

Friday, 07 December 2018

DOMESTIC MARKET ACTIVITY AS ON 06-12-2018

Currency Pairs	Open Interest	% Chg	Total Trade Volume	% Chg	No of Contracts Traded	% Chg
USDINR	1943978	+2.81	21789.26	+52.03	3063559	+51.24
EURINR	74070	+1.18	540.95	+4.57	66953	+4.06
GBPINR	32339	+7.92	851.60	-6.45	93979	-6.97
JPYINR	31503	+0.90	306.62	+51.84	48497	+50.72

CURRENCY UPDATES

- DOLLAR INDEX-** The U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, was little changed at 97.05. "The dollar could remain under pressure until this month's Fed meeting as long-term Treasury yields may not be able to mount a rebound until the market sees the Fed's stance on policy and the economy," said Junichi Ishikawa, senior FX strategist at IG Securities in Tokyo. "The recent reaction to the U.S. yield curve inversion appears a little hysterical, but the dollar will not be given the all clear sign until the Fed meeting is hurdled." Fed policymakers are due to gather at a Dec. 18-19 meeting, at which the central bank is widely expected to raise interest rates. Focus is on how many rate hikes the Fed could for 2019.
- USD/JPY -** The safe haven yen was higher against the U.S. dollar on Thursday as the arrest of a leading Chinese executive in Canada threatened to escalate tensions between the U.S. and China, prompting investors to move out of riskier assets. USD/JPY was down 0.33% to 112.82 by 04:02 AM ET (09:02 AM GMT) after falling as low as 112.58 overnight. Meng Wanzhou, the CFO at Huawei, was arrested in Canada for allegedly breaching Iran sanctions, following an extradition request by the U.S. China criticized the U.S. and Canada for the arrest and demanded her immediate release. The arrest, coming less than a week after U.S. President Donald Trump and his Chinese counterpart Xi Jinping agreed to a 90-day trade truce, threatened to reignite the trade clash between the world's two largest economies. Market sentiment had initially been boosted by the trade ceasefire, but the mood quickly soured on skepticism that the two sides can reach a substantive deal within the 90-day timeframe. Worries about a U.S. economic slowdown have also hit markets this week after an inversion in a part of the U.S. Treasury yield curve triggered concerns about economic weakness. A flatter curve is seen as an indicator of a slowing economy. The 10-year Treasury yield fell to a three-month low of 2.885% on Tuesday and last stood at 2.899%.

TECHNICAL LEVELS

Currency Pairs	Fut. Closed	% Chg	S2	S1	Pivot	R1	R2
USD-INR	71.05	0.58	70.62	70.83	71.07	71.28	71.52
EUR-INR	80.70	0.38	80.16	80.43	80.70	80.97	81.24
GBP-INR	90.48	0.10	89.60	90.04	90.44	90.88	91.29
JPY-INR	63.05	0.54	62.49	62.77	63.09	63.37	63.69

CURRENCY IN FOCUS

JPY-INR (Dec.)



Technical Strategy: JPY-INR Dec. Sell AT 63.10 with SL above 63.25 TP-62.85/62.70.

Major Economic Data and Events Schedule For 07-12-2018

Time	Currency	Economic Indicators	Forecast	Previous	Possible Impact
5:15am	USD	Fed Chair Powell 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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