

**Forex Update:**

The dollar headed for a fourth straight weekly drop against the Rupee, and closed below 62 after the US government has begun a partial shutdown after the two houses of Congress failed to agree a new budget which would curb the economic recovery and prompt the Federal Reserve to maintain its stimulus program for longer. Euro rallied to eight-month high at 1.3647 on decision by the European Central Bank to leave interest rates unchanged and ECB President Mario Draghi's somewhat upbeat assessment of the Euro Zone economy. The GBP extended recent bullish rally as investors continued to buy the pair in the wake of an improved service sector activity data. The Yen strengthen against the dollar and hit 96.92 as the Bank of Japan decided to hold rates and policy in line with expectation while introduced a massive 9 trillion yen stimulus package.

Succinct Summation of Previous Week:**Positive:**

- U.S. non-farm private employment rose by 166,000 in September, below expectations for an increase of 180,000..
- The European Central Bank held its benchmark interest rate at 0.50% a record low in October, in a bid to bolster faltering growth in the region.
- Spain saw borrowing costs fall to the lowest level since September 2010 at an auction of ten-year government bonds.

Negative:

- U.S. initial jobless benefits in the week ending September 28 increased by 1,000 to 308,000.
- Spanish unemployed people increased by 25,600 in September, compared to expectations for a rise of 12,300.
- The US government entered a partial shutdown for the first time in 17 years, as politicians in Washington refused to budge from party lines sending 800,000 nonessential workers home.
- India's foreign exchange reserves including gold and Special Drawing Rights fell by \$1,117.5 million to \$276.264 billion in week to Sept 27 after rising by \$2 billion in the previous week.

Next Week Important Events & Data:

- 09-Oct-13 – FOMC Meeting Minutes.
- 10-Oct -13 - BOJ Gov Kuroda Speaks.
- 11-Oct- 13 –India IIP data for August.

Previous Week % change in Currency Market (27th Sep – 04th Oct 2013)

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	63.40	63.61	61.58	61.94	-1.92
GBP-INR	101.50	102.78	99.11	99.34	-2.22
EUR-INR	85.50	86.00	83.85	84.18	-1.23
JPY –INR	64.51	65.03	63.36	63.70	-0.67



CURRENCY – USD-INR (Oct)



Overview - USD-INR headed for a fourth straight weekly drop, and closed below 62 with 1.92% losses, after hitting a high of 63.61 made a low 61.58, As expected remained in place and almost hit downside Target 61.80-61.50 while Upside Target 62.90-63.40. Above Weekly Chart shows that USD-INR trading under the Raff Regression channel line with resistance 63.25 and Median line support. Now, a close below 61.56 would confirm a valid sell entry for the downside level 61.55-61.11 and even much lower level towards 60.80. Otherwise, Pair appeared to take upside range 62.80-63.20, keep in mind that rather than technical aspects, economic conditions especially from the U.S. will provide more important clues for it in coming days.

Technical Strategy: Sell below 61.55 Targets 61-60.80-60.55 SL 61.95. Or else, Buy for the Target 62.20-62.50 with Strict SL below 61.56.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
09.10.13	7:30pm	FOMC Member Evans Speaks	-	-	-
	10:31pm	10-y Bond Auction	-	2.95 2.9	-
	11:30pm	FOMC Meeting Minutes	-	-	-
10.10.13	6:00pm	Unemployment Claims	307K	308K	Neutral
	7:15pm	FOMC Member Bullard Speaks	-	-	-
11.10.13	7:25pm	Prelim UoM Consumer Sentiment	77.20	77.50	Negative
	8:30pm	FOMC Member Powell Speaks	-	-	-

Impact of Major Economic Events & Data –

U.S. economic calendar starts the week from Wednesday with FOMC Meeting Minutes which will be crucial for the greenback, as it might give more insight into the Fed's non-taper decision last month. The lack of economic data may bring sideline sentiment in the start of the week. On Thursday the foreseen weekly Unemployment Claims data and FOMC Member Bullard Speaks is appeared to bring range bound sentiment. At the end of the Week, some amount of correction is expected to come over Prelim UoM Consumer Sentiment data. The lack of employment data amid US government shutdown and upcoming debt debates on 17th Oct is in limelight and everywhere in news and Media amid fears this would curb the economic recovery and prompt the Federal Reserve to maintain its stimulus program for longer, which could lead further bearish move for it.

India important data – India Index of Industrial Production for August is to release on 11th Oct. (July month stand positive at 2.60%).

