

Wednesday, 15 May 2019

DOMESTIC MARKET ACTIVITY AS ON 14-05-2019

Currency Pairs	Open Interest	% Chg	Total Trade Volume	% Chg	No of Contracts Traded	% Chg
USDINR	3182605	-1.13	13313.12	-41.51	1886393	-41.56
EURINR	73627	-0.39	613.62	-19.40	77273	-19.48
GBPINR	38485	-28.78	1058.47	-23.86	115744	-23.61
JPYINR	47821	+4.63	269.44	-9.51	41824	-9.64

CURRENCY UPDATES

- DOLLAR INDEX-** Foreign exchange markets are correcting some of Monday's sharp movements in early trade in Europe on Tuesday, slowly absorbing the shock of the trade war escalation between the U.S. and China. At 03:00 AM ET (0700 GMT), the dollar index was at 97.115, with the greenback giving up some of its gains against the euro, and risk-proxy currencies such as the Aussie, while clawing back its losses against the yen. The index measures the greenback against a basket of six major currencies. Against the Chinese yuan, the U.S. dollar was flat at 6.8769. On Monday, the index had hit a three-week low of 96.822 as investors fled the U.S. equity market in search of safe havens and raised their bets on the Federal Reserve cutting interest rates this year. The yield on the two-year Treasury note fell eight basis points on Monday to 2.19% and is now clearly below even the bottom end of the targeted Fed Funds rate of 2.25%-2.50%.
- EUR/USD** - EUR/USD is slightly higher on Tuesday, erasing the gains seen on Monday. Currently, the pair is trading at 1.1235, up 0.11% on the day. On the release front, German ZEW Economic Sentiment declined by 2.1, missing the estimate of 5.1. The euro zone release followed the same trend, dropping by 1.6. This was well short of the estimate of 5.0. There was better news from German Final CPI jumped to 1.0%, matching the estimate. There are no major U.S. events on the schedule. On Wednesday, Germany and the euro zone release GDP reports. The U.S. will post retail sales and the Empire State manufacturing index. The well-respected ZEW economic sentiments disappointed in May. The German release ended a long streak of declines in April, with a gain of 3.1. The indicator slipped to 2.1 in May, pointing to pessimism. Euro zone ZEW economic sentiment posted a decline of 1.6 in May, after a score of 4.5 in April. The economic outlooks for the euro zone and Germany are not promising, as the trade war between China and the U.S. has escalated with another round of tariffs between the sides. The U.S. raised tariffs on some \$200 billion in Chinese goods, from 10% to 25%. A response followed quickly, as China announced tariffs on \$60 billion in U.S. goods. As well, China has allowed the yuan to fall to its lowest level in four months.

TECHNICAL LEVELS

Currency Pairs	Fut. Closed	% Chg	S2	S1	Pivot	R1	R2
USD-INR	70.58	-0.12	70.29	70.43	70.57	70.71	70.85
EUR-INR	79.36	-0.14	79.09	79.22	79.37	79.51	79.65
GBP-INR	91.43	-0.65	90.93	91.18	91.45	91.71	91.98
JPY-INR	64.38	-0.12	64.07	64.22	64.42	64.57	64.77

CURRENCY IN FOCUS

JPY-INR (May)



Technical Strategy: Sell JPY -INR May AT 64.40–64.42 with SL above 64.60 TP-64.10/63.85.

Major Economic Data and Events Schedule For 15-05-2019

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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