Currency Weekly Research Report

(29th July 2019 – 02nd Aug 2019)

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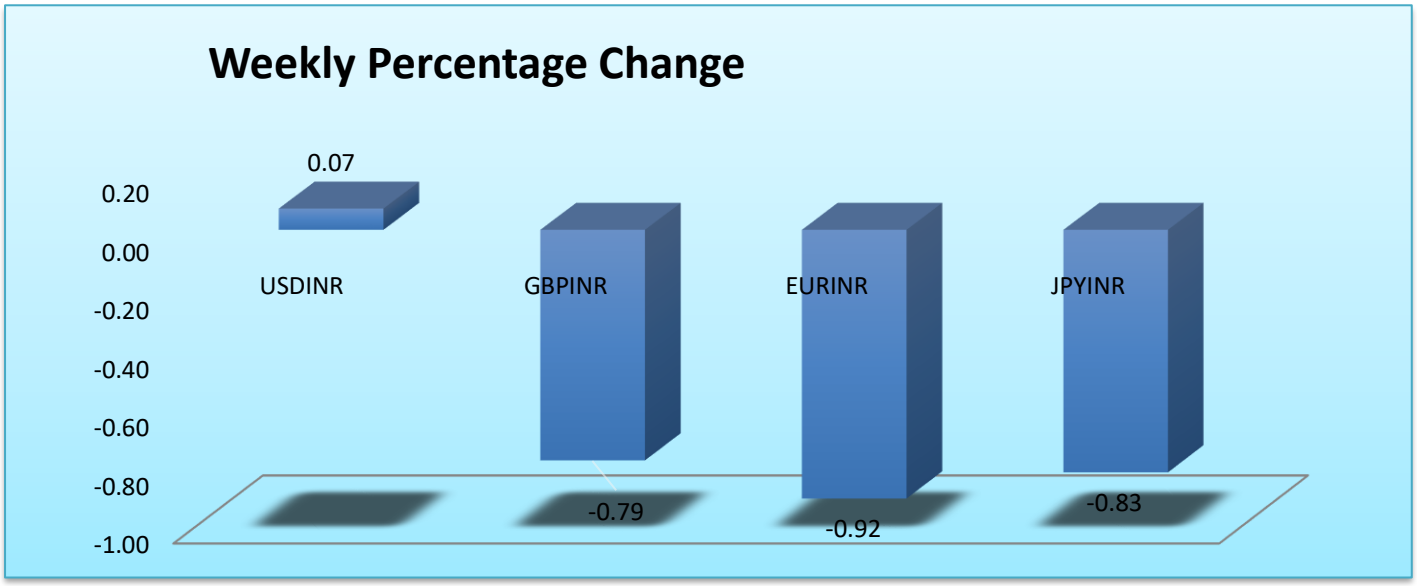
CURRENCY WEEKLY RESEARCH REPORT

After a week of continuous fall in the Domestic unit, it finally closed on a positive note at 68.80 in the previous trading session. Persistent foreign fund outflow and firm prices are Crude are major factors that are weighing down on Rupee. On Monday morning, FM Sitharaman said that the government is reviewing a proposal for the issuance of sovereign debt overseas and is in favour of a rate cut to boost the economy as a result of which, the 10-year bond yield fell by 8 basis point. The next Monetary Policy Committee is to be held on 6-7 August which will give further clarity to the market trend.

On the international front, Crude is trading in a negative trend and the recent statement made by Iran on the 2015 nuclear deal being constructive is also weighing down on the global prices. Economic data are going to be the key focus of this week amid much anticipated Fed rate to be announced on July 30-31 after Federal Reserve meeting. US and China are going to have another round of two-days of trade talks for the further escalation of their ongoing Trade war. Chinese manufacturing and non-manufacturing PMI data on July 31st are also due to gather some focus this week. The market is likely to remain highly volatile in this week with the release such major macroeconomic data.

