



Weekly Report – Dec. 10th to Dec. 14th

Key Highlight

- Shaktikanta Das appointed as RBI Governor
- ECB to end QE program by Dec'18
- PM May survives no confidence vote

Weekly Performance and Outlook

USDINR

Indian Rupee depreciated by 1.2 percent as dollar index strengthened by 0.67 percent during last week mainly on account of sudden resignation from RBI Governor U rjit Patel. Shaktikanta Das got appointed as the new RBI Governor. Meanwhile, CPI from India came in 2.33 percent for Nov'18 against market expectations of 2.8 percent. IIP for Oct'18 came in at 8.1 percent against market expectations of 5.7 percent.

US CPI came in line with market expectation at 0 percent for Nov'18. Meanwhile. Also, in the recent dialogue between US and China Donald Trump was happy with the process of trade talks and said big news is likely to be awaited by the market in the coming days. China announced it's considering reducing tariffs on American cars from 40% to 15%.



In this week, USDINR (CMP: 71.75) is expected to trade between 71.50 to 72.25

EURINR

EURUSD depreciated by 0.1 percent last week while EURINR depreciated by 1.05 percent during the same time frame. ECB in its latest monetary policy meeting yesterday will end the QE program by the end of Dec'18. The ECB also said it would continue to reinvest cash from maturing bonds for an extended period of time. Meanwhile, Italian PM Conte presented the budget in front of the European Union with a target deficit of 2.04 percent.

In the coming week, the movement in EURINR will be driven by developments between EU and Italy.



In this week, EURINR (CMP: 81.20) is expected to trade between 80.50 to 82.30

GBPINR

GBP depreciated against the US dollar by 0.75 percent last week while GBPINR depreciated by 0.45 percent.

UK PM May's leadership came again under scrutiny after she decided to pull out the Brexit deal from the Parliament and rush back to Brussels, trying to get a deal that has chances to pass the Commons. Meanwhile, sterling got hammered on news article that Mrs May had to face no confidence vote from Tory MP's. Later some MP's voiced their support in for the PM.



In this week, GBPINR (CMP: 90.23) is expected to trade between 89.10 to 91.50

Gold

Last week, spot gold prices increased by 0.7 percent to trade at \$1238.86 per ton. Spot gold prices declined as Dollar strengthened amid Brexit worries weighed on the yellow metal. Euro dipped lower after a dovish stance expressed by ECB President as they lowered the growth and inflation projection for 2019.

However, slowdown in the U.S. job growth in November and monthly wages increased at less than expected rate pointed towards slowdown in interest rate hikes by FED, increasing the appeal of non-interest yielding bullion.

Investors would now focus on the FOMC gathering on Dec 18-19 for the further interest rate hikes by FED

On MCX, gold prices decreased marginally by 0.05 percent to close at Rs. 31580.



In this week, Gold (CMP: 1236) is expected to trade between 1228 to 1240

Crude Oil

WTI oil decreased by 0.3 percent during the week to \$52.45 as Iran's oil minister said divisions exist within the Organization of the Petroleum Exporting Countries, leading futures to give up earlier gains on OPEC-led production curbs and export cuts from Libya.

Meanwhile, crude oil inventories for last week came in at 1.2 million barrels per day against market expectation of -3 million barrels per day.

Later on during the week, Crude oil prices also drew support from indicators indicating easing tensions between US and China on the trade front.

On MCX, crude oil prices declined by 2.08 percent to close at Rs. 3769.



In this week, Brent Oil (CMP: 60.30) is expected to trade between 59.20 to 62.50

Nifty

Nifty manages to surpass 10840, we may possibly see the beginning of Santa rally in our market, which would immediately lift the index towards 10941 and above. On the downside, 10749 followed by 10700 would be seen as crucial supports. This week, our markets reacted mainly on domestic factors; but now, the focus again may shift to the outer world. One needs to keep monitoring how things pan out across the globe and with US fed meeting slated in the forthcoming week, we may see some volatility in the global peers.

Nifty spot closed at 10805.45 this week, against a close of 10693.70 last week. The Put-Call Ratio has increased from 1.47 to 1.53 and the annualized Cost of Carry is positive at 3.86%. The Open Interest of Nifty Futures decreased by 0.86%.



In this week, Nifty (CMP: 10874) is expected to trade between 10650 to 10940

Head Office

309, 3rd Floor, US Complex, 120, Mathura Road,
Sarita Vihar, New Delhi-110076,
(Opposite Apollo Hospital).

Branch Office

1st Floor, JK Infotech 2, EFC Office Spaces, Hinjewadi, Phase - 1,
Pune-411057.

Email us : info@route forex.com

Contact Us : +91 11-26394733/32

You can also visit our Website by www.route forex.com



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