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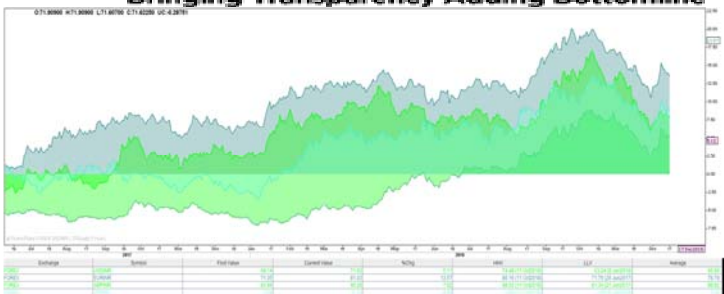


Weekly Report – Jan. 07th to Jan. 11th

Key Highlight

- **Rate hike pause by FED pressurizes Dollar.**
- **Brexit woes continue to dominate sterling**

Weekly Performance and Outlook

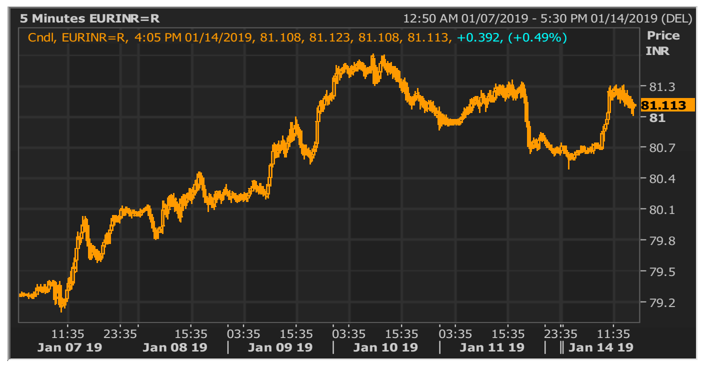
USDINR

Indian Rupee appreciated by 1.0 percent last week while the Dollar Index declined by 0.3 percent. The dollar fell versus other major currencies as investors were convinced that the Federal Reserve will pause its rate tightening cycle this year amid uncertainties over the U.S. economy. Even the Minutes from the Fed's Dec. 18-19 meeting revealed that several policymakers were in favour of the US central bank keeping rates steady this year. The dollar index was also pressurized by fall in the yield of the 10 year government bond amid possibility of a positive outcome of the trade talks between US-China.

In this week, USDINR *(CMP: 70.80) is expected to trade between 70.00 to 71.5*

EURINR

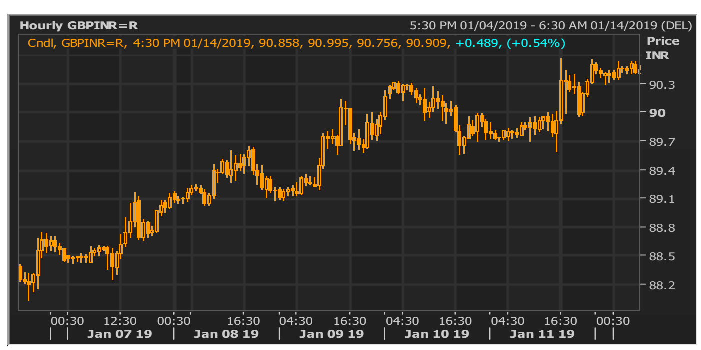
EURUSD appreciated against US dollar by 0.44 percent last week while EURINR appreciated significantly by 1.5 percent the same time frame. Fed Chairman Jerome Powell told the American Economic Association the Fed is not on a present path of rate hikes and it will be sensitive to the downside risks markets are pricing in. The dollar had gained 4.3 percent in 2018 as the Fed hiked rates four times on the back of a strong domestic economy, falling unemployment and rising wage pressures. The upside was restricted by weak Economic data in the eurozone over the last few months, especially in France and Germany, the Eurozone's economic powerhouses.



In this week, EURINR (CMP: 81.13) is expected to trade between 80 to 82.30

GBPINR

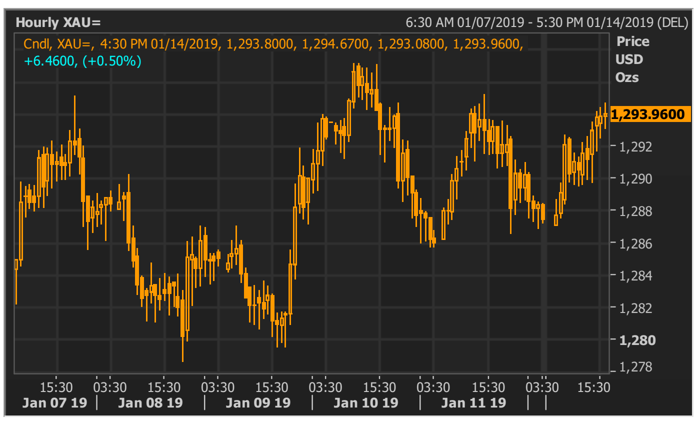
GBP rose marginally by 0.2 percent last week while GBPINR appreciated by 0.7 percent. Brexit woes are most likely to dominate sentiment towards sterling. British Prime Minister Theresa May must win a vote in parliament to get her Brexit deal approved or risk seeing Britain's exit from the European Union descend into chaos. The vote is now due to take place on Jan. 15. May's chances of winning the vote looks slim as the DUP, the small Northern Irish party that usually props up her government, is opposed to the deal.



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 0.3 percent to close at $1292.05 per tonne. While on the MCX prices rose 1.15% to close at Rs.32012 per 10gms. Prices started to rise after US and China resumed their trade talks to end the tariff dispute. However, global rebound in equities after dovish remarks from FED pointed towards an improved risk appetite amongst investors might reduce demand for the yellow metal. FED Chairman, Jerome Powell further confirmed slowdown in the rate hike in 2019, which pushed the Dollar Index lower. The Minutes of the FOMC (Federal Open Market Committee) Dec 2018 policy meeting which released last week further confirmed slowdown in the rate hike. Gains were restricted after Global stock rally over optimism of a possible trade deal between US-China pointing towards increasing risk appetite amongst investors in turn reducing the demand for Gold. However, Increasing Gold ETF demand restricts the downtrend in the precious metal



In this week, Gold (CMP: 1291) is expected to trade between 1270 to 1310

Crude Oil

Last week, WTI crude prices surged by 9.2 percent whereas Brent rose by 8.0 percent. Sharp uptrend was seen in the oil prices as they were supported by supply cuts by OPEC amid optimism over a possible trade deal between US and China. However, optimism over the outcome of the trade talks soon faded as the talks no concrete signs of a new trade deal came up. The gains were also restricted after Goldman Sash's lowered the price forecast over excess of supply in the global markets amid weaker demand.

In this week, Brent Oil (CMP: 59.80) is expected to trade between 57 to 61

Nifty

It was indeed the week of boredom for our market, as the benchmark index remained in the slender range of merely 140 points. Eventually, we concluded the week tad below 10800 mark. In Index futures front, we saw mixed activity in Nifty as well as BankNifty. Despite some intraday selling on Friday we could hardly see any kind of covering by put writer, which is certainly building hopes for the bulls. At current juncture, 10700-10750 is an immediate base for the index; whereas, 10880-10900 is the wall of resistance. Unless we don't see index surpassing the above mentioned range traders are advised to prefer trading in individual counters to fetch better risk-reward ratio.

In this week, Nifty (CMP: 10736) is expected to trade between 10600 to 10900

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