

Wednesday, 16 January 2019

DOMESTIC MARKET ACTIVITY AS ON 15-01-2019

Currency Pairs	Open Interest	% Chg	Total Trade Volume	% Chg	No of Contracts Traded	% Chg
USDINR	2195403	+3.34	16339.88	+12.60	2296684	+12.22
EURINR	82626	+5.15	544.54	-11.77	66689	-12.06
GBPINR	46411	+11.67	1137.66	+20.97	124119	+20.18
JPYINR	52810	-0.27	312.13	+0.55	47597	+0.64

CURRENCY UPDATES

- DOLLAR INDEX-** The U.S. dollar dipped against a currency basket on Tuesday amid expectations the Federal Reserve will hold off on raising rates this year due to weakness in global growth, while the pound crept higher before Britain's parliamentary vote on its Brexit deal. Fears of a sharp global slowdown this year have risen in recent weeks, as the effect of last year's U.S. tax cuts is set to fade and the trade war with China is set to escalate. That may at least slow the pace at which the Fed tightens monetary policy, or even stop it altogether. Interest rate futures markets are pricing in no further U.S. rate hikes in 2019. The futures contract on the U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, was at 95.21 by 03:06 AM ET (08:06 AM GMT) after edging down to 95.06 overnight. It had hit a three-month low of 94.79 last week. "There is a strong dislike for the dollar given Fed expectations, but at the same time there is not a compelling replacement," said Sim Moh Siong, currency strategist at Bank of Singapore. "Over the next 6-12 months, the dollar should trend lower."
- USD/GBP -** The British pound was in focus and traded slightly higher against the U.S. dollar on Tuesday in Asia ahead of a vote on U.K. Prime Minister Theresa May's Brexit deal. The U.K. parliament is expected to vote down May's Brexit plan later in the day. While the defeat is widely anticipated by the market, it could still trigger a volatile knee-jerk market reaction if May loses the vote by a wide margin, analysts said. As the deal hammered out between May's government and the EU is the only compromise on the table, rejecting it would raise the risk of the U.K. leaving without a deal. However, May warned on Monday that it might also lead to Brexit not happening at all. "Losing by 100 or more votes is a major defeat but there's some talk that she could lose by 200 votes. A major loss will lead to a knee jerk decline in GBP that could take GBP/USD below 1.25 and EUR/GBP above 91 cents," said Kathy Lien, managing director of currency strategy at BK Asset Management in a note.

TECHNICAL LEVELS

Currency Pairs	Fut. Closed	% Chg	S2	S1	Pivot	R1	R2
USD-INR	71.14	0.16	70.65	70.90	71.08	71.33	71.51
EUR-INR	81.42	-0.07	81.06	81.24	81.52	81.70	81.98
GBP-INR	91.39	0.18	90.97	91.18	91.52	91.73	92.06
JPY-INR	65.63	-0.16	65.01	65.32	65.61	65.92	66.21

CURRENCY IN FOCUS

JPY-INR (Jan)



Technical Strategy: JPY-INR Jan. Buy above 65.65 with SL below 65.45 TP-65.90/66.10.

Major Economic Data and Events Schedule For 16-01-2019

Time	Currency	Economic Indicators	Forecast	Previous	Possible Impact
2:45pm	GBP	BOE Gov Carney Speaks	-	-	High
3:00pm	-	CPI y/y	2.1%	2.3%	-

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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