

Weekly Report – Jan. 14th to Jan. 18th

Key Highlight

- Partial Shutdown ends in US
- House of Commons reject Brexit deal
- Pm May survives no confidence vote

Weekly Performance and Outlook

USDINR

Indian Rupee depreciated by 1.0 percent last week while the Dollar Index increased by 0.48 percent. Rupee remained under pressure on account of continuous strength in greenback and rising crude oil prices. Meanwhile, The House on a 237-187 vote passed the latest in a series of bills to end the partial government shutdown with little Republican support. The measure would provide \$12.1 billion in disaster aid and reopen the closed agencies and the federal department through Feb 8 but it does not provide the required funds for the border wall eyed by Donald Trump. On the trade war front, US is thinking to ease out certain tariffs on China to get a better with them. The Trump administrations have paused their trade war till 1st March amid negotiations to get a better trade deal. In the coming week, the movement in USDINR will be driven by manufacturing and services PMI from US.



In this week, USDINR (CMP: 71.52) is expected to trade between 71.00 to 71.90

EURINR

EURUSD depreciated against US dollar by 0.7 percent last week while EURINR depreciated by 0.33 percent the same time frame. CPI from Germany came in line with market expectations at 0.1 percent for Dec'18. Meanwhile, UK MP's rejected the Brexit deal yesterday by a massive 423 to 202 votes against the government. The EU and European governments warned Tuesday that the British parliament's rejection of a Brexit deal heightened the risk of a disorderly withdrawal from the bloc. In the coming week, the movement in EURINR will be driven by ECB press conference.



In this week, EURINR (CMP: 81.13) is expected to trade between 80.50 to 82.30

GBPINR

GBP rose against USD by 1.11 percent last week while GBPINR depreciated by 2.06 percent. PM May won the no confidence vote held against her yesterday. CPI from UK came in line with market expectations at 2.1 percent for Dec'18. However, Prime Minister Theresa May lost her bid to bring the ill-fated Brexit deal through the House of Commons by a huge majority of 230 votes. The tally of 432-202 had 118 Conservatives voting against their own Prime Minister in the most lopsided government loss in history. In the coming week, the movement in GBPINR will be driven by further developments with regards to Brexit.



In this week, GBPINR (CMP: 90.77) is expected to trade between 89.50 to 91.50

Gold

Last week, Spot gold prices rose marginally by 0.1 percent while on the MCX prices rose by 1.1 percent. Weak trade numbers from China led to a fall in the global stocks which raised concerns about further weakening in the world's second largest economy. Prices were also supported by the rate hike pause by FED which continued to pressurize the Dollar Index. However, prices struggled to breach the \$1,300 level, even though physical demand for gold coins had picked up in Britain due to uncertainty about its future relations with the European Union. Britain is due to leave the EU on March 29, but investor.

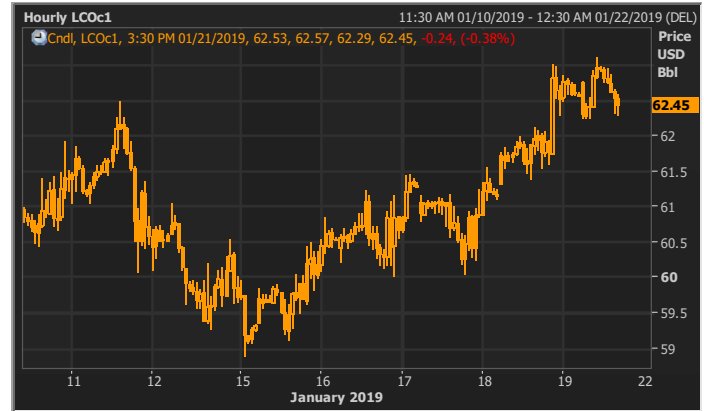


In this week, Gold (CMP: 1278) is expected to trade between 1265 to 1290

Crude Oil

Last week, WTI crude prices rose by 1.9 percent to whereas on the MCX Oil prices rose by 3.08 percent. Weak trade data from China had pressurized crude prices. However, Prices were supported by China's plans to boost their economy which has stalled in the past couple of months. US crude output surged to about 12 million barrels per day (bpd) amid weaker demand which restricted the gains. US Crude Inventories declined marginally whereas a large build up was seen in the gasoline inventories which pointed towards weak demand for oil from the US. Supply cuts by OPEC and other major producers reduced concerns about excess output. OPEC had decided to reduce output from January 2019 as per its statement in late

2018.



In this week, Brent Oil (CMP: 62.35) is expected to trade between 61.50 to 64

Nifty

Despite global markets showing some signs of recovery, last couple of months has been a period of consolidation for our markets. The price activity within this consolidation became lethargic as we saw overall trading range getting contracted in recent weeks. On Tuesday, we finally had a breakout from this congestion zone and thereby confirming couple of price patterns. However, things became more frustrating, as there were no follow up move seen post the breakout. In fact, in last three days, index remained in a slender range but individual stocks underwent some decent price correction. Fortunately, in the midst of this, index managed to defend 10900 on a closing basis. We expect Nifty heading towards 10985 first and then to test 11050 – 11150 levels



In this week, Nifty (CMP: 10980) is expected to trade between 10750 to 11150

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