

Tuesday, 25 June 2019

DOMESTIC MARKET ACTIVITY AS ON 24-06-2019

| Currency Pairs | Open Interest | % Chg | Total Trade Volume | % Chg | No of Contracts Traded | % Chg |
|----------------|---------------|--------|--------------------|--------|------------------------|--------|
| USDINR | 2766100 | +12.35 | 15869.12 | +16.19 | 2279865 | +16.41 |
| EURINR | 82877 | +6.13 | 825.92 | +43.04 | 104097 | +42.22 |
| GBPINR | 43257 | -13.80 | 1178.08 | +17.16 | 132729 | +16.76 |
| JPYINR | 77096 | -0.57 | 359.48 | -41.54 | 55426 | -41.36 |

CURRENCY UPDATES

- DOLLAR INDEX-** The U.S. dollar index versus a basket of six major currencies was a shade lower at 95.63, having plumbed an overnight low of 95.57 after the Fed last week laid the groundwork for a potential rate cut as early as next month. That weighed on the dollar and in turn reinvigorated its counterparts such as the euro, which has had troubles of its own including Italy's debt problem and the possibility of the European Central Bank having to ease policy. "It is true that the ECB may have to ease policy especially with the Fed having shifted to an easing bias," said Yukio Ishizuki, senior currency strategist at Daiwa Securities. "But the ECB already employs a negative interest rate policy and does not have much further room to ease even if they wanted to, unlike the Fed. It is factors like these which have seemingly supported the euro." The dollar edged up 0.14% to 107.44 yen after hitting a near six-month low of 107.04 on Friday. The U.S. currency was pressured further against the yen, which often serves as a safe haven in times of political angst, as tensions grew between Iran and the United States.
- EUR/USD-** EUR/USD sits just under the 1.1400 so far in the European morning Buyers are still looking poised following a break of the 200-day MA on Friday for the first time since May 2018. Price is extending higher on the day as the pair trades just under the 1.1400 handle but for now I would still say the dollar's decline is rather modest. Of note, there are large expiries resting at 1.1395-00 so that perhaps is playing a role in capping price action for the time being. Looking at the bigger picture, the technical break is very suggestive of a further extension towards resistance at 1.1420 next before further resistance is only seen around 1.1450-65. However, the significance of the break on Friday shouldn't be understated and the retracement higher here could have legs to run purely based on technical sentiment alone. That said, there are a couple of key risk events coming up later this week with Fed chair Powell's speech tomorrow and euro area inflation data still coming on Thursday and Friday.

TECHNICAL LEVELS

| Currency Pairs | Fut. Closed | % Chg | S2 | S1 | Pivot | R1 | R2 |
|----------------|-------------|-------|-------|-------|-------|-------|-------|
| USD-INR | 69.39 | -0.32 | 69.16 | 69.28 | 69.49 | 69.60 | 69.81 |
| EUR-INR | 78.79 | -0.39 | 78.62 | 78.70 | 79.00 | 79.09 | 79.39 |
| GBP-INR | 88.53 | +0.03 | 88.04 | 88.28 | 88.55 | 88.80 | 89.06 |
| JPY-INR | 64.78 | +0.11 | 64.55 | 64.67 | 64.79 | 64.91 | 65.03 |

CURRENCY IN FOCUS

USD-INR (June)



Technical Strategy: Sell USD-INR June AT 69.48 -69.50 with SL above 69.70 TP-69.20/69.00.

Major Economic Data and Events Schedule For 25-06-2019

| Time | Currency | Economic Indicators | Forecast | Previous | Possible Impact |
|---------|----------|---------------------|----------|----------|-----------------|
| All Day | All | OPEC Meetings | - | - | 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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