



Forex Update:

The dollar registered its biggest weekly gain more than 3% in 22 month and snapped out of its past three week losses, as raising concerns that the central bank is losing the battle to prop up the currency while the government has yet to take any meaningful measures to bring in inflows weighted bullish trend. Meanwhile a sharp negative sentiment in to the local share market contributed buying sentiment in the greenback. The EUR/USD settled at 1.3284 unchanged from the previous week. European Central Bank President Mario Draghi said the ECB expects interest rates to remain near historically low levels for an extended period, which sent the pair at low at 1.3208. The GBP/USD climbed late in the week and hit 1.5414 and settled at 1.5286. The JPY strengthen against the dollar, and went at 98.85 supported by developments in the relative policy outlook between the Bank of Japan and Fed.

Succinct Summation of Previous Week:

Positive:

- The European Central Bank held its benchmark interest rate at a record low at 0.50% in August, in a bid to bolster faltering growth in the region.
- The Bank of England kept its benchmark interest rate unchanged at 0.50% for the 53rd consecutive month in August and announced no change to its asset purchase facility program.
- Chinese Manufacturing PMI rose to an annual rate of 50.3, from 50.1 in the preceding month.
- U.S. initial jobless claims fall by 19,000 to 326,000 last week.
- ADP said non-farm private employment rose by 200,000 in July, above expectations for an increase of 180,000.
- The U.S. economy grew more-than-expected in the second quarter of 2012.

Negative:

- The Reserve Bank of India kept its key lending rate steady at 7.25% and cash reserve ratio unchanged at 4% while promising to rollback the recent liquidity tightening measures in a “calibrated” manner as stability returns to the foreign exchange market.
- India's foreign exchange reserves including gold and Special Drawing Rights were down by \$985.4 million to \$279.202 billion in week to Jun 19, Reserve Bank of India's Weekly Statistical Supplement showed Friday.

Next Week Important Events & Data:

- 08-Aug-13 - Monetary Policy Statement and Current Account of Japan. Trade Balance of China.
- 09-Aug-13 -CPI of China.

Previous Week % change in Currency Market (27th July – 2nd August 2013)

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	59.41	61.55	59.33	61.38	3.96
GBP-INR	91.80	93.77	91.40	93.06	2.30
EUR-INR	78.94	81.63	78.94	81.06	3.44
JPY –INR	60.56	62.91	60.56	61.51	2.68



CURRENCY – USD-INR (AUG)



(In Rs.)	Target	SL
Buy on dip 60.40-60.35	61-61.45	60.05

Overview - The USDINR had a very positive week and reached at 61.55, settled at 61.38 with the gain of 3.96%. The Long bullish candle stick is indicating bullish trend, while we can see on the chart that Pair failed to cross below 58.80 as per the previous forecast and hit our upside level 60.25 and walking above the long term Raff Regression channel line. For this week, 61.56 will be strong resistance level a sustained move above it we could expect 62-62.50 the next Target. Traders may try to build a long position on dip around 60.40. Or else short Position only below 60.05 for target 59.70-59.30 with the resistance level 60.30, but this is likely to be short-lived as far as Selling is concerned, this market as not body is turning for the profit booking the higher level and previous trend is bullish.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
05.08.13	7:30pm	ISM Non-Manufacturing PMI	53.20	52.20	Positive
06.08.13	6:00pm	Trade Balance	-43.1B	-45.0B	Negative
	10:30pm	FOMC Member Evans Speaks	-	-	-
08.08.13	12:30am	Consumer Credit m/m	15.3B	19.6B	Negative
	6:00pm	Unemployment Claims	336K	326K	Negative
	10:30pm	30-y Bond Auction	-	3.66 2.3	-

Impact of Major Economic Events & Data –

U.S. economic calendar starts the week from Monday with ISM Non-Manufacturing PMI indicating for the positive moves as data is foreseen slightly higher from the previous. Tuesday will come with Trade Balance which may bring some negative sentiment for the greenback. While on the same day FOMC Member Evans Speaks is appear to have volatile impact on it. Foreseen Weekly unemployment claims on Thursday may add again negative sentiment while on the same day Consumer Credit is assumed to extend bearish trend. Friday do not hold any significance for the dollar.

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



CURRENCY –EUR-INR (AUG)



(In Rs.)	Target	SL
Buy on dip 80.50-80.45	81.20-81.60	79.80.

