

Weekly Report – Dec. 24th to Dec. 28th

Key Highlight

- US Govt. went into Partial Shutdown
- Trump continued his feud with FED
- BOE keeps rates unchanged at 0.75%

Weekly Performance and Outlook

USDINR

Indian Rupee depreciated by 0.3% despite dollar index weakening by 0.5% during last week mainly on account of Christmas and new year festivities. 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. Unemployment claims for the week came in line with market expectations at 216,000. Meanwhile, On Christmas morning US President Donald Trump stated that Government shutdown will last until deal on border wall is finalized. The Partial US Government shutdown took effect after the Senate failed to pass a budget that included the US\$5bn he demanded for the wall. Also, trump continued his Feud with FED and criticized them for slowing the US economy. In the coming week.

USDINR will be driven by Non-farm payroll data.



In this week, USDINR (CMP: 69.90) is expected to trade between 69.20 to 70.50

EURINR

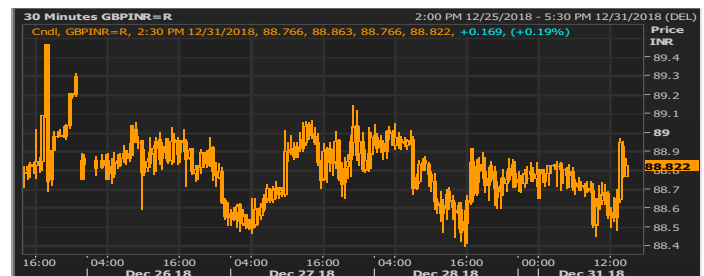
EURUSD appreciated by 0.5 percent last week while EURINR depreciated by 0.81 percent during the same time. Italy's populist government is racing against a deadline to push its budget bill through Parliament with a controversial tax increase for charities. Meanwhile, ECB to end their QE program by the end of the Dec'18. In the coming week, EURINR will be driven by PMI and CPI data from Euro zone.



In this week, EURINR (CMP: 79.80) is expected to trade between 78.50 to 81.20

GBPINR

GBP appreciated against the US dollar by 0.1 percent last week while GBPINR depreciated by 0.4 percent. As for the BOE, MPC's unanimously decided to keep rates and the APP unchanged, as expected, amid Brexit uncertainty having "intensified considerably." Policymakers are confident that the continued slide in oil prices will help to drag inflation below 2.0% soon. Parliament and the vote on the deal will happen in the third week of Jan'19. GBPINR in the coming week will be less volatile on account of Christmas. In the coming week, GBPINR will be driven by further developments over the Brexit deal.



In this week, GBPINR (CMP: 88.64) is expected to trade between 87.50 to 89.50

Gold

Last week, spot gold prices rose by 1.6 percent to trade at \$1275 per tonne while MCX gold prices traded higher by 1.4 percent.

Consumer confidence posted its sharp decline in more than three years in December, rattling investors already nervous about prospects of global economic slowdown have resulted in safe haven demand for gold. Fall in China's industrial profits and dollar weakness in the recent weeks has resulted in further strength in gold prices. The partial U.S. government shutdown, which is widely expected to continue, was also supporting gold.



In this week, Brent Oil (CMP: 53.82) is expected to trade between 52.80 to 55.20



In this week, Gold (CMP: 1267) is expected to trade between 1260 to 1290

Crude Oil

Brent oil declined by 1.2 percent during the week as growth in U.S. crude stockpiles and ongoing concerns about the global economy kept markets under pressure. The United States has emerged as the world's biggest crude producer, pumping 11.6 million barrels per day (bpd), more than both Saudi Arabia and Russia. Meanwhile, Russian Energy Minister Alexander Novak said that rising protectionism and the unpredictability of the U.S. administration had greatly contributed to global oil price volatility over the past two years.

Nifty

In the final week, Fed announced rate hike resulting sell-off across the globe; we too felt the heat but Nifty left everything behind and once again recovered to eventually conclude tad above 10850 mark. Despite sharp fall we could hardly see any relevant shorting, majority of the positions formed were on the long side. Rollovers in Nifty stood at 74.27%, above its 3-month average. Thus, hinting long rollovers for the benchmark index.

Stronger hands exited their shorts in index futures; resulting their 'Long Short Ratio' back to 50%. Looking at the above data, we expect continuation of recent up move soon beyond the 11000 mark.



In this week, Nifty (CMP: 10895) is expected to trade between 10750 to 10980

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