



Weekly Report – 13th May to 17th May

Key Highlight

- US blacklisted Chinese telecom giant Huawei
- Chinese officials threatened to retaliate
- Uncertainty revolves around Brexit

Weekly Performance and Outlook

USDINR

Indian Rupee depreciated by 0.2 percent last week while the Dollar Index increased by 0.54 percent. Services PMI from India came in at 51 for Mar'19 against market expectations of 52.5. Stronger than expected Economic data by US pushed the U.S. Dollar higher. U.S. housing data unexpectedly increased in April 2019. Moreover, the unemployment benefits declined last week signalling towards a stronger labour market which pushed the U.S. Dollar higher against the basket of currencies. Trade tension between US and China further escalated after US blacklisted China's telecom giant, Huawei. Meanwhile, China also threatened to increase tariffs on US goods on \$60 billion from 5 percent to 10, 20 and 25 percent on different batch of goods.

In the coming week, USDINR will be driven by election results in India.



In this week, USDINR (CMP: 69.60) is expected to trade between 69.20 to 70.20

EURINR

EURUSD appreciated by 0.5 percent last week while EURINR appreciated by 0.29 percent the same time frame.

Escalating trade tension has inserted downside pressure on the global economic growth. Slowdown is also witnessed in the Euro-zone and Italy stated the ECB governing council member, Ignazio Visco. Meanwhile, German CPI came in line with market expectations at 1 percent for Apr'19. German GDP data came in line with market expectations at 0.4 percent. EURINR in the coming week will be driven by European Parliamentary elections



In this week, EURINR (CMP: 77.60) is expected to trade between 77.10 to 78.50

GBPINR

GBP decreased against USD by 1.63 percent last week while GBPINR appreciated by 1.38 percent.

In the UK, cross-party talks between the government and opposition Labour continued this Monday, although the lack of progress persists, denting further demand for Sterling. Meanwhile, wages growth eased to 3.2% from 3.5%, also missing the market's forecast of 3.4%.

In the coming week, GBPINR will be driven by talks revolving around Brexit



In this week, GBPINR (CMP: 88.60) is expected to trade between 80.00 to 89.50

Gold

Last week, spot gold prices ended lower by 1.8 percent. Escalating trade tension coupled with appreciating US Dollar weighed on the Gold prices. The U.S. housing data unexpectedly increased in April 2019. Moreover, the unemployment benefits declined last week signaling towards a stronger labor market which pushed the U.S. Dollar higher against the basket of currencies.

U.S. hiked the tariff rates last week to 25 percent on the 250 billion worth of Chinese goods imported in the United States. Even China retaliated with fresh round tariffs on U.S. imports worth 60 billion which further deteriorate the global scenario. Moreover, U.S. levied severe sanctions on China's telecoms giant Huawei on 15th May 2019 fading off any optimism over a possible trade deal.

U.S. Treasury Secretary Steven Mnuchin will travel to Beijing soon to resume with the trade negotiations as the two countries try to bridge their differences and end their month's long trade spat.



In this week, Gold (CMP: 1276) is expected to trade between 1270 to 1290

Crude Oil

Last week, WTI Crude prices declined by 1.8 percent over escalating trade tension between US and China coupled with surge in U.S. crude inventory. U.S & China imposed tariffs on each other further escalating trade tension between the biggest economies in the world which pushed the prices lower.

Unexpected surge in U.S. crude inventory weighed on the prices. As per reports from the Energy Information Administration (EIA), Crude inventory increased by 5.4 million barrels last week, hitting its highest levels since September 2017.

Hedge fund managers are turning bearish for Crude considering the global slowdown and an over extended bull run in the prices overpower the concerns of supply crunch and US sanctions on OPEC members.



In this week, Brent Oil (CMP: 73.17) is expected to trade between 72.20 to 74.50

Nifty

Now, let's dig into a bit of technical. The Nifty has managed to reverse from the 61.8% retracement of the recent up move and due to this, on weekly chart, '20-EMA' has been successfully defended on a closing basis. Going ahead, 11600 – 11800 these are the levels to watch out for in the upward direction and on the lower side, 11286 – 11050. The major trend will get confirmed only after Nifty giving a decisive breakout from the broader range of 11800 – 11050. But if we just have to guess on one possible direction, looking at current chart structure, we would remain hopeful as long as 'Multi-Month Trend Line' support of 11050 – 10900 remain unbroken on a sustainable basis.



In this week, Nifty (CMP: 11676) is expected to trade between 11400 to 11800

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