Overview - EURINR pair had a bullish week, after breakout of Flag pattern at 78.90 pair closed at 81.06 with the gain of 3.44%. On the Weekly chart a bullish candle stick (Morubozu) is signaled for the bullish trend. For this week, we think that trend may remain bullish but after some consolidation. Weekly support level is seen at 78.80, if the pair indeed falls back toward the support area then we could expect some profit booking and target could be back to 77.50-77.20 support. RSI 14 and 9 SMA is trading at overbought zone around 80.04. Hence, traders can make a long position on dip around 80.50-80.45.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
05.08.13	12:45pm	Spanish Services PMI	48.40	47.80	Positive
	1:15pm	Italian Services PMI	46.60	45.80	Positive
	2:30pm	Retail Sales m/m	-0.60%	1.00%	Negative
06.08.13	2:30pm	Italian Prelim GDP q/q	-0.40%	-0.60%	Negative
	3:30pm	German Factory Orders m/m	1.10%	-1.30%	Positive
07.08.13	3:30pm	German Industrial Production m/m	0.30%	-1.00%	Positive
08.08.13	11:30am	German Trade Balance	15.2B	14.1B	Positive
	1:30pm	ECB Monthly Bulletin	-	-	-
09.08.13	12:15pm	French Industrial Production m/m	0.30%	-0.40%	Positive

Impact of Major Economic Events & Data –

The economic data expected from Europe likely to start from Monday with the Spanish Services PMI and Italian Services PMI indicating bullish trend. However, on the same day foreseen Retail Sales data may have bearish impact for the Euro. Tuesday will come with Italian Prelim GDP q/q which appears to add negative sentiment while on the same day German Factory Orders may have positive impact on it. German Industrial Production m/m on Wednesday may extend bullish trend for the Euro. Thursday will be of foremost importance in the week for the Euro as the crucial ECB Monthly Bulletin might have a strong impact on it. At the end of the week, it may react positive on French Industrial Production m/m.

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



CURRENCY – GBP-INR (AUG)



(In Rs.)	Target	SL
Buy on dip 80.50-80.45	81.20-81.60	79.80.

Overview – GBPINR registered a bullish week, and settled at 93.06. If we look at the price action over the past few week pair was able to break the range between 92.83 and 88.96 signaling for the bullish trend. On the other hand, a Fibonacci price extension which drawn from the low of 80.81 (10/03/13) to high 93.87 (23/06/13) is showing that pair may test 38.2% level around 94.19. For this week, any dip may offer another chance to go long 92.60-92.55 with Stop loss 92.10. In case the price able to moves in downside from the resistance and moves down below 91.80 on the closing basis level then trading in lower range is the may be possible for the 89-88.80 level.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
05.08.13	5th-7th	Halifax HPI m/m	0.30%	0.60%	Negative
	2:00pm	Services PMI	57.40	56.90	Positive
06.08.13	2:00pm	Manufacturing Production m/m	0.90%	-0.80%	Positive
	7:30pm	NIESR GDP Estimate	-	0.60%	-
07.08.13	3:00pm	BOE Gov Carney Speaks	-	-	-
		BOE Inflation Report	-	-	-
09.08.13	2:00pm	Trade Balance	-8.4B	-8.5B	Negative

Impact of Major Economic Events & Data –

The data series for the GBP starts from Monday with Halifax HPI data which appear to bring negative sentiment in very start of the week. On the same day Services PMI is appear to bring positive sentiment. Tuesday will come with Manufacturing Production m/m which might have a bullish impact on it where it is expected that data likely to be positive on the same day NIESR GDP Estimate may have strong impact on it. On Wednesday BOE Gov Carney speaks and BOE Inflation Report may have volatile impact on it. At end of the week, pound react negative on foreseen Trade Balance data.

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



CURRENCY – JPY-INR (AUG)



(In Rs.)	Target	SL
Buy 61.50-61.45	62.20-63	60.88.

Overview – Last week, The Japanese yen gained more than 2.60% and closed at 61.51. After six week correction about 7% pair bounced back and formed a Shooting star candle stick. Fibonacci projection line which drawn from the low of 53.51 (12/05/13) to High 62.55 (23/06/13), is showing that JPYINR could test 50% retracement around 63.23 in the coming week. Weekly support is seen at 60.45, sustain trade pair may test 59.90-59.50. RSI 14 and SMA 9 are not providing any clear direction. For next week, we expected bullish trend in the JPYINR and recommend buying on dip around 61.50-61.45.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
06.08.13	10:30am	Leading Indicators	1.08	1.11	Negative
08.08.13	5:20am	Current Account	0.73T	0.62T	Positive
	Tentative	Monetary Policy Statement	-	-	-
	10:30am	Economy Watchers Sentiment	53.50	53.00	Positive
	Tentative	BOJ Press Conference	-	-	-
09.08.13	5:20am	Tertiary Industry Activity m/m	-0.20%	1.20%	Negative
	9:15am	30-y Bond Auction	-	1.89 4.0	
	10:30am	BOJ Monthly Report	-	-	-
		Consumer Confidence	45.3	44	Positive

Impact of Major Economic Events & Data –

Next week Japan economy data series likely to start from Tuesday with Leading Indicators expected to bring negative sentiment for the Yen in the very start of the week. Wednesday do not hold any significance for the currency. Thursday will be foremost important in the week as Crucial one BOJ Press Conference and Monetary Policy Statement may have strong impact on it. While Current Account data is assumed to bring bullish sentiment for the Yen. At the end of the week, Yen may react positive on BOJ Monthly Report and Consumer Confidence. On the same day Tertiary Industry Activity may have negative impact on it.

All the above data indicates that JPY-INR should trade on a bullish 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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