



Forex Update:

Last week, a favorable Balance of Payment account of India and hope that the Federal Reserve will continue with its stimulus measures as economic growth was weaker than estimated, pulled down the USDINR from the high of 61.15, and closed at 59.75. The Euro faced short term volatility during the week amid comments from the ECB President Draghi that found it necessary to repeat the bank's readiness to act should financial conditions seize in the region. The EU's Dijsselbloem reminded us of Cyprus, said the country must stay its austerity course. Greek officials also remarked that recent failures in national asset sales towards privatization would not result in a funding gap for the count. The Japanese Yen underperformed, down as much as 0.8 percent on average against its top counterpart. The pound failed after the (Bank of England) BoE Warns of Vulnerability, Osborne Presents Cuts Under an active stimulus regime.

Succinct Summation of Previous Week:

Positive:

- Spanish retail sales rose to a seasonally adjusted annual rate of -4.6%, from -4.8% in the preceding month whose figure was revised down from -4.7%.
- India's current account deficit moderated to 3.6% in Jan-Mar quarter compared with a record high of 6.7% in the Oct-Dec quarter. The Q4 current account gap fell on account of narrowing trade deficit.
- The trade gap reduced to \$45.6 billion in Q4 of FY13 from \$51.6 billion in the same quarter last year.
- U.S. home sales rose by 2.1% to 476,000 units in May, beating expectations for an increase of 1.3% to 462,000..

Negative:

- U.K. current account recorded at GBP14.5 billion in the three months to March, widening from a deficit of GBP13.6 billion in the preceding quarter, whose figure was revised from a deficit of GBP14 billion.
- U.K. final Q1 GDP grows 0.3%, year-over-year revised down to 0.3%.
- U.S. final Q1 GDP revised down to 1.8% from 2.4%.
- French GDP fell to a seasonally adjusted -0.2%, from -0.2% in the preceding quarter.
- Fitch Ratings on Friday affirmed the United States' top level credit rating at AAA but held the outlook at negative.

Next Week Important Events & Data:

- 01-July-13 - Manufacturing PMI of CHINA.
- 03-July-13 - U.S Trade Balance.
- 04-July -13- BOJ Gov Kuroda Speaks. U.K MPC Rate Statement. ECB Press Conference

Previous Week % change in Currency Market (21th June – 28th June, 2013)

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	59.80	61.15	59.45	59.74	0.74
GBP-INR	91.63	93.87	90.70	91.02	-0.63
EUR-INR	78.11	79.61	77.70	78.03	-0.34
JPY –INR	60.38	62.55	60.07	60.29	-0.59



CURRENCY – USD-INR (July)



(In Rs.)	Target	SL
Sell below 59.10	57.50-57.	59.45.

Overview- USDINR extended its bullish streak against the Rupee, for a fourth consecutive week. However, after hitting a life time high 61.15, settled at 59.75. The weekly candlestick chart, is indicating for the lack of buy interest at higher level appeared after sharp bullish rally which confirms that the pair is topping out and it couldn't hold in the higher levels. The momentum indicator RSI 14 and 9 SMA is trading on the overbought zone. Further bearish moves being expected below 59.40, or else some positive to consolidation trend could be expected between the ranges of 59.60-61. Otherwise it may trade on the bearish to the consolidation mode. Now, one can go short the USDINR below 59.10 Targets 57.50-57.00.

Major Economic Data & Events Schedule (For Week) that will Impact USD-INR

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
01.07.13	5:00am	Treasury Sec Lew Speaks	-	-	-
	7:30pm	ISM Manufacturing PMI	50.60	49.00	Positive
02.07.13	7:30pm	Factory Orders m/m	2.10%	1.00%	Positive
03.07.13	5:45pm	ADP Non-Farm Employment Change	161K	135K	Positive
	6:00pm	Trade Balance	-40.3B	-40.3B	Natural
		Unemployment Claims	345K	346K	Negative
	7:30pm	ISM Non-Manufacturing PMI	54.30	53.70	Positive
		Treasury Sec Lew Speaks	-	-	-
05.07.13	6:00pm	Non-Farm Employment Change	162K	175K	Positive
		Unemployment Rate	7.50%	7.60%	Neutral

Impact of Major Economic Events & Data –

U.S. economic calendar starts the week from Monday with ISM Manufacturing PMI indicating for the positive moves as data is foreseen slightly higher from the previous. While the same day Treasury Sec Lew Speaks may provide some direction to the greenback. The Foreseen Factory Orders on Tuesday may extend its positive rally. On Wednesday important one ADP Non-Farm Employment, ISM Non-Manufacturing PMI and Trade Balance Change may add bullish rally for it. While on the same day foreseen Weekly unemployment claims are appeared to bring negative sentiment for it. At the end of the week, greenback may react positive on Non-Farm Employment Change and Unemployment Rate data.

Hence, we expect that USD-INR should trade on a consolidation node during the week.



CURRENCY –EUR-INR (JULY)



(In Rs.)	Target	SL
Sell 79.15-78.90	78.30-77.90	79.65

Overview - EURINR pair had a volatile week, and after hitting a high of 79.61, it settled down at 78.03. On the Weekly chart, A Inverted Hammer candle stick with almost similar Top is representing for the trend reversal. RSI 14 is trading at overbought zone on the overbought zone at 73.92. A break above the weekly candle high that is 79.65 will act as a strong resistance beyond this level a bullish resumption could take place towards new high 80.11 level area. Or else, Short term correction being expected from this point and Sell on the every rise could be expected.

