



Weekly Report – 27th May to 31th May

Key Highlight

- US China trade tension heightens
- ECB warns of economic slowdown in EU
- Uncertainty revolves around Brexit

Weekly Performance and Outlook

USDINR

Indian Rupee depreciated by 0.6 percent last week while the Dollar Index increased by 0.57 percent. Lingering tensions between the US and China added to the dollar's strength, following the latest comments from US President Trump, who said Monday that the country is not ready to make a deal with China. US and Chinese representatives exacerbated the dismal mood, as the Chinese Foreign Minister said that the US is in no position to decide who is a currency manipulator, while, later in the day, US Secretary of State Pompeo said that the country "may or may not" get a trade deal with China. Meanwhile, latest development on trade war front came with China accusing US of economic terrorism and also warned that it will stop the export of rare earth metals which are crucial for manufacturing sector.

In the coming week, USDINR will be driven by RBI policy meeting and NFP data from US.



In this week, USDINR (CMP: 69.28) is expected to trade between 68.80 to 69.50

EURINR

EURUSD depreciated by 0.7 percent last week while EURINR appreciated by 0.09 percent the same time frame.

ECB warned of an economic downturn on account of the US-Sino trade war will affect the common currency as well. German Unemployment change came in at 60,000 against market expectations of -8000 for Apr'19. Meanwhile, in the European elections the centrist bloc lost the majority, with greens and euro sceptics adding seats, although pro-EU parties held onto roughly two-thirds of the seats.

EURINR in the coming week will be driven by ECB policy meeting.



In this week, EURINR (CMP: 77.44) is expected to trade between 77.10 to 78.20

GBPINR

GBP decreased against USD by 0.8 percent last week while GBPINR appreciated by 0.22 percent.

PM Theresa May, after failing to get support for her Brexit deal announced her resignation which increased the bearish sentiment for pound. Labour leader Corbyn said that his party would do 'whatever is necessary' to prevent a no-deal Brexit, including backing a second referendum.

In the coming week, movement in GBPINR will be driven by further update on Brexit.



In this week, GBPINR (CMP: 87.90) is expected to trade between 87.70 to 88.50

Gold

Last week, Spot gold prices rose by 0.8 percent whereas Gold on the MCX rose by 1.26 percent.

Escalating tension between U.S. and China had its impact on the U.S. economy which raised worries of slowdown, weakening the U.S. Dollar Index. Even the U.S. Manufacturing sector PMI, retail sales and exports dipped in April 2019 signaling towards an evident slowdown.

The gains for Gold were capped as the investors preferred Dollar as a safe haven over Gold which led to a rally in the Dollar Index. However, markets expectation of a rate cut by FED amid continuously declining U.S. Treasury yields weighed on the Dollar Index.



In this week, Gold (CMP: 1314) is expected to trade between 1295 to 1320

Crude Oil

A sharp decline of over 4 percent was witnessed in Crude prices last week over worries of weakening of global demand considering the ongoing trade tension between US and China. Crude prices continued to get support by the production cuts by OPEC and U.S. sanctions on Iran and Venezuela's oil exports.

However, escalating trade tension between U.S. & China over shadowed the supply crunch. Fresh worries over the trade tension came up after U.S. President Trump stated in a recent conference that he is not ready to make a deal with China. Even China stated that it will use its rare earths to strike back at United States. Moreover, Crude inventories in US declined by 300,000 barrels last week which was a much smaller dip than what the markets expected, further pressurizing the prices.



In this week, Brent Oil (CMP: 62.37) is expected to trade between 61.50 to 64.00

Nifty

During the week, we clearly witnessed a consolidation and this is quite evident as the overall uncertainty is behind us post the favourable election verdict. In fact, it's a typical characteristic of a market, which never gives easy money when the trade becomes obvious and is known for giving sharper moves when they are least expected. Now as far as levels are concerned, 11600-11500 has become a near term base and for the forthcoming week, 11840 can be seen as a sacrosanct level. Till the time, we are above these levels, the bias remains positive and we expect a gradual march towards 12050-12200



In this week, Nifty (CMP: 12088) is expected to trade between 11800 to 12300

Head Office

309, 3rd Floor, US Complex, 120, Mathura Road,
Sarita Vihar, New Delhi-110076,
(Opposite Apollo Hospital).

Branch Office

1st Floor, JK Infotech 2, EFC Office Spaces, Hinjewadi, Phase - 1,
Pune-411057.

Email us : info@route forex.com

Contact Us : +91 11-26394733/32

You can also visit our Website by www.route forex.com



Our Services



Forex
Risk Advisory



Forex
Transaction
Processing



Broking
Services



Money
Changing
Service

Disclaimer : The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. This document may not be reproduced, distributed or published by any recipient here of for any purpose without prior permission from Route forex. Your feedback is appreciated on research@route forex.com.