



Weekly Report – 01st Jul to 05th Jul

Key Highlight

- Economic survey optimistic on India economy
- US threatened the EU with \$4 billion of tariffs
- Electoral uncertainties in UK weigh on Pound

Weekly Performance and Outlook

USDINR

Indian Rupee appreciated by 0.4 percent last week while the Dollar Index increased by 0.71 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. ADP non-farm payroll data came in at 102,000 against market expectations of 140,000 for June'19. Dollar might be under pressure as the growth in the manufacturing sector slowed down to near a 4 year low. Markets will have keen watch on the U.S. employment data which is to be released in this week. The two countries decided on a Truce and no further tariffs which eased global slowdown concerns. Meanwhile, the optimism that boosted the greenback at the beginning of the week faded after the US threatened the EU with \$4.0B worth of additional tariffs.



In this week, USDINR (CMP: 68.72) is expected to trade between 68.40 to 69.20

EURINR

EURUSD depreciated by 0.8 percent last week while EURINR appreciated by 1.16 percent the same time frame. EU manufacturing sector contracted in June whereas the U.S. manufacturing data rose marginally in the similar time frame. U.S. Meanwhile, ECB's governing council member Olli Rehn, who said that the EU faces short-term challenges mostly linked to trade tensions, adding that the central bank has to be ready to react. In the coming week, EURINR will be driven by ECB monetary policy meeting minutes.



In this week, EURINR (CMP: 77.17) is expected to trade between 76.90 to 78.20

GBPINR

GBP decreased against USD by 0.87 percent last week while GBPINR appreciated by 1.25 percent. BOE's Governor Carney to weigh the currency lower, as he warned about the risks that protectionism poses to the economy. Despite insisting that limited and gradual interest rate rises would be needed, he also added that trade tensions would "shipwreck the global economy," and that central banks could need to respond "as insurance." In the coming week, movement in GBPINR will be driven by further update on Brexit and the electoral developments in UK. GBPINR SPOT (CMP: 85.6) is expected to trend lower towards 84 mark in this week.



In this week, GBPINR (CMP: 86.20) is expected to trade between 85.75 to 86.90

Gold

Last week, spot gold prices rose by 0.4 percent over rising global uncertainties coupled with weaker U.S. Dollar. Rising expectations of a possible rate cut by the U.S. Federal Reserve continue to weigh on the Dollar Index and support the yellow metal prices. Even the U.S. 10-year Treasury notes yields lingered above its lowest levels in over 30 month low over expectation of weaker U.S. private jobs data in June, 2019. Falling yield weighed on the U.S. Dollar and in turn supported the bullion metal prices. Moreover, U.S. is planning to impose tariffs on \$4 billion worth European Union goods over the prolonged dispute of the aircraft subsidies. Rising global tension led to an increase in the demand for safe haven metal.



In this week, Gold (CMP: 1405) is expected to trade between 1380 to 1420

Crude Oil

After weeks of Bull Run, WTI prices declined by 2.8 percent last week over global demand concerns. Weakening of the manufacturing sector around the globe dampened the demand prospects for Crude. OPEC+ along with Russia decided to continue with the production cuts in their last meeting in order to prop up Crude prices. However, worries over declining global demand weighed on the prices. Moreover, even the U.S. crude inventory levels declined by 1.1 million barrels whereas the markets expected a dip of 5 million barrels which further pressurized the prices. U.S. President & China's President decided for a truce during their meeting in June and no further tariffs to be levied by Washington which eased down global slowdown concerns. However, tension has not completely eased as US president Trump stated that any kind of deal between the two nations will somewhat be tilted in the favour of the United States.



In this week, Brent Oil (CMP: 64.55) is expected to trade between 63.50 to 65.50

Nifty

Over the weekend, we had some favourable developments with respect to US-China trade war and hence, the week started off on a cheerful note. Post this, our markets had to deal with our domestic factors as we were inching closer to the Union Budget. All four sessions ahead of the event traded in a narrow range but overall bias remained positive. On Friday, the Finance Minister presented the actual Budget post which we witnessed a massive sell off in the market to pare down all weekly gains. We closed precisely at the key psychological level of 11800 after which next support zone lies around 11700-11630. Honestly at this juncture, it's hard to give any possible direction for the forthcoming week. We need to see how market reacts in the first half. Till the time, 11630-11591 are not violated, the broader structure does not get distorted. But in case if it happens,



In this week, Nifty (CMP: 11556) is expected to trade between 11450 to 11810

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