Major Economic Data & Events Schedule (For Week) that will Impact EUR-INR

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
01.07.13	12:45pm	Spanish Manufacturing PMI	48.90	48.10	Positive
	1:15pm	Italian Manufacturing PMI	47.80	47.30	Positive
	2:30pm	CPI Flash Estimate y/y	1.60%	1.40%	Positive
		Unemployment Rate	12.30%	12.20%	Negative
02.07.13	12:30pm	Spanish Unemployment Change	-83.5K	-98.3K	Positive
03.07.13	12:45pm	Spanish Services PMI	47.80	47.30	Positive
	1:15pm	Italian Services PMI	47.10	46.50	Positive
	2:30pm	Retail Sales m/m	0.40%	-0.50%	Positive
04.07.13	5:15pm	Minimum Bid Rate	0.50%	0.50%	Neutral
	6:00pm	ECB Press Conference	-	-	-
05.07.13	3:30pm	German Factory Orders m/m	1.30%	-2.30%	Positive

Impact of Major Economic Events & Data –

The economic data expected from Europe likely to start from Monday with the Spanish, CPI Flash Estimate and Italian Manufacturing PMI indicating bullish trend. On the same day Unemployment Rate may bring some correction for it. Tuesday will come with Spanish Unemployment which appears to bring some correction for the Euro. Wednesday will come with Services PMI of Spanish and Italian zone which may add again bullish rally. On the same day foreseen Retail Sales data of Euro zone is indicating for positive sentiment. Thursday will be of foremost importance in the week for the Euro as the crucial ECB press conference and Interest rate decision might have a strong impact on it where it is expected that ECB likely to unchanged interest rate which might be negative for it. On the same day Italian and German Factory Orders might be add again bearish sentiment. At the end of the week, it may react negative on German Trade Balance and Industrial Production data.

Hence, we expect that EUR-INR will remain on a consolidation mode during the week.



CURRENCY – GBP-INR (JULY)



(In Rs.)	Target	SL
Sell 91.95-92.	91.30-90.80	92.78.

Overview - GBPINR maintain its bullish rally this past week, and made another record high of 93.87. On the weekly chart High a trend reversal candle stick (Shooting star) has been witnessed while settled at 150% Fibonacci retracement level which drawn from the pick of 6/01/13 89.48 to low 80.81 (10/03/13) is indicating that pair may retest 138% level. In case the price able to moves in downside from the support and moves above its 93.87 on the closing basis level then trading in upper range is the may be possible for the 94.50-95 level.

Major Economic Data & Events Schedule (For Week) will Impact - GBPINR

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
01.07.13	2:00pm	Manufacturing PMI	51.30	51.30	Neutral
02.07.13	2nd-4th	Halifax HPI m/m	0.40%	0.40%	Neutral
	2:00pm	Construction PMI	51.30	50.80	Positive
03.07.13	2:00pm	Services PMI	54.60	54.90	Negative
		BOE Credit Conditions Survey	-	-	-
04.07.13	4:30pm	Asset Purchase Facility	375B	375B	Neutral
		Official Bank Rate	0.50%	0.50%	Neutral
	Tentative	MPC Rate Statement	-	-	-

Impact of Major Economic Events & Data –

The data series for the GBP starts from Monday with Manufacturing PMI data which appear to bring range bound sentiment in very start of the week. Foreseen Construction PMI data on Tuesday may bring some positive sentiment for it. On Wednesday Services PMI data of the Euro zone is assumed to bring slightly negative trend for the GBP while on the same day BOE Credit Conditions Survey may add volatility for it. Thursday will be of foremost importance in the week for the pound as the crucial MPC Rate Statement and Interest rate decision might have a strong impact on it where it is expected that BOE likely to unchanged interest rate and Asset Purchase Facility program which might be negative for it.

All the above data is indicating that GBP-INR should trade on a volatile to correction mode during the week.



CURRENCY – JPY-INR (JULY)



(In Rs.)	Target	SL
Sell 61.20-61.25	60.30-59.50	61.62.

Overview - Last week, JPYINR made a high of 62.55, and settled down 60.29 and the weekly candle stick Inverted Hammer or Shooting star, it is formed when the price is pushed higher and immediately rejected lower. The pattern is suggesting for the trend reversal. RSI 14 and 9 SMA are not giving any clear direction. For next week, some correction could be seen in the pair and Traders can go short at middle of the candle around 60.98-61.05. Or else, Bullish sentiment could be arising only above the 62.70 level towards Target 63.50.

Major Economic Data & Events Schedule (For Week) will Impact - JPYINR

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
01.07.13	5:20am	Tankan Manufacturing Index	3.00	-8.00	Positive
		Tankan Non-Manufacturing Index	12.00	6.00	Positive
02.07.13	7:00am	Average Cash Earnings y/y	0.60%	0.00%	Positive
04.07.13	6:00am	BOJ Gov Kuroda Speaks	-	-	-

Impact of Major Economic Events & Data –

Next week Japan economy data series likely to start from Monday with Tankan Manufacturing Index and Tankan Non-Manufacturing Index which expected to bring bullish sentiment for the Yen in the very start of the week. On Tuesday Average Cash Earnings y/y will again add bullish trend for it. Wednesday do not hold any significance for it. At the week end, BOJ Gov Kuroda Speaks is appeared to add volatility for the Yen.

All the above data indicates that JPY-INR should trade on a volatile zone during the week.

Note: Economic data expectations are based on median forecast by economists or Reuters and Bloomberg survey. Here positive impact indicates currency could appreciate and negative indicates currency could depreciate in comparison with US Dollar.



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