



Forex Update:

The dollar took a significant correction in first week of the September, as exporter and custodian banks undertook selling activities after the Reserve Bank of India has announced a slew of measures during the mid week to help increase reserves and support the rupee which included, raising banks overseas borrowing limit and introducing a swap window to banks for fresh FCNR (B). Euro slipped to a 7-week low at 1.31105 as investors pared position ahead of the release of the US non-farm pay roll data which will strengthen the case for the Federal Reserve to taper its bond purchase. The GBP/USD had a bullish week settled at 1.5629.

Succinct Summation of Previous Week:

Positive:

- India and Japan agreed to expand their bilateral currency swap agreement to \$50 billion from \$15 billion.
- RBI announced offer banks to swap the fresh FCNR (B) dollar funds, mobilized for a minimum tenor of three years and over, at a fixed rate of 3.5% per annum for the tenor of the deposit..
- Increase overseas borrowing limit of 50% of the unimpaired Tier-I capital will be raised to 100%.
- India and Japan Friday agreed to expand their bilateral currency swap agreement to \$50 billion from \$15 billion, the Reserve Bank of India said in a statement.
- U.S. non-farm payrolls rose to a 169K, from 104K in the preceding month whose figure was revised down from 162K.
- U.S. non-farm employment rose to 176K, from 200K in the preceding month.

Negative:

- India's foreign exchange reserves including gold and Special Drawing Rights were down by \$2,230.6 million to \$275.491 billion in week to Sept 6, Reserve Bank of India's Weekly Statistical Supplement showed Friday.
- Spanish Business Confidence fell to a -12, from -14 in the preceding quarter.

Next Week Important Events & Data:

- 12-Sep-13 - Inflation Report Hearings of UK. India Index of Industrial Production for July.
- 13-Sep-13 - ECOFIN Meetings.

Previous Week % change in Currency Market (30th Aug – 6th Sep 2013)

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	66.74	69.13	65.38	65.70	-1.53
GBP-INR	103.58	107.47	101.87	102.24	-1.20
EUR-INR	88.20	90.96	85.70	86.10	-2.45
JPY –INR	67.97	69.65	65.54	65.92	-2.99



CURRENCY – USD-INR (SEP)



Overview - The USDINR had a volatile to bearish week, the pair advances well above 69.15 during the beginning but closes lower than the opening at 65.70 in the week and formed a Shooting star candle stick pattern suggest pair may take more correction. The pair failed to test previous week swing Top at 69.80. However, Forex market expected to remain sensitive as traders look closely at the US FOMC meeting on September 17 – 18 to decide whether to taper, there could be a possibility of uncertainty in the USDINR. That being case, we are looking for a breakdown below 65.20 support area in order to make a valid fresh sell entry for the short time Target 64.80-64.58, as far as selling is concerned for the greenback. In case pair do not meet at breakdown 65.20 on the closing basis than once again bullish rally could be seen for the upwards level 66.80-67.50

Technical Strategy: Sell below 65.20 Target 64.80-64.58 SL 65.65.

Buy with Stop loss 65.25 Target 66.80-67.50. CMP 65.70

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
12.09.13	6:00pm	Unemployment Claims	332K	323K	Negative
		Import Prices m/m	0.60%	0.20%	Positive
	11:30pm	Federal Budget Balance	-155.3B	-97.6B	Negative
13.09.13	6:00pm	Core Retail Sales m/m	0.30%	0.50%	Negative
		PPI m/m	0.20%	0.00%	Positive
		Retail Sales m/m	0.50%	0.20%	Positive
		Core PPI m/m	0.20%	0.10%	Positive
		7:25pm	Prelim UoM Consumer Sentiment	82.60	82.10

Impact of Major Economic Events & Data –

U.S. economic calendar starts the week from Thursday with weekly unemployment claims and Federal Budget Balance Productivity q/q which expected to set negative sentiment for the greenback. Monday, Tuesday and Wednesday do not hold any significance for the Currency. At the week end, Core Retail Sales data may add negative trend again. However on the same day, foreseen Retail Sales, Prelim UoM Consumer Sentiment, and Core PPI are assumed to bring positive sentiment for the Greenback.

India important data - Index of Industrial Production for July (Previous -2.2%) on 12th Sept.

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



CURRENCY –EUR-INR (SEP)



(In Rs.)	Target	SL
Sell below 85.70	85.10-84.66	86.65.

