

Wednesday, 6 February 2019

**DOMESTIC MARKET ACTIVITY AS ON 05-02-2019**

Currency Pairs	Open Interest	% Chg	Total Trade Volume	% Chg	No of Contracts Traded	% Chg
USDINR	2441445	+6.65	12143.88	-18.37	1688794	-18.35
EURINR	86818	-4.80	473.07	+10.23	57481	+10.50
GBPINR	61263	-5.05	811.12	-27.51	86526	-27.29
JPYINR	49673	-97.83	152.26	-98.98	23245	-98.88

**CURRENCY UPDATES**

- DOLLAR INDEX**- The dollar could be vulnerable if President Donald Trump comes out swinging on trade and risks another government shutdown in his State of the Union address. Sentiment on the U.S. currency has been driven in recent months by the trade conflict with China and Trump's efforts to obtain funding for a wall on the border with Mexico, which prompted the longest U.S. government shutdown in history. If the president chooses to escalate these issues in his speech later Tuesday, the dollar could be set to extend this year's drop, according to Mizuho Securities Co. and Westpac Banking Corp. "There's likely to be a nervous reaction -- weighing on Treasury yields and stocks -- if Trump just complains about Democrats and threatens another shutdown next week if they don't agree to wall funding," said Sean Callow, senior currency strategist at Westpac. The Bloomberg Dollar Spot Index, a gauge of the greenback against its major peers, has fallen around 1 percent this year, as U.S. growth slows and the Federal Reserve has curbed expectations for further interest-rate hikes. Ten-year Treasury yields fell six basis points in January, the third monthly drop and the longest run of declines since 2017.
- EUR/USD** - The EUR/USD pair fell to \$1.1416 by 03:25 AM ET (08:25 GMT), while the pound fell as low as \$1.3027 before recovering slightly to \$1.3031. European markets face a stiff test of sentiment this morning from a raft of service and composite purchasing managers' surveys and from euro-zone retail sales data for December. Against the yen, the dollar was slightly weaker in early European trade, having topped 110 yen for the first time this year on Monday amid a general recovery in risk appetite. The moves come despite somewhat weaker-than-expected data for U.S. factory orders late Monday.

**TECHNICAL LEVELS**

Currency Pairs	Fut. Closed	% Chg	S2	S1	Pivot	R1	R2
USD-INR	71.74	-0.39	71.44	71.59	71.87	72.02	72.29
EUR-INR	82.06	-0.65	81.75	81.90	82.18	82.34	82.62
GBP-INR	93.41	-0.69	92.87	93.14	93.63	93.90	94.40
JPY-INR	65.35	-0.48	65.14	65.24	65.44	65.54	65.74

**CURRENCY IN FOCUS**

**USD-INR (Feb)**



**Technical Strategy: Sell USD - INR Feb. below 71.71 with SL above 71.91 TP-71.40/71.20.**

**Major Economic Data and Events Schedule For 06-02-2019**

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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