

Thursday, 24 January 2019

DOMESTIC MARKET ACTIVITY AS ON 23-01-2019

Currency Pairs	Open Interest	% Chg	Total Trade Volume	% Chg	No of Contracts Traded	% Chg
USDINR	2290552	-0.37	12163.68	-3.00	1704777	-2.85
EURINR	80418	+0.80	432.03	+11.63	53244	+11.83
GBPINR	63775	+23.67	1113.70	+17.70	120232	+17.08
JPYINR	46184	-5.34	252.93	+38.74	38848	+39.24

CURRENCY UPDATES

- DOLLAR INDEX-** The dollar held near a three-week high on Wednesday after the Bank of Japan left monetary policy unchanged, boosting risk appetite and sending the yen lower. With Tokyo sounding a cautious note on the outlook for global growth, attention shifted to the European Central Bank, which meets on Thursday. Markets expect it to acknowledge growing threats to the euro zone economy. The caution from senior policymakers comes as economic data from China to Europe shown signs of a slowdown. Traders reacted by unwinding some of their bearish dollar bets, especially against the euro. "The ECB will likely join its global peers in striking a cautious view on growth and that should keep the dollar supported, especially with bearish expectations on the greenback such a consensus trade," said Lee Hardman, a currency analyst at MUFG in London. Against a basket of other currencies (DXY), the dollar was trading at 96.32, near the 96.484 hit in the previous session. As expected, the Bank of Japan kept monetary policy unchanged.
- USD/JPY -** The upbeat tone around the British Pound remains well and sound so far this week and is now pushing GBP/USD to new yearly peaks beyond 1.3000 the figure. Today's up move in Cable follows recent rumours that the Labour Party could support a proposal to delay Brexit until, at least, the end of the year. This 'new' scenario has been considered as positive by investors, as it should 'buy' further time to clinch a deal. This news adds to the ongoing upside momentum in spot, which is advancing for the third consecutive session so far in spite of the broad-based sideline mood prevailing in the global markets. Still around Brexit, the Parliament is due to vote PM May's 'Plan B' and its potential amendments on January 29. In the meantime, the absence of a 'no deal' scenario appears to be gathering traction among investors although this view is opposed to those GBP-traders, which remain of the idea that a soft outcome is not only possible, but also feasible.

TECHNICAL LEVELS

Currency Pairs	Fut. Closed	% Chg	S2	S1	Pivot	R1	R2
USD-INR	71.38	-0.15	71.05	71.22	71.32	71.48	71.58
EUR-INR	81.18	-0.10	80.88	81.03	81.11	81.25	81.33
GBP-INR	92.86	0.60	91.89	92.38	92.68	93.17	93.47
JPY-INR	65.15	-0.31	64.69	64.92	65.06	65.29	65.43

CURRENCY IN FOCUS

GBP-INR (Jan)



Technical Strategy: GBP-INR Jan. Buy AT 92.70 with SL below 92.50 TP-93.95/94.15.

Major Economic Data and Events Schedule For 24-01-2019

Time	Currency	Economic Indicators	Forecast	Previous	Possible Impact
6:15pm	EUR	Main Refinancing Rat	0.00%	0.00%	Low
7:00pm	-	ECB Press Conference	-	-	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.

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