Overview – The EURINR had a bearish week, closed with the loss of 2.45% at 86.10. The weekly chart is showing an Inverted hammer candle stick suggests the pair may extend previous week downtrend. RSI 14 and 9 SMA is giving a negative cross over. Now the bullish rally expected beyond the 93.65 towards Target 94.50-95.60. The nearest support is seen at 85.65 which coincide 100% Fibonacci projection line. Based on the main range could be expected 84.66 to 88.12. For this week, the pair appears to be took correction toward the retracement zone 84.66-84.20. But, if the pair will manage to strengthen above the 88.12 level, than bullish rally is seems to continue towards 90-91.25 zones.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
10.09.13	12:15pm	French Industrial Production m/m	0.70%	-1.40%	Positive
11.09.13	Tentative	German 10-y Bond Auction	-	1.80 1.3	-
12.09.13	1:30pm	ECB Monthly Bulletin	-	-	-
	2:30pm	Industrial Production m/m	-0.10%	0.70%	Negative
	Tentative	Italian 10-y Bond Auction	-	-	-
13.09.13	All Day	ECOFIN Meetings	-	-	-
	All Day	Euro group Meetings			

Impact of Major Economic Events & Data –

The economic data expected from Europe likely to start from Tuesday with the French Industrial Production indicating bullish trend. On Wednesday a tentative German 10-y Bond Auction is appeared to bring volatility for the Euro. Thursday will be of foremost importance in the week for the Euro as the crucial ECB Monthly Bulletin and ECB Monthly Bulletin might have a strong impact on it. On the same day Foreseen Industrial Production may add negative sentiment for the pair. At the end of the week, ECOFIN Meetings and Euro group Meetings may provide some important clue for the Euro.

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



CURRENCY – GBP-INR (SEP)



(In Rs.)	Target	SL
Sell below 101.75	100.30-99.50	102.25

Overview – GBPINR failed to test the previous week Top 109.49, and settled at 102.24 with 1.2% loss. At the end Inverted hammer candle stick with the support level 101.75 or 100% of Fibonacci retracement this may move the pair downside in coming trading session. Another factor such as uncertainty about Syria and Bank of England Inflation Report Hearings during the week may put pressure on the sterling. For this week, trend may remain volatile. In case the price able to moves beyond the immediate resistance 105.20 on the closing basis level then trading in upper range is the may be possible for the 106.50-107.80 level.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
10.09.13	2:00pm	BOE Credit Conditions Survey	-	-	-
11.09.13	2:00pm	Claimant Count Change	-21.2K	-29.2K	Negative
		Unemployment Rate	7.80%	7.80%	Neutral
	9:00pm	MPC Member Miles Speaks	-	-	-
12.09.13	2:30pm	Inflation Report Hearings	-	-	-

Impact of Major Economic Events & Data –

The data series for the GBP starts from Tuesday with BOE Credit Conditions Survey which appears to bring volatile sentiment in very start of the week. Foreseen Claimant Count Change data on Wednesday may bring some negative sentiment for it. On same day Unemployment Rate and important one MPC Member Miles Speaks may have strong impact on the Pound. Wednesday Services PMI data of the Euro zone is assumed to bring slightly negative trend for the GBP. ON Thursday Pound likely to react on Inflation Report Hearings.

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



CURRENCY – JPY-INR (SEP)



(In Rs.)	Target	SL
Sell 65.50	64.13-63.80	66.47

Overview – The JPYINR pair took correction last week, and settled at 65.92. On the weekly chart a trend reversal candle stick could be a sign for the consolidation. Fibonacci projection at 78.6% is stand as immediate resistance 65.50. The weekly resistance level is seen at 67.50. RSI 14 and SMA 9 are yet not providing any clear direction. For next week, we expected some amount of consolidation in the JPYINR, as relatively empty economic calendar head suggests that the coming week will be a quiet one. Risky traders can make long position with stop loss 65.55. Or else, sell below 65.50 Target 64.13-63.80.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
09.09.13	5:20am	Current Account	0.32T	0.65T	Negative
		Final GDP q/q	1.00%	0.60%	Positive
10.09.13	5:20am	Monetary Policy Meeting Minutes	-	-	-
		Tertiary Industry Activity m/m	-0.40%	-0.30%	Negative
12.09.13	5:20am	Core Machinery Orders m/m	2.50%	-2.70%	Positive

Impact of Major Economic Events & Data –

Next week Japan economy data series likely to start from Monday with Final GDP which expected to bring bullish sentiment for the Yen in the very start of the week. On the same day Current Account may add negative sentiment for it. On Tuesday Monetary Policy Meeting Minutes may have volatile impact for the Yen, while same day foreseen Tertiary Industry Activity m/m data may extend previous negative sentiment. On Wednesday Core Machinery Orders m/m is assumed to bring positive trend for the Yen. Thursday and Friday do not hold any significance for the Yen.

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