

Thursday, 25 October 2018

**DOMESTIC MARKET ACTIVITY AS ON 24-10-2018**

Currency Pairs	Open Interest	% Chg	Total Trade Volume	% Chg	No of Contracts Traded	% Chg
USDINR	3846407	-2.68	23849.41	+20.93	3252987	+21.69
EURINR	107306	-5.96	974.23	+32.90	115940	+33.89
GBPINR	44984	-3.03	778.44	+20.94	81948	+21.93
JPYINR	45055	+9.44	418.91	+40.71	64240	+41.82

**CURRENCY UPDATES**

- DOLLAR INDEX-** The dollar gained against its major peers on Tuesday, reining as the preferred safe haven currency as uncertainty over Brexit negotiations and Italy's free spending budget spooked investors away from the euro and sterling. British Prime Minister Theresa May on Monday said most of the country's deal to exit the EU has been agreed on but repeated her opposition to a EU proposal regarding the Irish border, according to excerpts from her statement to Parliament. With just over five months until Britain is scheduled to exit the EU, talks have stalled over a disagreement on the so-called Northern Irish "backstop," an insurance policy to ensure there will be no return to a hard border on the island of Ireland if a future trading relationship is not agreed upon in time. "Risk-aversion was the story overnight along with U.S. dollar strength.
- USD/JPY-** After a quiet day on Tuesday, the euro has resumed its losing ways in the Wednesday session. Currently, the EUR/USD is trading at 1.1405, down 0.53% on the day. On the release front, German and Euro zone Manufacturing PMIs slowed in October and missed expectations. German Manufacturing PMI dropped to 52.3, short of the estimate of 53.4 points. The euro zone release fell to 52.1, down to 53.0 points. German and Euro zone Services PMIs followed a similar trend. Still, the manufacturing and services releases all indicated expansion. The ECB is holding its policy meeting and will set the main financing rate. All eyes are on the ECB, with policymakers widely expected to hold the course with interest rate levels, which have been pegged at a flat 0.00% for almost three years. However, there are no shortages of geopolitical hot spots, including the spike in Italian bond yields, the Brexit impasse and continuing volatility in global equity markets. Despite these issues, the ECB is expected to end its massive stimulus program in December. The markets are now looking ahead to 2019, focusing on the timing of a rate hike.

**TECHNICAL LEVELS**

Currency Pairs	Fut. Closed	% Chg	S2	S1	Pivot	R1	R2
USD-INR	73.15	-0.61	72.95	73.05	73.20	73.30	73.46
EUR-INR	83.45	-1.11	82.80	83.13	83.68	84.01	84.56
GBP-INR	94.48	-1.15	93.85	94.16	94.71	95.02	95.57
JPY-INR	64.99	-0.90	64.77	64.88	65.06	65.17	65.34

**CURRENCY IN FOCUS**

**JPY-INR (Oct.)**



**Technical Strategy: JPY-INR Oct sell below 65.00 with SL above 65.20 TP-64.70/64.50.**

**Major Economic Data and Events Schedule For 25-10-2018**

Time	Currency	Economic Indicators	Forecast	Previous	Possible Impact
5:15pm	EUR	Main Refinancing Rate	0.00%	0.00%	Low
6:00pm	-	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.

**Contact**

SMS: 'Arihant' to 56677

**Website**[www.arihantcapital.com](http://www.arihantcapital.com)**Email Id**[research@arihantcapital.com](mailto:research@arihantcapital.com)

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## Arihant Capital Markets Ltd

Commodity/Currency Research Desk: 6, Lad Colony, Y.N. Road Indore-3

T: 0731-4217191. Fax: 0731-4217103

Corporate Office: 1011, Solitaire Corporate Park, Building No.10, 1st Floor,

Andheri-Ghatkopar Link Road, Chakala, Andheri (East), Mumbai-400093

D. +91.22.42254800 and 67114800

[www.arihantcapital.com](http://www.arihantcapital.com)