning after a run of gloomy US data limits the appeal of the 'Greenback'. At the time of writing the GBP/USD exchange rate is range bound this morning, with the pairing trading at around \$1.2585. The US Dollar (USD) is flat this morning as the currency licks its wounds from yesterday, following the release of a slew of disappointing US economic data. The latest ADP employment report, ISM non-manufacturing PMI and factory orders figures all came in below expectations yesterday, adding further evidence that the US economy is slowing. This unsurprisingly has added to speculation that the Federal Reserve will need to lower interest rates in the near term, with the US Dollar weakening as analysts increasingly suggesting that this could be kicked off by a cut of 50 basis points in July.

TECHNICAL LEVELS

Currency Pairs	Fut. Closed	% Chg	S2	S1	Pivot	R1	R2
USD-INR	68.70	-0.56	68.42	68.56	68.81	68.95	69.20
EUR-INR	77.73	-0.67	77.43	77.58	77.85	78.01	78.28
GBP-INR	86.55	-0.55	86.15	86.35	86.70	86.90	87.26
JPY-INR	63.86	-0.64	63.59	63.72	63.96	64.10	64.34

CURRENCY IN FOCUS

JPY-INR (July)



Technical Strategy: Sell JPY-INR July AT 63.90 – 63.95 with SL below 64.10 TP-63.65/63.45.

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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