



Weekly Report – 18th Mar to 22nd Mar

Key Highlight

- India's trade deficit narrows to \$9 billion
- HOMC keeps interest rates unchanged
- EU agree for extension of Brexit date

Weekly Performance and Outlook

USDINR

Indian Rupee appreciated by 0.4 percent last week while the Dollar Index declined by 0.82 percent.

India's CPI rose to a four month high in Feb'19 to 2.57 percent against 1.97 in Jan'19 India's trade deficit narrowed to a 17-month low of \$9.6 billion in February. Exports rose 2.44% to \$26.67 billion in February from a year earlier, while imports were down 5.41% to \$36.26 billion.

US Fed kept interest rates unchanged and sees no hikes for 2019. Meanwhile, they plan to end the drawdown of central bank bond holdings by Sep'19. However, a hope for summit to wrap up a U.S.-China trade deal has been postponed from this month to April or later as Beijing does not wish to give into US demands for a one way enforcement framework.



In this week, USDINR (CMP: 68.85) is expected to trade between 68.20 to 69.20

EURINR

EURUSD appreciated by 0.5 percent last week while EURINR depreciated by 0.02 percent the same time frame.

The EU preliminary March Consumer Confidence improved by less-than-expected, printing -7.2. The German ZEW

survey showed that Economic Sentiment improved by more than expected in March, resulting in -3.6 for the country and at -2.5 for the whole Union, this last recovering from 16.6 in February.

In the coming week, the movement in EURINR will be driven by German and French CPI



In this week, EURINR (CMP:77.95) is expected to trade between 77.00 to 78.50

GBPINR

GBP fell against USD by 1.09 percent last week while GBPINR appreciated by 1.55 percent.

As per the draft proposal, the EU is ready to offer a Brexit extension till April 12 by then the PM Theresa May has to acquire parliament support for her deal in order to remain in the region till May 22. If Mrs. May fails to gain House of Commons' support for her plan, April 12 is the last day for the British economy as the regional member. It should also be noted that the Bank of England (BOE) left its monetary policy unchanged, as expected, while giving higher importance to Brexit for directing future moves.



In this week, GBPINR (CMP: 90.50) is expected to trade between 90.00 to 91.50

Gold

Last week, spot gold prices rose by 0.8 as dovish comments by the FED pushed the Dollar lower. However, better than expected U.S. economic data helped Dollar rebound which in turn capped gains for the yellow metal.

The U.S. Federal Reserve gave up all plans to hike interest rates in 2019, signalling towards an end of their monetary tightening policy which weighed on the U.S. Dollar in turn supporting Gold.

However, the gains were capped by the recovery in the U.S. Dollar after applications for unemployment benefits reduced significantly last week coupled with factory activity in the mid-Atlantic region rebounding sharply this month after sharp falls.



In this week, Gold (CMP: 1317) is expected to trade between 1305 to 1325

Crude Oil

WTI Crude continued its uptrend last week as prices went up by 1.8 percent. Production cuts by OPEC and its allies coupled with U.S. sanctions on OPEC members (Iran and Venezuela) supported the prices.

OPEC and its allies cancel their planned meeting in April 2019 defying the chances of changes in the production cuts. They will meet next on June 25-26, 2019. A sharp downfall in inventories comes as many refineries are undergoing seasonal maintenance work ahead of peak summer demand. Even lower production by U.S. has led to tightening of the inventory which has further supported prices.

However, the gains were capped as the trade tension between US and China raised demand concerns for Crude as China is the biggest crude consumer



In this week, Brent Oil (CMP: 66.80) is expected to trade between 65.50 to 68.00

Nifty

This week's lethargic move was no surprise to us as we had clearly opined about a possible consolidation after Nifty entering the important trading range of 11500 – 11600. In fact, we saw some tiredness on the last day of the week. Nifty breached previous day's low for the first time in last 9 days; whereas Bank Nifty did similar on the 13th day. More than weakness, we would rather construe this as pull back or profit booking move, which was very much overdue after giving such a steep rally in a short span.



In this week, Nifty (CMP: 11351) is expected to trade between 11200 to 11700

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