

Tuesday, 14 May 2019

**DOMESTIC MARKET ACTIVITY AS ON 13-05-2019**

Currency Pairs	Open Interest	% Chg	Total Trade Volume	% Chg	No of Contracts Traded	% Chg
USDINR	3218831	+14.00	22760.83	+45.90	3227957	+45.08
EURINR	73918	+13.84	761.36	+35.83	95971	+34.99
GBPINR	54040	+66.43	1390.16	+14.79	151508	+14.12
JPYINR	45707	+20.16	297.77	-5.16	46287	-5.76

**CURRENCY UPDATES**

- DOLLAR INDEX-** The dollar hit a four-month high against the Chinese Yuan but was lower against the yen and Swiss franc early Monday in Europe as the worsening trade conflict between the U.S. and China prompted bids for 'safe-haven' assets. At 03:00 AM ET (0700 GMT), the dollar was at 109.73 yen, down 0.2% from late Friday, and having dipped as low as 109.60 overnight. That was just a little above the three-month low that the pair hit on Friday as a fresh round of U.S. tariffs on Chinese imports came into force. The dollar hit a new four-month high against the Yuan of 6.8654 overnight. Over the weekend, President Donald Trump initiated a process to levy 25% tariffs on all remaining untouched Chinese imports, but the two sides continued to negotiate, avoiding an all-out breakdown of the talks. It's still unclear what form China's promised retaliation will take.
- EUR/USD -** EUR/USD is flat at the start of the new trading week. Currently, the pair is trading at 1.1229, down 0.04% on the day. There are no data releases out of the euro zone or the U.S., so we can expect the pair to continue to drift on Monday. On Tuesday, Germany and the euro zone release ZEW Economic Sentiment and we'll also get a look at German CPI. The trade war between the U.S. and China escalated last week, as the U.S. slapped China with new tariffs on Friday. The move raised tariffs on some \$200 billion in Chinese goods from 10% to 25%. The move was announced a week ago, and global equity markets have responded with sharp swings. However, the reaction of the currency markets has been muted, and EUR/USD ended the week with slight gains. China is yet to retaliate with counter tariffs on U.S. goods, but has allowed the Chinese Yuan to fall to its lowest level in four months. A lower Yuan makes Chinese exports more competitive and will help cushion the effect of the new U.S. tariffs. Despite the dramatic rise in tariffs and the Chinese promise to retaliate, talks between the sides continue, with officials scheduled to meet in Beijing. The new tariffs do not apply to Chinese goods that left port prior to May 10, affording a 2-week window for negotiators before the tariffs take effect.

**TECHNICAL LEVELS**

Currency Pairs	Fut. Closed	% Chg	S2	S1	Pivot	R1	R2
USD-INR	70.66	+0.88	69.94	70.30	70.49	70.85	71.04
EUR-INR	79.47	+0.89	78.68	79.08	79.30	79.70	79.92
GBP-INR	92.03	+0.92	90.87	91.45	91.76	92.34	92.65
JPY-INR	64.46	+0.94	63.75	64.11	64.30	64.66	64.85

**CURRENCY IN FOCUS**

**GBP-INR (May)**



**Technical Strategy: Buy GBP -INR May AT 91.78 -91.75 with SL below 91.55 TP-92.05/92.25.**

**Major Economic Data and Events Schedule For 14-05-2019**

Time	Currency	Economic Indicators	Forecast	Previous	Possible Impact
2:00pm	GBP	Average Earnings Index 3m/y	3.4%	3.5%	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.

**Contact**

SMS: 'Arihant' to 56677

**Website**[www.arihantcapital.com](http://www.arihantcapital.com)**Email Id**[research@arihantcapital.com](mailto:research@arihantcapital.com)

Arihantis Forbes Asia's '200 Best under a \$Billion' Company  
'Best Emerging Commodities Broker' awarded by UTV Bloomberg

**Disclaimer:** This document has been prepared by Arihant Capital Markets Limited (hereinafter called as Arihant) and its subsidiaries and associated companies. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. Receipt and review of this document constitutes your agreement not to circulate, redistribute, retransmit or disclose to others the contents, opinions, conclusion, or information contained herein. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way is responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. All recipients of this material should before dealing and or transacting in any of the products referred to in this material make their own investigation, seek appropriate professional advice. The investments discussed in this material may not be suitable for all investors. The recipient alone shall be fully responsible/are liable for any decision taken on the basis of this material. Arihant Capital Markets Ltd (including its affiliates) or its officers, directors, personnel and employees, including persons involved in the preparation or issuance of this material may; (a) from time to time, have positions in, and buy or sell or (b) be engaged in any other transaction and earn brokerage or other compensation in the financial instruments/products discussed herein or act as advisor or lender/borrower in respect of such securities/financial instruments/products or have other potential conflict of interest with respect to any recommendation and related information and opinions. The said persons may have acted upon and/or in a manner contradictory with the information contained here and may have a position or be otherwise interested in the investment referred to in this document before its publication. The user of this report assumes the entire risk of any use made of this data / Report. Arihant especially states that it has no financial liability, whatsoever, to the users of this Report.

## Arihant Capital Markets Ltd

Commodity/Currency Research Desk: 6, Lad Colony, Y.N. Road Indore-3

T: 0731-4217191. Fax: 0731-4217103

Corporate Office: 1011, Solitaire Corporate Park, Building No.10, 1st Floor,  
Andheri-Ghatkopar Link Road, Chakala, Andheri (East), Mumbai-400093

D. +91.22.42254800 and 67114800

[www.arihantcapital.com](http://www.arihantcapital.com)