



Weekly Report – 15th Jul to 19th Jul

Key Highlight

- ECB meeting to pave way for Euro
- Rate cut possibility by US FED increases
- Hard Brexit uncertainties increases

Weekly Performance and Outlook

USDINR

Indian Rupee depreciated by 0.3 percent last week while the Dollar increased by 0.09 during the same time frame. Meanwhile, wholesale price-based inflation declined for the second consecutive month to its 23-month low of 2.02 per cent in June. Trade deficit narrowed to \$15.28 billion in June from \$16.6 billion in the same month last year. GDP data from China came in line with market expectations at 6.2 percent for second quarter. Retail sales data from US came in at 0.4 percent for June'19 against market expectations of 0.1 percent. Building permits data from US came in at 1.22M against market expectations of 1.3M for June'19. Meanwhile, Federal Reserve Chair Jerome Powell reiterated a pledge to “act as appropriate” to keep the U.S. economy humming in a speech on Tuesday that validated expectations that an interest rate cut is on the way.



In this week, USDINR (CMP: 69.00) is expected to trade between 68.60 to 69.35

EURINR

EURUSD depreciated by 0.1 percent last week while EURINR depreciated by 0.26 percent the same time frame. The EU released an update on inflation with June CPI in the Union up by 0.2% MoM and by 1.3% YoY, surpassing the market's expectations. The core readings also ticked higher but held anyway below the ECB's target. Meanwhile, German economic sentiment data came in at -24.5 against market expectations of -22.1 for June'19. In the coming week, EURINR will be driven by ECB policy meeting.



In this week, EURINR (CMP: 77.41) is expected to trade between 76.70 to 78.20

GBPINR

GBP decreased against USD by 0.27 percent last week while GBPINR depreciated by 0.06 percent. PM candidates Boris Johnson and Jeremy Hunt, both said that the Irish backstop is “dead” adding that they will take it away from any future negotiation with the EU. European politicians have repeatedly said that they won't renegotiate the withdrawal deal, hence, fears of a hard-Brexit increased. CPI from UK came in line with market expectations at 2 percent for June'19. Meanwhile, retail sales data from US came in at 1 percent for June'19 against market expectations of 0.3 percent. 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: 86.30) is expected to trade between 85.50 to 87.00

Gold

Last week, spot gold rose by 1.7 over rising chances of a possible rate cut by the U.S. Federal Reserve in their upcoming meeting. Industrial production, urban investment and retails sales were above expectation which negated the global slowdown worries and in turn dented the appeal for the safe haven asset. However, weaker than expected U.S. housing data reinfused the slowdown worries and raised the chances of a rate cut by the FED in their meeting on July 30-31, 2019. Moreover, the worries over global slowdown continued to support the yellow metal prices as President Donald Trump stated that a deal between U.S. & China might take time but he wouldn't fall back to impose tariffs on \$325 billion worth of Chines imports in U.S. if needed. Even tension from the Middle East further escalated after U.S. claimed to destroy an Iranian drone in the Strait of Hormuz. Constant escalating global tension boosted the appeal for the safe haven asset, gold.



In this week, Gold (CMP: 1426) is expected to trade between 1415 to 1435

Crude Oil

Last week, WTI Crude prices dipped significantly over 7 percent over weaker demand prospects. China's economic growth fell to a 27 year low in the second quarter which dampened the outlook for Crude and pushed the prices lower. Moreover, production capacities in the Gulf of Mexico resume operation after hurricane Barry which went on for a week ended. Over 70 percent of production was halted during the cyclone which supported Crude prices in the earlier week. Worries over global slowdown continue to hamper Crude prices as President Donald Trump stated that an actual deal between U.S. & China might take time but

he wouldn't fall back to impose tariffs on \$325 billion worth of Chines imports in U.S.



In this week, WTI Oil (CMP: 56.35) is expected to trade between 55.50 to 57.50

Nifty

Nifty index first breached its crucial swing low of 11640 and then gave a weak recovery towards 11700. Now due to the selloff in last two days, Nifty has completely filled its upward gap area created post the exit poll numbers and importantly is on the verge of confirming a breakdown from the multi-month trend line support of 11400. To worsen this, banking index tanked below 30300 and midcap index got hammered once again to activate the bearish scenario. If we look at the price structures, the picture looks extremely scary. Going ahead.



In this week, Nifty (CMP: 11337) is expected to trade between 11150 to 11500

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