

Wednesday, 19 December 2018

**DOMESTIC MARKET ACTIVITY AS ON 18-12-2018**

Currency Pairs	Open Interest	% Chg	Total Trade Volume	% Chg	No of Contracts Traded	% Chg
USDINR	2189739	+0.76	20695.88	+88.58	2911638	+90.50
EURINR	83411	+0.18	535.12	+55.83	66140	+56.74
GBPINR	38090	+8.55	799.44	+61.91	88887	+62.91
JPYINR	31672	-1.34	288.84	+197.47	45560	+197.43

**CURRENCY UPDATES**

- DOLLAR INDEX-** The U.S. dollar slid lower against a currency basket on Tuesday ahead of this week's Federal Reserve meeting while the yen remained supported amid concerns over the outlook for global growth. The U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, edged down to a one-week low of 96.42 by 03:30 AM ET (08:30 AM GMT). With the Fed widely expected to deliver its fourth rate hike this year at the conclusion of its two-day policy meeting on Wednesday moves in the dollar will be guided by its forward guidance. "We are expecting a dovish hike by the Fed. The data has not been tepid enough for the central bank not to hike in December," said Rodrigo Catril, senior currency strategist at NAB. Senior Fed officials, including Fed Chairman Jerome Powell, have recently become more cautious about the policy outlook that underlined a shift in market sentiment from a few months ago on rising signs of a slackening in the global economy. While the U.S. central bank's latest median dot plot projections from September indicated its willingness to raise rates three times in 2019, the interest rate futures market is pricing in only one more rate hike for 2019. This mismatch largely reflects a belief that higher U.S. borrowing costs will likely hurt U.S. growth and ultimately force the Fed to slow the pace of rate hikes.
- EUR/USD -** The euro rose on Tuesday as the dollar weakened, with investors betting that growth concerns will prompt the Federal Reserve to slow its pace of interest rate hikes at this week's meeting. A rout on Wall Street following a spate of weak data globally has strengthened the view that the Fed's widely-expected rate hike on Wednesday will usher in a slowdown, or even a pause, to three years of steady rate increases. The prospect of a "dovish rate hike" is keeping the dollar - this year's best performing major currency - in check. That is helping the euro (EUR=EBS), which on Tuesday was up 0.2 percent at \$1.1373, having recovered all of its losses from Monday when it was hit by weak euro zone data.

**TECHNICAL LEVELS**

Currency Pairs	Fut. Closed	% Chg	S2	S1	Pivot	R1	R2
USD-INR	70.52	-1.54	69.76	70.14	70.85	71.22	71.93
EUR-INR	80.62	-0.85	79.95	80.28	80.76	81.09	81.56
GBP-INR	89.61	-0.96	88.91	89.26	89.80	90.15	90.69
JPY-INR	63.00	-0.53	62.49	62.75	63.17	63.42	63.84

**CURRENCY IN FOCUS**

**USD-INR (Dec.)**



**Technical Strategy: USD-INR Dec. Sell AT 70.70 with SL above 70.90 TP-70.40/70.20.**

**Major Economic Data and Events Schedule For 19-12-2018**

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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