



## EURINR

EURUSD depreciated by 1.1 percent last week while EURINR appreciated by 1.46 percent the same time frame. The central bank changed its forward guidance on rate hikes, stating that would remain at their present levels 'at least through the end of 2019, and in any case for as long as necessary. The ECB downgraded this year growth forecast to 1.1% from the previous 1.7%, while inflation for this year is now seen at 1.2% vs. 1.6% in December. In the coming week, the movement in EURINR will be driven by German CPI and industrial production data.

## Weekly Report – 04<sup>th</sup> Mar to 08<sup>th</sup> Mar

### Key Highlight

- ECB to keep rates constant till end 2019
- US economic expansion approaching a decade
- Brexit uncertainty dominated Pound

### Weekly Performance and Outlook

#### USDINR

Indian Rupee appreciated by 0.4 percent last week while the Dollar Index increased by 1.17 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. Meanwhile, manufacturing PMI from India for Jan'19 came in at 54.3 against market expectations of 52.5. Jerome Powell in his latest testimony said US Central Bank will pay attention to financial market volatility if it threatens economic stability. Non-manufacturing PMI from US came in at 59.7 for Feb'19 against market expectations of 57.4. Services PMI from US came in line with market expectations at 56 for Feb'19. Meanwhile, The U.S. economic expansion, the second-longest in history and approaching its tenth year, is continuing despite the recent government shutdown, a new Federal Reserve report showed Wednesday.



In this week, USDINR (CMP: 69.95) is expected to trade between 69.80 to 70.50



In this week, EURINR (CMP: 78.52) is expected to trade between 78.20 to 79.50

#### GBPINR

GBP fell against USD by 1.04 percent last week while GBPINR appreciated by 1.37 percent. GBP fell for two major reasons mainly Finance Minister Hammond, who said that he wasn't expecting a breakthrough in conversations between UK Attorney General Fox and the EU's Chief Brexit Negotiator Michel Barnier. Later, UK's McDonnell said that not many Labour MPs are likely to back May's Brexit plan when it gets to the Parliament next week. In the coming week, movement in GBPINR will be driven by annual budget release and GDP data from UK.



In this week, GBPINR (CMP: 90.80) is expected to trade between 90.20 to 91.80

## Gold

Last week, spot gold end flat as risk appetite amongst investors decreased in turn increasing the demand for Gold, the safe haven asset. Gold prices declined after Dollar strengthened over higher U.S. Treasury yields. Increasing US treasury yields and strong growth witnessed by US in the fourth quarter supported Dollar in turn making Gold expensive for other currency holders

Dovish stance by the ECB supported the U.S. Dollar Index, which in turn limited the gains for the yellow metal. The ECB will hold back their monetary tightening until 2020, which pushed the US Dollar higher.



**In this week, Gold (CMP: 1296) is expected to trade between 1280 to 1310**

## Crude Oil

Last week, WTI crude was down by 0.1 percent whereas Crude on the MCX was down by 0.55 percent. Supply cuts by OPEC and U.S. sanctions on OPEC members Venezuela and Iran continue to support the crude. OPEC and its allies stated that the production cuts were imposed to avoid the supply glut that could soften prices.

However, China trimmed down their growth targets for 2019 which raised fresh demand concerns for Crude which pushed the prices lower.

Last week, U.S. Crude inventories rose by 7.1 million barrels to 452.93 million barrels. U.S. crude oil production continues to be at a record high of 12.1 million barrels per day (bpd), which is 2 million bpd higher since early 2018 which further pressurized the prices.



**In this week, Brent Oil (CMP: 66.06) is expected to trade between 64.50 to 66.80**

## Nifty

Since last few days, index was consolidating and midcaps / small caps started attracting traders' attention. However, first trading day of the week turned out to be the trend deciding day for our benchmark. Due to all this positivity, Nifty has confirmed a breakout from the 'Falling trend Line' on daily chart. Thus, muted action in last two days should be construed as a pull back or a breather. Further, if we observe the daily chart meticulously, we can see a formation of 'Megaphone' pattern. Recent supports of 10583 and 10585 being the base of the same and the higher trend line is extended towards 11300 – 11350. Hence, a move towards this important junction cannot be ruled out in days to come. Traders are advised to trade with a positive bias and expect 10994 – 10840 to act as a strong support zone now.



**In this week, Nifty (CMP: 11147) is expected to trade between 10950 to 11360**

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