

Tuesday, 18 June 2019

**DOMESTIC MARKET ACTIVITY AS ON 17-06-2019**

Currency Pairs	Open Interest	% Chg	Total Trade Volume	% Chg	No of Contracts Traded	% Chg
USDINR	2458839	+8.68	12714.26	-12.33	1815719	-12.62
EURINR	73100	+0.83	580.09	-1.92	73800	-1.73
GBPINR	58186	+12.81	887.8	-9.63	100682	-9.39
JPYINR	72085	-6.93	265.83	-47.83	41226	-47.78

**CURRENCY UPDATES**

- DOLLAR INDEX-** The U.S. dollar rose to a two-week high on Monday after strong economic data last week led investors to reassess whether the Federal Reserve will sound as dovish as expected at this week's monetary policy meeting. Broader currency markets were quiet, as traders hesitated to put on large positions before the Fed meeting, a meeting of European Central Bank policymakers in Portugal and the Bank of England's interest rate decision on Thursday. Strong U.S. retail sales on Friday reduced the chances of a rate cut this week and lifted the dollar, although Fed Chairman Jerome Powell is expected to leave open the possibility of future rate cuts. Positioning data point to a scaling back of investors' dollar long positions, although only to levels seen in March., Expectations of an rate cut at the Fed's June 18-19 meeting fell from 28.3% on Thursday to 21.7% after the retail data. However, bets for monetary easing at the July meeting remain at 85%. Analysts see plenty of hurdles for the euro, too. "Despite what should be a softer dollar environment this summer, there are enough EUR negatives out there (ECB easing, trade wars, Italy & Brexit to name a few) to prevent EUR/USD breaking out of a \$1.10-\$1.15 range this year," ING analysts said in a note. The dollar index, which measures it against a basket of currencies, stood unchanged at 97.569, near a two-week high reached earlier in the session.
- JPY/USD-** The pair is sitting around 108.70 and is challenging resistance around 108.72 once again as Treasury yields inch higher on the session. 10-year yields are up by 3 bps to 2.11% currently and that's helping to push yen pairs slightly more to the upside. That said, risk sentiment remains a little muted in general as US equity futures and European equities are near flat levels on the day. As mentioned earlier, it's hard to really pick at the moves here as they are still within modest ranges considering that markets are settling into a bit of indecisive state ahead of the FOMC meeting this week. For USD/JPY, near-term price action should remain contained well under the 109.00 handle with current resistance at 108.72 and last week's high at 108.80 likely to keep traders in check before committing to any risk-on rally before the Fed.

**TECHNICAL LEVELS**

Currency Pairs	Fut. Closed	% Chg	S2	S1	Pivot	R1	R2
USD-INR	69.99	+0.15	69.74	69.87	69.96	70.09	70.18
EUR-INR	78.59	-0.25	78.26	78.43	78.58	78.74	78.89
GBP-INR	88.17	-0.26	87.78	87.97	88.16	88.35	88.54
JPY-INR	64.44	-0.27	64.27	64.35	64.43	64.51	64.59

**CURRENCY IN FOCUS**

**USD-INR (June)**

NCFUSD 1908(NCFUSDM9)2019/06/17 - Daily B:69.9925 A:70.0000  
O 69.9325 H 70.0400 L 69.8300 C 69.9925 V 1,340,076 T 0 | 1,527,040 +0.1025 +0.15%



**Technical Strategy:** Buy USD -INR June AT 69.98 -69.95 with SL below 69.80 TP-70.15/70.30.

**Major Economic Data and Events Schedule For 18-06-2019**

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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