



Weekly Report – 25th Mar to 29th Mar

Key Highlight

- Parliament vote to decide Brexit’s future
- Draghi remains dovish on the Euro economy
- US & China resume trade talks

Weekly Performance and Outlook

USDINR

Indian Rupee depreciated by 0.1 percent last week while the Dollar Index increased by 0.58 percent. Foreign investors have bought \$6.32 billion in equity and \$455 million in debt market. 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 and China resume high-level trade talks this week as they close in on a deal that could just be the first step in the long road to economic peace. Meanwhile, Donald Trump’s emergency declaration over the US border with Mexico remained in force after the House failed to garner the two thirds majority needed to overturn the president’s veto. Movement in USDINR will be driven by RBI monetary policy meeting and Non-farm payroll data from US.



In this week, USDINR (CMP: 69.20) is expected to trade between 68.80 to 7.20

EURINR

EURUSD depreciated by 0.7 percent last week while EURINR appreciated by 0.61 percent the same time frame.

ECB’s Head Draghi spoke in Frankfurt, repeating that the risk to the outlook remains tilted to the downside, adding that the central bank is ready to act. His dovish remarks, also hinting that a rate hike could be further delayed if needed. German CPI came in 0.4 percent for Feb’19 against market expectations of 0.6 percent. In the coming week, the movement in EURINR will be driven by Euro zone manufacturing and services PMI.



In this week, EURINR (CMP:77.76) is expected to trade between 76.80 to 78.20

GBPINR

GBP fell against USD by 1.02 percent last week while GBPINR appreciated by 0.92 percent. The pair initially stretched its last week’s downturn forward after results of the indicative Brexit proposals supported fears of hard departure when PM Theresa May’s third proposal is also bearing mixed response before appearing for votes. However, rejection of indicative proposals also increased chances of May’s plan being accepted and hence some pullback took place recently. During the weekend UK Parliament will vote to decide on passage of the deal triggering Article 50 with European Union. Movement in GBPINR will be driven by talks around Brexit and UK PMI data.



In this week, GBPINR (CMP: 90.69) is expected to trade between 89.50 to 91.50

Gold

Last week, spot gold declined by 1.4 percent whereas MCX Gold prices declined by 1.65 percent. After declining significantly over chances of a possible recession the US dollar recovered which pressurized the yellow metal.

Continuously mounting global tension boosted the demand for US Dollar as a safe haven asset.. Dollar further strengthened against the basket of currencies as others struggled after dovish indications from central banks in turn pushing gold prices lower.

Dovish approach by the U.S. Federal Reserve and global growth concerns has helped Spot Gold appreciate over 13 percent after hitting more than 1-1/2 year lows in August 2018.



In this week, Gold (CMP: 1290) is expected to trade between 1280 to 1310

Crude Oil

Last week, WTI Crude rose by 2.0 percent supported by production cuts by OPEC and its allies. However, the gains for crude were capped after U.S. Crude stockpiles in the earlier week increased by 2.8 million barrels which was against the markets expectation of a downfall of 1.2 million barrels. Even U.S. net crude imports were up by 114,000 bpd and exports fell by 506,000 bpd.

Moreover, trade tension between US and China escalated after US commerce department found that China has been exporting steel wheels to United States below its fair value to hamper the local U.S. producers. This might risk the chances of a possible trade deal between US and China and raise demand concerns for Crude.

Demand worries further restricted the upside momentum as manufacturing data from Asia, Europe and the United States signalled towards an economic

slowdown.



In this week, Brent Oil (CMP: 68.69) is expected to trade between 68.00 to 70.00

Nifty

Nifty spot closed at 11623.90 this week, against a close of 11456.90 last week. The Put-Call Ratio has decreased from 1.60 to 1.49. The annualized Cost of Carry is positive at 8.51%. The Open Interest of Nifty Futures has decreased by 28.65. Nifty current month future closed with a premium of 56.00 points against a premium of 81.55 points to its spot. Next month future is trading with a premium of 114.50 points. As far as Nifty options activities for the week are concerned, fresh build-up was seen in 11800-12000 call options. On the other side, good amount of writing took place in 11200-11500 put options. Maximum open interest for April series now stands at 12000 call and 11500 put options.



In this week, Nifty (CMP: 11712) is expected to trade between 11550 to 11900

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