



Weekly Report – 08th Jul to 12th Jul

Key Highlight

- ECB meeting minutes comes out dovish
- Rate cut possibility by US FED increases
- Electoral uncertainties in UK weigh on Pound

Weekly Performance and Outlook

USDINR

Indian Rupee appreciated by 0.1 percent last week while the Dollar decreased by 0.39 during the same time frame. Meanwhile, the Economic Survey 2019 stressed the need to give a huge boost to spending and reforms to accelerate higher rate of expansion to double the economy's size to \$5 trillion by 2024-25. The testimony document showed that US policymakers consider that uncertainties since the June meeting have continued dimming the economic outlook, highlighting that trade tensions remain a critical issue. Furthermore, the Fed now thinks that there's a risk weak inflation will be more persistent than anticipated, while, despite believing the jobs' market remains strong, the current rise in wages, despite at healthy levels, is falling short from pushing inflation higher. Meanwhile. Non-farm payroll data came in at 224,000 against market expectations of 162,000 for June'19.



In this week, USDINR (CMP: 68.56) is expected to trade between 68.10 to 69.20

EURINR

EURUSD appreciated by 0.4 percent last week while EURINR depreciated by 0.29 percent the same time frame. ECB's latest meeting accounts reminded speculative interest that the European Central Bank is also in the dovish path, as the document showed that policymakers are ready to ease further as appropriate, using all the available tools, including resuming asset repurchase program and cutting rates. In the coming week, EURINR will be driven by German economic sentiment data and CPI data from EU.



In this week, EURINR (CMP: 77.26) is expected to trade between 76.70 to 77.80

GBPINR

GBP increased against USD by 0.04 percent last week while GBPINR appreciated by 0.08 percent. Ireland's finance minister Paschal Donohoe, who said that the prospect of a disorderly Brexit is now a "significant risk." Also, the Labour Party leader, Jeremy Corbyn, said that the upcoming UK PM should test his Brexit plan with a second referendum. Meanwhile, BOE signals that British banks hold enough capital to cope with a no deal Brexit and global trade war simultaneously. In the coming week, movement in GBPINR will be driven by further update on Brexit and the electoral developments in UK.



In this week, GBPINR (CMP: 86.16) is expected to trade between 85.50 to 87.00

Gold

Last week, Spot gold prices rose by 0.6 percent over rising chances of a possible rate cut by the U.S. Federal Reserve. Better than expected U.S. Job data coupled with a sudden increase in the United States consumer inflation weighed on the chances of trimming the interest rate and limited the gains for Gold. U.S. Federal Reserve latest policy meeting strongly pointed towards a dovish approach which supported Gold. After FED's minutes the Dollar was pressurized as the FED Chair Jerome Powell stated that weakening of U.S. factory data amid rising global trade tension might hamper the U.S. economic growth. Moreover, falling US treasury yield amid worries over economic slowdown further supported Gold prices.



In this week, Gold (CMP: 1409) is expected to trade between 1390 to 1420

Crude Oil

Last week, WTI Crude prices surged over 5 percent over falling inventory levels coupled with rising worries of a global supply shortage. U.S. Crude stockpiles dipped over 9 million barrels which pushed Crude prices higher. U.S. Inventory levels continued to decline for the fourth week straight. Moreover, cyclone threatened crude production in the Gulf of Mexico amid rising tension from the Middle East. Oil companies in the Gulf of Mexico had to shut over 53 percent of the regions production. The prolonged trade spat between U.S. & China has shown no signs of easing off. The trade war is its second year now and it continues to hamper the global growth prospects & in turn limited the gains for Crude prices.



In this week, WTI Oil (CMP: 60.02) is expected to trade between 58.50 to 61.50

Nifty

Post Friday's sharp fall, we started-off the week with a downside gap and witnessed follow-up selling to drag index towards 11450 mark. However, 11450-11500 acted as support zone and we saw some short covering move in next 2-3 session to reclaim 11600. On Friday, index surpassed 11600 mark but couldn't sustain at higher levels as we saw sharp fall in final hour to conclude the week 2% lower. In index futures segment, we saw mixed activity throughout the week. At present, 11450-11500 is an immediate support; whereas, 11600-11650 shall act as a hurdle. Until index trades between the above mentioned range, traders are advised to stay light in index and prefer trading in individual counters.



In this week, Nifty (CMP: 11556) is expected to trade between 11450 to 11710

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



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