

Wednesday, 05 December 2018

**DOMESTIC MARKET ACTIVITY AS ON 04-12-2018**

Currency Pairs	Open Interest	% Chg	Total Trade Volume	% Chg	No of Contracts Traded	% Chg
USDINR	1872266	+1.38	14458.07	-21.75	2045479	-22.07
EURINR	73755	-4.74	589.72	+10.22	73033	+9.44
GBPINR	31626	+8.07	1018.90	+11.33	112560	+10.77
JPYINR	28524	+10.61	179.67	+11.23	28628	+10.26

**CURRENCY UPDATES**

- DOLLAR INDEX-** The dollar fell to more than one-week lows against a basket of the other major currencies on Tuesday as relief over the U.S.-China trade truce gave way to concerns that a full resolution to the trade conflict will be difficult to reach. Optimism over a breakthrough in the trade war dimmed after statements on Monday by various Trump administration officials shed little light on the specifics of any Sino-U.S. trade agreement. The U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, was down 0.45% to 96.53 by 03:56 AM GMT (08:56 AM GMT), the lowest level since Nov. 23. Moves in bond markets also pointed to concerns over the tentative ceasefire between Beijing and Washington. Yields on 10-year U.S. Treasuries, which move inversely to prices, continued to tick lower after dropping below the 3% level on Monday, touching the lowest level since mid-September. "Falling U.S. yields are a negative for the dollar, especially versus the major currencies," said Rodrigo Catril, senior currency strategist at NAB. The curve between 3-year and 5-year notes inverted for the first time since 2007 on Monday. A yield curve is said to be inverted when yields on longer-dated maturity bonds are lower than shorter-dated bonds. Analysts now fear an inversion of the two-year; 10-year yield curve could be imminent and point towards a possible U.S. recession.
- USD/JPY** - The pair remained heavily offered through the mid-European session and weakened farther below the 113.00 handle to hit over one-week lows. A sustained breakthrough 200-hour SMA, and the 113.00 handle, was seen as a key trigger for bearish traders and behind the latest leg of steep fall. Technical indicators on the daily chart have started gaining negative momentum but have already drifted into oversold territory on the hourly charts. The set-up points to a possible near-term consolidation/a minor bounce and also warrant some caution before initiating any fresh bearish positions.

**TECHNICAL LEVELS**

Currency Pairs	Fut. Closed	% Chg	S2	S1	Pivot	R1	R2
USD-INR	70.69	+0.03	70.33	70.51	70.70	70.88	71.07
EUR-INR	80.83	+0.79	80.14	80.48	80.75	81.09	81.36
GBP-INR	90.71	+0.86	89.50	90.11	90.54	91.15	91.58
JPY-INR	62.85	+0.77	62.08	62.47	62.73	63.12	63.38

**CURRENCY IN FOCUS**

**USD-INR (Dec.)**



**Technical Strategy: USD-INR Dec. Sell AT 70.70 with SL above 70.90 TP-70.40/70.20.**

**Major Economic Data and Events Schedule For 05-12-2018**

Time	Currency	Economic Indicators	Forecast	Previous	Possible Impact
2:00pm	EUR	ECB President Draghi Speaks	-	-	High

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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