



Forex Update:

The dollar had a volatile week, after hitting a historical high of 62.11 settled at 61.14 with the loss of 0.30%. An expectation that the U.S. Federal Reserve should begin the widely anticipated pullback of its multibillion dollar bond purchases in September, and Negative sentiment in to the local share market added some volatility. The euro broke the 1.3400 price level, and closed at 1.3345 after better than expected global data. The GBP climbed to its highest recent level at 1.5573, after the Bank of England released its Inflation statement, which also included its new “forward guidance” policy. Several months ago, Chancellor Osborne said that the Bank of England Board to consider adding “forward guidance” to their decisions and statements. The Yen has climbed to 95.80 against the dollar, as widely expected, the Bank of Japan maintained its policy launched in April of nearly doubling the monetary base to 270 trillion yen (\$2.8 trillion) by the end of 2014.

Succinct Summation of Previous Week:

Positive:

- Bank of Japan affirmed plans to increase the monetary base at an annual pace of about JPY60 trillion to JPY70 trillion.
- Japan’s Current Account rose to 0.65T, from 0.62T in the preceding month.
- U.S. trade deficit narrows 22.4% to lowest since October 2009 in June.
- The Reserve Bank of India Thursday announced more measures to curb foreign exchange volatility which involved sucking out more liquidity from the banking system. The central bank said it will sell Rs 220 billion worth of Cash Management Bills every Monday as part of the endeavour to curb foreign exchange volatility.

Negative:

- Chinese Trade Balance fell to 0.00B, from 27.10B in the preceding month.
- Spanish Industrial Production fell to -1.9%, from -1.5% in the preceding month whose figure was revised down from -1.3%.
- India’s foreign exchange reserves fell by almost \$3 billion to \$277.17 billion for the week ended August 2, the lowest level in over three year.

Next Week Important Events & Data:

- 12-Aug-13 - India IIP.
- 14-Aug-13 - MPC Asset Purchase Facility Votes. India WPI.

Previous Week % change in Currency Market (2nd Aug – 8th August 2013)

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	61.30	62.11	60.93	61.14	-0.39
GBP-INR	93.60	95.53	93.10	94.85	1.92
EUR-INR	81.06	82.31	80.93	81.71	0.80
JPY –INR	61.71	63.74	61.71	63.47	3.19



CURRENCY – USD-INR (AUG)



(In Rs.)	Target	SL
Buy on dip 60.35-60.30	60.80-61.25	60.05

Overview - The USDINR extended bullish rally and reached at 62.11 settled at 61.14. The Inverted hammer stick is potential for trend reversal, while we can see on the chart that Pair failed to sustain above 61.56 and walking above the 161.8% Fibonacci Retracement level. For this week, 60.12 will be crucial support level a sustained move below it we could expect 59.80-59.60 support. Traders may try to build a short position on rise around 61.40 for target 60.40-60.30, as on Thursday RBI announced more measures to curb foreign exchange volatility which may bring correction in beginning of the week, but this is likely to be short-lived as far as Selling is concerned, this market.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
12.08.13	11:30pm	Federal Budget Balance	-95.3B	116.5B	Negative
13.08.13	6:00pm	Core Retail Sales m/m	0.40%	0.00%	Positive
		Retail Sales m/m	0.20%	0.40%	Negative
14.08.13	6:00pm	PPI m/m	0.40%	0.80%	Negative
15.08.13	6:00pm	Core CPI m/m	0.20%	0.20%	Neutral
		Unemployment Claims	334K	333K	Positive
		CPI m/m	0.20%	0.50%	Negative
		Industrial Production m/m	0.50%	0.30%	Positive
16.08.13	6:00pm	Building Permits	0.95M	0.92M	Positive
		Housing Starts	0.91M	0.84M	Positive
		7:25pm	Prelim UoM Consumer Sentiment	85.60	85.10

Impact of Major Economic Events & Data –

U.S. economic calendar starts the week from Monday with Federal Budget Balance indicating for the negative moves as data is foreseen slightly lower from the previous. Tuesday will come with Core Retail Sales which may add again bullish trend. On the same day Retail Sales may bring some negative sentiment for the greenback. On Wednesday foreseen PPI may extend negative trend for the dollar. Foreseen Weekly unemployment claims and Industrial Production on Thursday may add again bullish sentiment while on the same day Core CPI and CPI m/m is assumed add negative sentiment. At the week end, Building Permits and Housing Starts may have positive impact for the dollar.

India important data - Index of Industrial Production data on 12th and WPI inflation for July on 14th.