Now, we will have a look the how Currency pairs changed over the previous week.



USDINR traded flat at 0.07% in the previous week while all the other Currencies crashed against Indian Rupee. GBPINR. EURINR, JPYINR fell by 0.79%, 0.92%, and 0.83%, respectively as Dollar gained strength against all the other major currencies.

GDP OUTLOOK

India is said to overtake the UK as the world's fifth-largest economy by the end of this year and might overtake Japan to become the third-largest by 2025, according to a report of HIS Markit. In the Budget announced by Finance Ministry of India of 5th of July, Finance Minister constrained on transforming India into a $3 trillion economy in 2019. While IMF had revised down the global growth from 3.6% in 2018 to 3.3% in 2019 in a World Economic Outlook survey published in April 2019. According to the latest data, India's GDP fell to 5.8% against expected 6.1% in Jan-March quarter which dragged down the overall growth to 6.8% in FY 2018-19.

Investors are keeping an eye on the Interest rate changes to be announced in the Monetary Policy Committee to be held on 6-7 August and Infrastructure output data Yoy June to be announced on 31st of July.

TECHNICAL ASPECT

Dollar Index

DX looks extremely positive on the chart as it gave a break out to the upside in the previous week.

It has its support at 97.50 and resistance is seen at 98.10.

Break and sustain above 98.10 will see an upside rally till 98.80---99.00 levels or else it can touch its support level of 97.50 again.

If it will be unable to sustain above 98.10 then we can see a downside move till 97.50.

Break and close above 97.50 will see a panic towards 97.00---96.70 levels.

Trade with levels only.

EURUSD

EURUSD is trying to bounce back sharply from lower levels but still looks bearish on the chart.

It has its support at 1.1130 and major resistance is seen at 1.1200.

Break and sustain below 1.1130 will see a downside panic till 1.1050---1.1000 levels in coming days or else it can touch its resistance level of 1.1200 again.

If it will be unable to sustain below 1.1130 then we can see an upside move till 1.1200.

Fresh buying can be seen only on a close above its major resistance level of 1.1200.

Above 1.1200, it can see 1.1250---1.1300 levels.

Trade with levels only.

USDINR

USDINR (August) took hurdle at its resistance level and tumbled down.

It has its major support at 69.10 and resistance is seen at 69.20.

Break and close below 69.00 will see a downside move till 68.50---68.00 levels or else it can touch its resistance level of 69.40 again.

Chances are bright for a downside move, but if it manages to break and sustains above 69.40 then will see a sharp upside rally till 69.90---70.30 levels.

Fresh buying can be done only on a close above 69.40.

Trade with levels only.

WEEKLY ECONOMIC CALENDER

Wednesday July 31 2019			Actual	Previous	Consensus	Forecast
05:00 PM	IN	Infrastructure Output YoY JUN		5.1%		4.4%
05:00 PM	IN	Government Budget Value JUN		INR-3662B		INR -4469B
Thursday August 01 2019			Actual	Previous	Consensus	Forecast
10:30 AM	IN	Markit Manufacturing PMI JUL		52.1		52.7
Friday August 02 2019			Actual	Previous	Consensus	Forecast
05:00 PM	IN	Deposit Growth YoY JUL/19		10.3%		
05:00 PM	IN	Foreign Exchange Reserves JUL/26		$430.38B		
05:00 PM	IN	Bank Loan Growth YoY JUL/19		12%		

Source: Trading Economic

WEEKLY PIVOT LEVELS

Currency Pair	S2	S1	PP	R1	R2
USDINR	68.72	68.82	68.98	69.08	69.24
GBPINR	85.06	85.37	85.91	86.22	86.76
EURINR	76.15	76.45	77.02	77.32	77.89
JPYINR	63.03	63.25	63.67	63.89	64.31

TOP PICK (July 29th 2019)

Sell GBPINR (August) around 85.60 with a stop loss above 86.20 for a target of 85.00---84.50.

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Indian Market View

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