



**Weekly Report – 22<sup>nd</sup> Jul to 26<sup>th</sup> Jul**

**Key Highlight**

- ECB hints at bond buyback amid global slowdown
- Boris Johnson becomes new UK PM
- Hard Brexit uncertainties increases

**Weekly Performance and Outlook**

**USDINR**

Indian Rupee depreciated by 0.3 percent last week while the Dollar increased by 0.73 during the same time frame. Trade deficit narrowed to \$15.28 billion in June from \$16.6 billion in the same month last year. So far this month, foreign institutional investors (FIIs) remained net sellers in the capital markets, pulling out Rs 1.48 billion. Federal Reserve Chair Jerome Powell reiterated a pledge to “act as appropriate” to keep the U.S. economy humming in his speech. A likely rate cut by US FED in the meeting later during the month. Meanwhile, manufacturing PMI from US came in at 50 for June’19 against market expectations of 50.9. Building permits data from US came in at 1.22M against market expectations of 1.3M for June’19. Housing Price Index increased by just 0.1% in May, well below the 0.3% anticipated, Initial Jobless Claims for the week ended July 19 resulted at 206K. USDINR will be driven FOMC meeting and NFP data from US.



**In this week, USDINR (CMP: 68.82) is expected to trade between 68.40 to 69.10**

**EURINR**

EURUSD depreciated by 0.7 percent last week while EURINR appreciated by 0.36 percent the same time frame. Draghi said the euro zone's central bank was looking at interest rate cuts, fresh bond buys and new policy guidance to lift persistently low inflation, which has undershot its target for the past six years. The outlook according to the bank is getting worst for the bloc as trade war is hampering confidence. In the coming week, EURINR will be driven by manufacturing data from EU and retail sales data.



**In this week, EURINR (CMP: 76.56) is expected to trade between 75.70 to 77.20**

**GBPINR**

GBP decreased against USD by 0.43 percent last week while GBPINR appreciated by 0.14 percent. UK PM Johnson added more supporters to his cabinet, and in a prepared statement, said that the UK is better prepared for a no-deal outcome than many believe, although adding that he doesn’t expect such outcome. Nevertheless, he also called for a new Brexit deal, with EU’s Juncker quickly responding that the Withdrawal Agreement is the only possible agreement. In the coming week, movement in GBPINR will be driven by further update on Brexit and BOE policy meeting.



**In this week, GBPINR (CMP: 84.93) is expected to trade between 84.50 to 86.00**

## Gold

Last week, spot gold prices dipped lower by 0.5 percent. Gold prices were pressurized after markets expected a smaller rate cut which supported the Dollar. Mixed signals from the FOMC waved away the chances of higher rate cut in their meeting in the end of July which weighed on the spot gold prices. Moreover, prices dipped over upbeat U.S. economic data which pushed the Dollar higher. Weekly U.S. jobless claims declined to a three month low last week signalling towards strengthening of their labour market. However, tension from the Middle East further escalated after U.S. claimed to destroy another Iranian drone in the Strait of Hormuz. Constant escalating global tension boosted the appeal for the safe haven asset, gold. Markets will have keen watch on the U.S. Federal Reserve's July 30-31 meeting where they are expected to trim down the rate. A rate cut in by FOMC might push the Dollar lower and support Gold prices.



***In this week, Gold (CMP: 1422) is expected to trade between 1415 to 1430***

## Crude Oil

Last week, WTI Crude prices rose by 1.2 percent over rising chances of a possible supply disruption. Tension in the Middle East further escalated after U.S. claimed to destroy another Iranian drone last week in one of the prime routes for the global crude flows. Fresh concerns rising from the Middle East might hamper the supply and underpinned the prices. However, prices continued to be pushed lower even after continuation of output cuts by OPEC+, rising tension from the Middle East and continuous decline in U.S. Crude inventory levels. Weakening of demand prospects for Crude globally continues to limit the gains.



***In this week, WTI Oil (CMP: 56.22) is expected to trade between 55.50 to 56.80***

## Nifty

Post the budget announcement, market participants looked completely dejected and it's clearly reflected in the price action thereafter. The overall chart structure looks distorted and hence, till the time we are below 11550 – 11700, the bears remain in the dominating position. As far as supports are concerned, 11200 seems to have earned some respect and below which we can see a sheet anchor support of '200-day SMA' which now coincides with May lows of 11108.30. Considering Friday's action, a possibility of some relief in the forthcoming week cannot be ruled out. In this scenario, 11350 – 11450 can be retested. But as highlighted above, one needs to be agile and should probably take some profit off the table at least on momentum trades.



***In this week, Nifty (CMP: 11189) is expected to trade between 11050 to 12500***

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