

Thursday, 13 December 2018

DOMESTIC MARKET ACTIVITY AS ON 12-12-2018

Currency Pairs	Open Interest	% Chg	Total Trade Volume	% Chg	No of Contracts Traded	% Chg
USDINR	2060432	+4.65	25843.00	+71.57	3579210	+69.87
EURINR	77033	+3.91	648.25	+17.40	78830	+16.80
GBPINR	33361	-2.19	893.99	+10.28	98335	+10.49
JPYINR	32776	+0.27	230.52	+7.56	36045	+7.06

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 97.33. Global financial markets will also pay close attention to U.S. consumer price inflation data later in the day for additional insight into the outlook for monetary policy in the months ahead. The Federal Reserve is widely expected to announce its fourth rate hike of 2018 next week, but investors are beginning to question how many increases it can implement next year. While policymakers have pointed to three increases in 2019, the market is starting to bet the U.S. central bank may halt its rate hikes altogether next year. Meanwhile, investors will be keeping abreast of the ongoing trade spat between the U.S. and China to see if any more news materializes. Washington and Beijing have been engaged in a trade dispute for the most part of the year, with both countries slapping tariffs on several of each other's products.
- EUR/USD -** EUR/USD has recorded slight gains in the Tuesday session. Currently, the pair is trading at 1.1330, up 0.10% on the day. On the release front, Euro zone industrial production rebounded in October with a gain of 0.2%, after a decline of 0.3% a month earlier. On Thursday, Germany releases Final CPI and the ECB will set its interest rate. The U.S will publish unemployment claims. After three years of stimulus, the ECB is expected to finally wind up the bank's bond purchase program at the Thursday policy meeting. Through the program, the ECB purchased some 2.5 trillion euros in assets. The program was implemented in order to kick-start the economy and raise ultra-low inflation levels. Inflation has moved closer to the ECB target of around 2 percent, and the euro zone economy performed well earlier in the year. This prompted the ECB to announce that it would wind up the program in December. However, economic conditions have deteriorated in recent months, as the nagging U.S.-China trade war has weighed on the global economy and hurt the export and manufacturing sectors in Germany and the euro zone. ECB policymakers are not expected to change course, but any hints of re-introducing stimulus in 2019 would likely send the euro sharply lower.

TECHNICAL LEVELS

Currency Pairs	Fut. Closed	% Chg	S2	S1	Pivot	R1	R2
USD-INR	72.15	0.19	71.82	71.98	72.16	72.33	72.51
EUR-INR	81.91	-0.30	81.51	81.71	81.93	82.13	82.35
GBP-INR	90.53	-0.46	90.00	90.27	90.46	90.72	90.91
JPY-INR	63.73	-0.12	63.44	63.59	63.74	63.88	64.03

CURRENCY IN FOCUS

EUR-INR (Dec.)



Technical Strategy: EUR-INR Dec. Sell below 82.15 with SL above 82.35 TP-81.85/81.65.

Major Economic Data and Events Schedule For 13-12-2018

Time	Currency	Economic Indicators	Forecast	Previous	Possible Impact
7:00pm	EUR	ECB Press Conference	-	-	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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