

Friday, 29 March 2019

DOMESTIC MARKET ACTIVITY AS ON 28-03-2019

| Currency Pairs | Open Interest | % Chg | Total Trade Volume | % Chg | No of Contracts Traded | % Chg |
|----------------|---------------|--------|--------------------|--------|------------------------|--------|
| USDINR | 2307266 | -24.81 | 12678.89 | -54.91 | 1827455 | -55.05 |
| EURINR | 46256 | -34.98 | 534.69 | -48.33 | 68306 | -48.48 |
| GBPINR | 36634 | -21.78 | 942.46 | -2.03 | 103088 | -2.14 |
| JPYINR | 23508 | -21.17 | 200.77 | -32.11 | 31803 | -32.68 |

CURRENCY UPDATES

- DOLLAR INDEX-** the dollar has brushed aside a decline by benchmark U.S. Treasury yields to 15-month lows. The dollar index against a basket of six major currencies gained 0.3 percent to 97.028 and headed for its third day of gains. Analysts at ING said investors had gone too far in expecting a U.S. rate cuts this year, but that the dollar remained vulnerable for now. "For the short term, however, DXY looks vulnerable to the massive erosion in USD yield differentials and could easily head back to 96."
- EUR/USD -** EUR/USD has steadied on Thursday trade, after a brief mid-week slide. The pair is trading at 1.1249, up 0.05% on the day. On the release front, the remainder of the week is busy. On Thursday, German releases Preliminary CPI. The U.S. publishes Final GDP and unemployment claims. On Friday, Germany releases retail sales, and the U.S. posts consumer spending and inflation data. Germany and the euro zone are mired in an economic slowdown, which began in the second half of 2018 and shows no signs of ending anytime soon. The global trade war has dampened the demand for German and euro zone exports, and the manufacturing sectors have also been hurt. On Wednesday, ECB President Mario Draghi sounded pessimistic in his remarks about the economy. Draghi acknowledged that the economic slowdown which started in the second half of 2018 had extended into 2019. Draghi blamed uncertainty in the global economy, adding that "risks to the outlook remained tilted to the downside". With weak conditions in the euro zone and Germany, the ECB is expected to remain dovish in its stance and keep a freeze on interest rates until 2020. Global trade tensions have weighed on inflation levels in the developed economies, and the U.S. is no exception. However, with the Fed saying it will put a hold on rates until 2020, could that change? At the Fed policy meeting, policymakers lowered their inflation forecast for 2020, citing weakness in the Chinese and European economies

TECHNICAL LEVELS

| Currency Pairs | Fut. Closed | % Chg | S2 | S1 | Pivot | R1 | R2 |
|----------------|-------------|-------|-------|-------|-------|-------|-------|
| USD-INR | 69.60 | +0.47 | 69.04 | 69.32 | 69.48 | 69.76 | 69.91 |
| EUR-INR | 78.40 | -0.04 | 77.89 | 78.14 | 78.33 | 78.58 | 78.76 |
| GBP-INR | 91.45 | -0.30 | 90.81 | 91.13 | 91.41 | 91.73 | 92.02 |
| JPY-INR | 63.29 | +0.48 | 62.76 | 63.02 | 63.17 | 63.43 | 63.57 |

CURRENCY IN FOCUS

USD-INR (Apr)



Technical Strategy: Buy USD-INR Apr AT 69.50 with SL below 69.35 TP-69.70/69.85.

Major Economic Data and Events Schedule For 29-03-2019

| Time | Currency | Economic Indicators | Forecast | Previous | Possible Impact |
|--------|----------|---------------------|----------|----------|-----------------|
| 3:00pm | GBP | Current Account | -22.9B | -26.5B | 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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