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



CURRENCY –EUR-INR (Oct)



(In Rs.)	Target	SL
Buy at 84-83.95	84.80-85.50	83.70

Overview–The EUR-INR consolidated for the fourth consecutive week in between the range of 85.85-84, after hitting a high of 86, closed at 84.18 drop by 1.23%. Weekly chart is indicates relatively indecision. But, pair settled below short term moving average 9 SMA. Next week, nearest resistance level is seen at 86, sustain trade above upside momentum could seen around near-term Target 87.50-88.21. On the downside massive support level is seen at 83.80 below it downside ranged towards 82.60. Additionally, any surprises by the ECB president Draghi speaks for the Euro zone could extended uptrend throughout the session

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
08.10.13	11:30am	German Trade Balance	15.1B	14.5B	Positive
	3:30pm	German Factory Orders m/m	1.20%	-2.70%	Positive
09.10.13	3:30pm	German Industrial Production m/m	1.10%	-1.70%	Positive
10.10.13	3:30am	ECB President Draghi Speaks	-	-	-
	12:15pm	French Industrial Production m/m	0.70%	-0.60%	Positive
	1:30pm	ECB Monthly Bulletin	-	-	-
	9:50pm	ECB President Draghi Speaks	-	-	-
12.10.13	Day 2	IMF Meetings	-	-	-
	10:30pm	German Buba President Weidmann Speaks	-	-	-

Impact of Major Economic Events & Data –

The economic data expected from Europe likely to start from Tuesday with German Trade Balance and Factory Orders which expected to bring positive sentiment. Wednesday will come with German Industrial Production which is expected to remain in favor of the Euro. Thursday the European Central Bank president speaks after kept interest rates unchanged and further stimulus monetary policy is appeared to bring volatility for the Euro. On the same day French Industrial Production m/m is expected to remain favor for it. At the end of the Week, IMF Meetings and German Buba President Weidmann Speaks may have volatile impact on it.

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



CURRENCY – GBP-INR (OCT)



(In Rs.)	Target	SL
Sell below 98.95	98.20-97.50-97.20.	100.45

Overview – The pound traded lower after posting a strong gain in start of the week. Made a high of 102.78 as expected remained in place and hit both upside Target 101.60-102.10 while made a low 99.11, and settled with the loss of 2.22% at 99.34. On the daily chart, GBP-INR formed a continuation bearish flag pattern which confirmed below the downside line of flag around 99.50. This is a common consolidation pattern after a particular currency has suffered steep correction and is oversold zone from a momentum perspective. Now, a close below 98.95 would provide aggressive selling towards 97.20-96.50. In case the price able to moves above from the immediate support on the closing basis level then trading in upside range is the may be possible for the 101.50-102.10.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
09.10.13	2:00pm	Manufacturing Production m/m	0.30%	0.20%	Positive
		BOE Credit Conditions Survey	-	-	-
		Trade Balance	-8.9B	-9.9B	Negative
	7:30pm	NIESR GDP Estimate	-	0.90%	-
10.10.13	4:30pm	Asset Purchase Facility	375B	375B	Neutral
		Official Bank Rate	0.50%	0.50%	Neutral
	Tentative	MPC Rate Statement	-	-	-
12.10.13	Day 2	IMF Meetings	-	-	-

Impact of Major Economic Events & Data –

The data series for the GBP starts from Wednesday with Manufacturing Production m/m which appears to bring bullish price actions. On the same day Trade Balance data may bring some correction for the Pound. BOE Credit Conditions Survey is assumed to bring volatility for it. On Thursday Foreseen Bank of England monetary policy meeting may have strong impact on it, where Asset Purchase Facility and Official Bank Rate are expected to unchanged. At the end of the week Pound may react sideline on International Monetary Fund meetings.

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



CURRENCY – JPY-INR (OCT)



(In Rs.)	Target	SL
Sell 64-64.10	63.40-62.80	64.45.

Overview – JPY-INR started the week from 64.51, after touching a high of 65.03, pair made a low 63.36 and closed the week at 63.70 drop more than 0.60%. On the weekly chart a small bearish candle stick with strong resistance 65.65 could be a sign for the correction at this point. Fibonacci projection at 61.8% is stand as immediate resistance 61.8% at 64.45 while the weekly support level is seen at 63.30. For next week, we expected some amount of correction in the JPYINR. In case, if pair manages to hold above its immediate resistance 64.4 than possible pullback towards 65.10-65.50 could expect in coming days.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
08.10.13	5:20am	Current Account	0.65T	0.33T	Positive
09.10.13	5:20am	Monetary Policy Meeting Minutes	-	-	-
10.10.13	5:20am	Core Machinery Orders m/m	2.90%	0.00%	Positive
		Tertiary Industry Activity m/m	0.50%	-0.40%	Positive
	9:30pm	BOJ Gov Kuroda Speaks	-	-	-
12.10.13	Day 2	IMF Meetings	-	-	-
13.10.13	1:30am	BOJ Gov Kuroda Speaks	-	-	-

Impact of Major Economic Events & Data –

This week, Japanese economy calendar likely to starts from Tuesday with Current Account data which expected to bring positive sentiment for the Yen. On Wednesday Monetary Policy Meeting Minutes may have sideline impact on it. On Thursday BOJ Gov Kuroda Speaks is appeared to bring volatility for the Yen. On the same day Core Machinery Orders m/m and Tertiary Industry Activity is appeared to bring bullish sentiment for the Pair. At the end of the week International Monetary Fund meetings may have strong impact on it.

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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