

Weekly Report – 18th Feb to 22nd Feb

Key Highlight

- **RBI to transfer Rs 28,000 as dividends to GOI**
- **Uncertainty revolves around Brexit**
- **FOMC minutes came out on a dovish note**

Weekly Performance and Outlook

USDINR

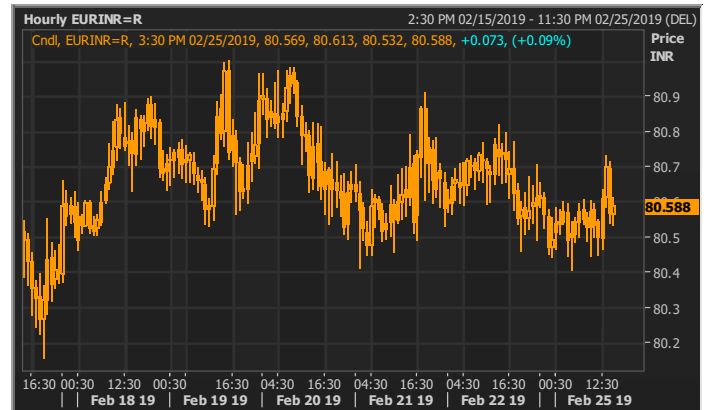
Indian Rupee appreciated by 0.1 percent last week while the Dollar Index decreased by 0.28 percent. CPI from India came in at 2.05 percent for Jan'19 against market expectations of 2.48 percent. Meanwhile, RBI has decided to transfer Rs. 28,000 crore as interim dividend to the Government for the period of July to December 2018. In the recent US Fed meeting minutes the tone that came out was less dovish than expected and the Fed could announce later this year to stop reducing their balance sheet. Core durable goods orders came in at 0.1% against market expectations of 0.3% for Jan'19. Meanwhile US President said on Tuesday that trade talks with China is highly complex but are progressing very well and again indicated that Mar 1 deadline for raising tariffs can be extended. In the coming week.



In this week, USDINR (CMP: 71.05) is expected to trade between 70.50 to 71.80

EURINR

EURUSD appreciated by 0.4 percent last week while EURINR depreciated by 0.25 percent the same time frame. German manufacturing PMI came in at 47.6 against market expectations of 49.7 for Jan'19. German flash services PMI came in at 55.1 against market expectations of 52.8 for Jan '19. German economic sentiment came in at -13.4 for Jan'19 against market expectations of -14.1. Meanwhile, Concerns hit the common currency as US President Trump intends to put tariffs on cars' imports, which will affect the their auto industry. In the coming week, the movement in EURINR will be driven by German manufacturing PMI and German CPI.



In this week, EURINR (CMP: 80.60) is expected to trade between 79.50 to 81.20

GBPINR

GBP rose against USD by 1.08 percent last week while GBPINR depreciated by 0.94 percent. Public sector net borrowing came in at -\$15.8 billion against market expectations of -\$11.1 billion for Jan'19. EU officials want PM May to secure the changes she wants on the Irish backstop in the Parliament before asking EU leaders to sign them, which seems quite logical, as the other way around isn't working. The UK Parliament is scheduled to vote next Feb 27. In the coming week, movement in GBPINR will be driven by inflation report hearings and manufacturing PMI from UK



In this week, GBPINR (CMP: 92.77) is expected to trade between 91.50 to 93.80

Gold

Spot gold prices rose by 0.2 percent last week whereas on the MCX, prices rose by 0.2 percent. The officials of US & China resumed talks last week in Washington. The US President, Trump might consider pushing the deadline of 1st March 2019 ahead as the talks with China are going well. After touching its highest levels in 10 months earlier in the week over weakening in the Dollar Index and slowdown in the global economy, the rally in Gold prices came to an end after the FED minutes signalled signs of a possible rate hike in 2019 which propped the Dollar higher. The FOMC meet in late January stated that the U.S. economy is still strong & prompted expectation of at least one rate hikes in 2019 which pushed the Dollar higher.



In this week, Gold (CMP: 1328) is expected to trade between 1305 to 1350

Crude Oil

Last week, WTI Crude prices rose sharply by 2.6 percent. Crude prices touched its highest levels in 2019 of \$57.55 per barrel as the prices were supported by production cuts by OPEC and its allies to reduce the global supply and stabilize prices. Moreover, U.S. sanctions on OPEC members Venezuela and Iran pushed the prices even higher. Optimism over a possible trade deal between US and China after Trump stated that the trade talks with China were going well further supported Crude. The gains for crude were restricted after US crude inventory continued to increase for the fifth week to the highest levels in over a year. Increasing production from US weighed on the

Crude prices coupled with global slowdown concerns.



In this week, Brent Oil (CMP: 66.84) is expected to trade between 65.20 to 68.20

Nifty

The daily chart depicted an 'Inverted Hammer', which eventually got converted into a 'Morning Star' pattern due to a price development on the following day. Since, there was an occurrence of a 'Positive divergence' on hourly chart (on Tuesday); markets had all the reason to give a decent bounce back. This is what we saw in the remaining part of the week. Now going ahead, as long as 10580 is not broken, traders should look to trade on the positive side. Before this, 10720 – 10646 would be seen as immediate supports. On the flipside, '200-day SMA' level of 10860 would be seen the level to watch out for. A move beyond this would trigger a decent up move towards 10920 – 11000 levels.



In this week, Nifty (CMP: 10857) is expected to trade between 10650 to 10963

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