

Friday, 08 March 2019

DOMESTIC MARKET ACTIVITY AS ON 07-03-2019

Currency Pairs	Open Interest	% Chg	Total Trade Volume	% Chg	No of Contracts Traded	% Chg
USDINR	2272450	-2.05	17361.37	+18.44	2471903	+19.28
EURINR	69572	+2.50	381.33	-18.79	47910	-18.28
GBPINR	67637	-1.18	694.58	-18.72	74996	-18.36
JPYINR	40384	+0.80	151.35	-11.29	24027	-10.76

CURRENCY UPDATES

- DOLLAR INDEX-** The U.S. dollar will slip over the coming year, according to a Reuters poll of strategists who also said a positive outcome to U.S.-China trade negotiations was already priced in to their outlook and will not likely give the greenback a lift. Last year, the U.S. currency was propped up by sweeping tax cuts championed by President Donald Trump, with the economy expanding above its long-term trend for most of the year, but falling short of 3 percent for 2018 as a whole. Now a slowing U.S. economy, a widening fiscal deficit and a dovish Federal Reserve are limiting the dollar's strength against other major currencies compared with 2018. With all those factors in play, the dollar is now forecast to give back some gains over the coming year.
- EUR/USD** - EUR/USD is steady in the Thursday session, after remaining unchanged on Wednesday. Currently, the pair is trading at 1.1312, up 0.05% on the day. On today's calendar, the highlight is the ECB policy meeting. The bank is expected to hold rates at a flat 0.00%. As well, euro zone GDP is expected to post a gain of 0.2% for a second successive quarter. In the U.S., unemployment claims are expected to hold steady at 225 thousand. On Friday, Germany releases factory orders, and the U.S. will release nonfarm payrolls and wage growth. All eyes will be on the monthly ECB policy meeting. The bank is expected to stay on the sidelines and maintain interest rates at 0.00%, where they have been pegged since March 2016. With the ECB winding up its massive stimulus program in December, any improvement in economic data (or rise in inflation) is bound to raise speculation about a rate hike. The euro zone economy showed some strength in the first half of 2018, which led to talk of a rate hike in the second half of 2019. However, with Germany and the euro zone in the midst of a slowdown triggered by global trade tensions, it's unlikely that the ECB will make a rate move before 2020. Current economic conditions are such that both downside and upside risks to the cross appear limited, so the euro could continue to drift.

TECHNICAL LEVELS

Currency Pairs	Fut. Closed	% Chg	S2	S1	Pivot	R1	R2
USD-INR	70.15	-0.43	69.99	70.07	70.18	70.27	70.38
EUR-INR	79.57	-0.36	79.24	79.40	79.59	79.75	79.93
GBP-INR	92.41	-0.40	92.06	92.24	92.49	92.67	92.92
JPY-INR	62.95	-0.29	62.77	62.86	62.96	63.05	63.16

CURRENCY IN FOCUS

USD-INR (Mar)



Technical Strategy: Sell USD-INR Mar at 70.15 with SL above 70.30 TP-69.90/69.65.

Major Economic Data and Events Schedule For 08-03-2019

Time	Currency	Economic Indicators	Forecast	Previous	Possible Impact
7:00pm	USD	Non-Farm Payroll	181K	304K	Low
-	-	Jobless Rate	3.9%	4.0%	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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