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



CURRENCY –EUR-INR (AUG)



(In Rs.)	Target	SL
Buy on dip 80.90-81	81.70-82.30	80.45

Overview - EURINR pair had a bullish week, after hitting a high 82.31 pair closed at 81.71 with the gain of 0.80%. On the Weekly chart a bullish candle stick is signaling for the bullish trend. For this week, we think that trend may remain bullish but after some correction. Weekly support level is seen at 80.45, if the pair indeed falls back toward the support area then we could expect some profit booking and target could be back to 79.80-79.60 support. RSI 14 and 9 SMA is trading at overbought zone around 81.20. Hence, traders can make a long position on dip around 80.90-81.00.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
13.08.13	2:30pm	German ZEW Economic Sentiment	40.30	36.30	Positive
		Industrial Production m/m	1.10%	-0.30%	Positive
		ZEW Economic Sentiment	37.40	32.80	Positive
14.08.13	11:00am	French Prelim GDP q/q	0.10%	-0.20%	Positive
	11:30am	German Prelim GDP q/q	0.60%	0.10%	Positive
	12:15pm	French Prelim Non-Farm Payrolls q/q	0.00%	-0.10%	Positive
	2:30pm	Flash GDP q/q	0.20%	-0.20%	Positive
16.08.13	1:30pm	Current Account	21.2B	19.6B	Positive
	2:30pm	CPI y/y	1.60%	1.60%	Neutral
		Core CPI y/y	1.10%	1.20%	Negative

Impact of Major Economic Events & Data –

The economic data expected from Europe likely to start from Monday with the German ZEW Economic Sentiment and Industrial Production indicating bullish trend. Tuesday will come with French, German and Europe Prelim GDP q/q which appears to add bullish sentiment while on the same day French Prelim Non-Farm Payrolls may have positive impact on it. Wednesday do not hold any significance for the Euro. Current Account on Thursday 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. However on the same day Euro may react negative on foreseen Core CPI.

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 94.50-94.45	95.20-95.60	94.10

Overview – GBPINR registered a bullish week, and settled at 94.85 as expected hit both Target. If we look on the weekly chart a Bullish candle stick is still representing for the buying. The Short term Moving average 50 SMA and 18 SMA is still trading at positive cross over. 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 50% level around 95.65. For this week, any dip may offer another chance to go long 94.50-94.45 with Stop loss 94.10. In case the price able to moves in downside from the 38.2% retracement and moves down below 94.05 on the closing basis level then trading in lower range is the may be possible for the 93.50-93.20 level.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
13.08.13	2:00pm	CPI y/y	2.80%	2.90%	Negative
		PPI Input m/m	1.20%	0.20%	Positive
		RPI y/y	3.10%	3.30%	Negative
14.08.13	2:00pm	Claimant Count Change	-14.3K	-21.2K	Positive
		MPC Asset Purchase Facility Votes	0-0-9	0-0-9	-
		MPC Official Bank Rate Votes	0-0-9	0-0-9	-
		Unemployment Rate	7.80%	7.80%	Neutral
15.08.13	2:00pm	Retail Sales m/m	0.70%	0.20%	Positive

Impact of Major Economic Events & Data –

The data series for the GBP starts from Monday with CPI and RPI data which appear to bring negative sentiment in very start of the week. On the same day PPI is appear to bring positive sentiment. Tuesday will be foremost important in the week as MPC Asset Purchase Facility Votes and MPC Official Bank Rate Votes may have strong impact on the pound and which could decide further trend for it. On the same day Claimant Count Change is appear to bring positive sentiment for it. While foreseen Unemployment Rate may have sideway impact on it On Wednesday Retail Sales m/m may add again bullish trend for the pound. Thursday and Friday do not hold any significance for the Pound.

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 62.85-62.80	63.80-64.50	62.30

Overview –The Japanese yen was able to book biggest rally against its other counterparts in the week gained more than 3.10% and closed at 63.47. On the weekly chart a white closing Morubozu candle stick is indicating for the bullish trend. 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 61.8% retracement around 64.50 in the coming week. Weekly pivot point is seen at 62.95 while support at 62.30, sustain trade pair may test 61.80-61.30. 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 62.85-62.80.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
12.08.13	5:20am	Prelim GDP q/q	0.90%	1.00%	Negative
		CGPI y/y	1.90%	1.20%	Positive
		Prelim GDP Price Index y/y	-0.70%	-1.10%	Negative
13.08.13	10:00am	Revised Industrial Production m/m	-3.10%	-3.30%	Negative
	5:20am	Core Machinery Orders m/m	-7.10%	10.50%	Negative
		Monetary Policy Meeting Minutes	-	-	-

Impact of Major Economic Events & Data –

Next week Japan economy data series likely to start from Monday with Prelim GDP and Revised Industrial Production which expected to bring negative sentiment for the Yen in the very start of the week. However on the same day foreseen CGPI is appear to bring positive sentiment for it. On Tuesday Core Machinery Orders m/m may extend bearish sentiment for the Yen. Wednesday, Thursday and Friday do not hold any significance for the Yen.

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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