

Weekly Report – Dec. 31st to Jan. 4th

Key Highlight

- Brexit continues to worry global investors
- US consumer confidence continues to fall

Weekly Performance and Outlook

USDINR

Indian Rupee depreciated by 0.3 percent while dollar index weakened by 0.23 percent last week. Prices traded in a narrow range on account of Christmas and New Year holidays in the western world. Whereas, Indian equities lost its value by 1 percent in Nifty as well as Sensex pressurizing the rupee. Rupee was pressurized as In FII have sold net \$82.76 million worth of Indian debt so far. Dollar rebounded from two month lows in the last week while safe haven refuge played its own role. 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. US consumer confidence came in at 128.1 against market expectations of 133.7 for Dec'18.



In this week, USDINR (CMP: 69.80) is expected to trade between 69.10 to 70.50

EURINR

EURUSD depreciated marginally against US dollar by 0.2 percent last week while EURINR appreciated by 0.57 percent during the same time frame. The European Central Bank appointed three temporary administrators on Wednesday to take charge of Italy's Carige bank in an unprecedented effort to save the struggling lender after it failed to raise new capital. Italy's 10th largest bank said the administrators would seek fresh talks with the country's deposit guarantee fund, which lent it 320 million euros (\$364 million) via a convertible bond last year to help it meet a year-end deadline to boost capital.



In this week, EURINR (CMP: 79.80) is expected to trade between 78.50 to 81

GBPINR

GBP depreciated against the US dollar by 0.27 percent last week while GBPINR appreciated by 0.6 percent. Prime Minister Theresa May is struggling to overcome deep opposition to her Brexit plan in her own Conservative Party, raising the risk that no transition period will be provided to ease Britain out of its four-decade-long membership of the European Union. May postponed a vote on her divorce deal after admitting that parliament would reject it. Lawmakers are set to discuss the agreement again, with a vote in the week starting Jan. 14.



In this week, GBPINR (CMP: 88.96) is expected to trade between 87.50 to 89.80

Gold

Last week, Spot gold prices rose by 0.8 percent to trade at \$1291.12 per tonne while on the MCX Gold prices traded higher by 0.3 percent. Weak US economic data coupled with weak manufacturing sector numbers published by Europe and China mounted concerns of a global economic slowdown pressurizing the stock markets which triggered demand for the yellow metal. However, uptrend in the Dollar Index capped the gains. However, price headed for its first annual decline since 2015, having lost this year to dollar strength due to trade tensions and rising interest rates by the U.S. Federal Reserve.



In this week, Gold (CMP: 1290) is expected to trade between 1270 to 1310

Crude Oil

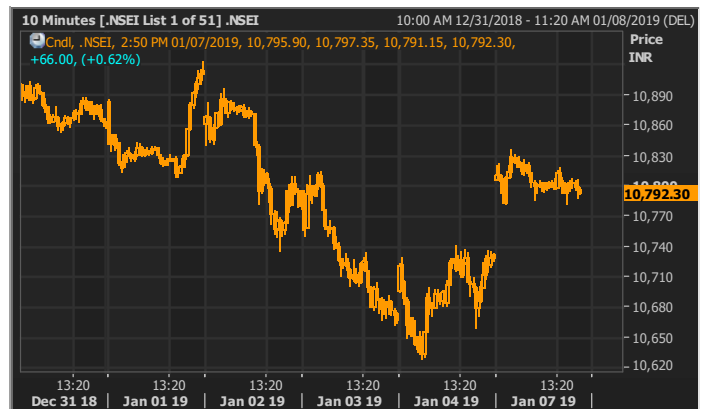
WTI crude rose significantly by 4.3 percent last week to trade at \$47.26 per barrel over declining oil exports from Saudi coupled with falling crude output by top producers. Gains were limited by the rising supply by Russia and China amid slowdown in the global growth. The United States has emerged as the world's biggest crude producer, pumping 11.6 million barrels per day (bpd), more than both Saudi Arabia and Russia. Hints of progress on a possible U.S.-China trade deal as U.S. President Donald Trump said he had a "long and very good call" with Chinese President Xi Jinping and that a possible trade deal between the United States and China was progressing well.



In this week, Brent Oil (CMP: 58.16) is expected to trade between 56 to 60

Nifty

The inaugural week of 2019 started well as we were at a kissing distance from surpassing key hurdles. However, global turmoil once again spooked market participants and hence, we had a couple of terrible days of trade in the midst of the week. Fortunately, some respite was seen globally on Friday and hence, we eventually ended by reclaiming the 10700 mark. Hence, going ahead, as long as 10600 is not broken one should remain on the positive side and better to place positional bets if things pan out as per above scenario. By doing this, one must keep an eye on global developments also. Even if we see things going in tandem, it's better to keep a regular tab on positions and should follow proper exit strategy.



In this week, Nifty (CMP: 10800) is expected to trade between 10700 to 10950

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