



## Weekly Report – 25<sup>th</sup> Feb to 01<sup>st</sup> Mar

### Key Highlight

- India Q3 FY19 GDP slips to 6.6 percent
- Kim-Trump meeting end inconclusively
- PM May ready to extend Brexit deadline

### Weekly Performance and Outlook

#### USDINR

Indian Rupee appreciated by 0.1 percent last week while the Dollar Index decreased by 0.22 percent. Fiscal deficit touched Rs.7.7 lakh crore in April-Jan touching 121.5 percent of the budgeted target for the current fiscal year. Consumer confidence for US came in at 131.4 for Jan'19 against market expectations of 124.8. Meanwhile, President Donald Trump and Kim Jong Un meeting in Vietnam ended without any major conclusions. GDP from US came in at 2.6% against market expectations of 2.2 percent. Jerome Powell in his latest testimony said US Central Bank will pay attention to financial market volatility if it threatens economic stability. The Fed's assets currently stand at about \$4 trillion. In the coming week, movement in USDINR will be driven by services PMI from India and Non-farm payroll data from US.



In this week, USDINR (CMP: 70.80) is expected to trade between 70.45 to 71.50

#### EURINR

EURUSD appreciated by 0.3 percent last week while EURINR depreciated by 0.19 percent the same time frame. German CPI came in line with market expectations at 0.5 percent. Meanwhile, according to Reuters poll ECB to delay rate hikes to next year and restart cheap loans soon. Just two months ago, the ECB shut its 2.6 trillion euro stimulus programme, a policy decision that coincided with a period of rapid deceleration in growth in some of Europe's top economies and no signs of inflation picking up. In the coming week, the movement in EURINR will be driven by ECB policy meeting.



In this week, EURINR (CMP: 80.20) is expected to trade between 79.50 to 81.20

#### GBPINR

GBP rose against USD by 1.56 percent last week while GBPINR depreciated by 1.48 percent. GBP surged when PM May was open to delaying the Brexit date. Later in the day, she spoke before the Parliament, repeating that she would prefer to leave on March 29, yet if her deal doesn't get approval, she is willing to consider a short extension of the Art. 50 deadline of three months. The Parliament also agreed to vote on taking a no-deal off the table during the upcoming meetings. In the coming week, movement in GBPINR will be driven by further developments over Brexit.



In this week, GBPINR (CMP: 93.10) is expected to trade between 92.60 to 94.20

## Gold

Last week, spot gold prices declined by 1.3 percent. Gold prices were supported earlier as Trump expressed his optimism over a possible trade deal with China which improved the risk sentiments amongst the investors in turn pushing the Dollar lower, as investors had taken shelters under Dollar as a safe haven asset. Downfall in the Dollar supported Gold. However, the Dollar recovered over better than expected US data coupled with possibility of another rate hike by FED. The Dollar further strengthened after US GDP grew at an annualized rate of 2.6 percent in the fourth quarter of 2018.



***In this week, Gold (CMP: 1288) is expected to trade between 11260 to 1298***

## Crude Oil

Last week, WTI crude rose marginally by 0.1 percent. Crude prices rallied earlier over Supply cuts by OPEC and its allies. OPEC and some non-affiliated producers such as Russia agreed late last year to cut output by 1.2 million barrels per day (bpd) to prevent excess supply in the global markets which led the rally in Crude prices this year. However, the uptrend was restricted after U.S. President Donald Trump asked OPEC to ease its efforts to boost the crude market. Sharp rise in Crude production by US and weak PMI number published by China further weighed on Crude prices. But OPEC, the producer group is likely to continue with their production cuts to balance the market until the inventory level going down from their current level to their five-year average.



***In this week, Brent Oil (CMP: 65.42) is expected to trade between 64.50 to 66.20***

## Nifty

The Nifty managed to close the week with gains about seven tenths of percent. As far as levels are concerned, index has not gone anywhere and hence, we are still trapped in a trading range of 200 points i.e. 10930 – 10730. Only a sustainable breakout in either direction would lead to some trended move. Till then one should avoid trading aggressively. However, having said that, we have been quite vocal on the fact that the broader market is showing some signs of revival and this is what we have experienced in the week gone by. In fact, on Friday we saw some blown up moves in bunch of individual stocks. Hence, it's better to focus on such potential candidates rather than just scratching our heads, tracking a tick by tick movement in index.



***In this week, Nifty (CMP: 10901) is expected to trade between 10760 to 10950***

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