



Forex Update:

The dollar drifted lower towards nine week low, and closed with drop of 1% at 61.32. Pair saw a drastically selling on a speculation that the India Government in talks for entry into the global gilts index while India's trade deficit which narrowed to 30-month low from the August, reducing the concerns about the country's current account balance. Additionally, the greenback fell against most of its trading partners after US President Barack Obama indicated that he would support a short increase in the US debt limit with no 'partisan strings attached' though he preferred a longer extension, also lifted the sentiment. Euro was down by 0.10%, after European Central Bank President Mario Draghi on said the governing council had the mandate to cut interest rates if volatility in money market conditions returned to the levels of early summer. The GBP closed flat after an early week setback at 1.5958.

Succinct Summation of Previous Week:

Positive:

- India's trade deficit narrowed to \$6.7 billion last month, compared with \$10.9 billion in August.
- India's foreign exchange reserves including gold and Special Drawing Rights rose by \$1,463.3 million to \$277.727 billion in week to Oct 4, Reserve Bank of India's Weekly Statistical Supplement showed.
- This morning, the Bank of England's Monetary Policy Committee (MPC) voted to keep interest rates at a historically low 0.5%. The MPC also said it would make no changes to its 375 billion British Pound monetary stimulus program.

Negative:

- U.S. consumer sentiment fell to 75.2, from 77.5 in the preceding month.
- Chinese Trade Balance fell to 15.20B, from 28.61B in the preceding month.
- U.S. initial jobless benefits in the week ending October 5 increased by 66,000 to a seasonally adjusted 374,000.
- India's industrial production growth slowed to 0.6% in August from an upwardly revised 2.75% pace in July, hurt by weak investment and consumer demand.

Next Week Important Events & Data:

- 14-Oct-13 – China CPI. WPI of India.
- 17-Oct-13- U.S. debt ceiling/ Budget
- 18-Oct -13 – China GDP.
- 18-Oct- 13 –BOJ Gov Kuroda Speaks.

Previous Week % change in Currency Market (04th Oct – 11th Oct 2013)

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	62.19	63.79	61.14	61.32	-1.00
GBP-INR	99.30	100.75	97.71	97.94	-1.41
EUR-INR	83.80	84.92	82.88	83.19	-1.18
JPY –INR	63.80	64.40	62.05	62.34	-2.14



CURRENCY – USD-INR (Oct)



Overview -The dollar drifted lower towards nine week low, and closed with drop of 1% at 61.32. From the Technical side, Weekly chart shows an inverted hammer candle stick after six consecutive correction weeks. Now 61.05 is stand as a massive support level, and this is the bottom of the C wave correction according the daily chart at 161.8% retracement, so it's interesting to see whether or not USD-INR can break below the 61.05. On the other side, dollar is waiting to strengthen when the Debt Ceiling and Government Budget issues are resolved. With keep in mind, traders can go through below strategy.

Technical Strategy: Sell below 61.05 Targets 60.80-60.55 SL 61.55.

Or else,

Buy for the Target 61.75-62.10 with Strict SL below 61.05.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
15.10.13	6:00pm	Empire State Manufacturing Index	8.20	6.30	Positive
17.10.13	3:00am	FOMC Member George Speaks	-	-	-
	6:00pm	Unemployment Claims	357K	374K	Positive
	7:30pm	Philly Fed Manufacturing Index	15.40	22.30	Negative
	10:15pm	FOMC Member Evans & George Speaks	-	-	-

Impact of Major Economic Events & Data –

U.S. economic calendar starts the week from Tuesday with Empire State Manufacturing Index which is indicating for the positive move. Wednesday do not hold any significance for the greenback. On Thursday the foreseen weekly Unemployment Claims data is appeared to bring positive sentiment for it. On the same day foreseen Philly Fed Manufacturing Index may bring some amount of correction. While upcoming debt debates on 17th Oct is in limelight and everywhere in news and Media amid rumors that the US lawmakers may soon agree on a short-term increase in the debt ceiling, potentially kicking the can down to December. However, President Barack Obama indicated that he would support a short increase in the US debt limit with no 'partisan strings attached' though he preferred a longer extension which could add again bearish sentiment for the dollar.

India important data – WPI Inflation of India for September on 14th Oct (Forecast 6% vs. 6.1%).

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



CURRENCY –EUR-INR (Oct)



(In Rs.)	Target	SL
Sell below 83.10	82.20-81.60	83.65

Overview– After hitting a high 84.92, EUR-INR turned bearish, closed at 83.19 drop by 1.18%. On above chart, a breakdown of long consolidation range of 86-83.85 is creating a valid sell entry and traders may take short position below its massive support level 83.10. Moreover, according to the wave theory, a corrective wave count which started from the peak of 90.96 is likely to retrace at 261.8% of previous wave offering a support 81.50. On the daily chart, pair showing three days of down move so called three black crows candle stick which shows that we might see down trend again to a new low. A probability for the bounce back can be seen towards 84.50-85.80 if the pair does not manage to hold below 83.70 on the closing basis.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
14.10.13	2:30pm	Industrial Production m/m	0.80%	-1.50%	Positive
	All Day	Euro group Meetings	-	-	-
15.10.13	11:30am	German Import Prices m/m	0.00%	0.30%	Negative
	12:15pm	French CPI m/m	-0.30%	0.50%	Negative
	2:30pm	German ZEW Economic Sentiment	49.20	49.60	Negative
		ZEW Economic Sentiment	59.40	58.60	Positive
	All Day	ECOFIN Meetings	-	-	-
16.10.13	1:30pm	Italian Trade Balance	5.21B	5.95B	Negative
	2:30pm	CPI y/y	1.10%	1.10%	Neutral
		Core CPI y/y	1.00%	1.10%	Negative
		Trade Balance	12.4B	11.1B	Positive
17.10.13	1:30pm	Current Account	17.7B	16.9B	Positive

Impact of Major Economic Events & Data –

The economic data expected from Europe likely to start from Monday with Industrial Production which expected to be in favor of Euro. On the same day Euro group Meetings is expected to bring volatile sentiment. Tuesday will come with German Import Prices, French CPI, and German ZEW Economic Sentiment which is expected to bring some amount of bearish move. On the same day foreseen ZEW Economic Sentiment expected to remain in favor of the Euro. On Wednesday foreseen Italian Trade Balance and Core CPI is appeared to bring correction for the Euro. On the same day Trade Balance is expected to remain favor for it. At the end of the Week, Current Account may have positive impact on it.

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



CURRENCY – GBP-INR (OCT)



(In Rs.)	Target	SL
Sell below 97.50	96.80-96.50-96.25	98.25.

Overview – The pound drifted lower after a consolidation range between 100.85 to low of 98.86, and broke down 98.95, as expected remained in place and drop by 1.41% at 97.94. On the weekly chart, GBP-INR formed a inverted hammer candle stick which is indicating that pair may take some amount of short covering before the next downside move. Now, a close below 97.50 would provide aggressive selling towards 96.50-96.20. In case the price able to moves above from the immediate resistance 98.35 on the closing basis level then trading in upside range is the may be possible for the 99.54-100.50.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
15.10.13	2:00pm	CPI y/y	2.60%	2.70%	Negative
		PPI Input m/m	-0.10%	-0.20%	Negative
		RPI y/y	3.20%	3.30%	Negative
		Core CPI y/y	2.00%	2.00%	Neutral
		HPI y/y	3.60%	3.30%	Positive
		PPI Output m/m	0.30%	0.10%	Positive
16.10.13	2:00pm	Claimant Count Change	-24.3K	-32.6K	Positive
		Unemployment Rate	7.70%	7.70%	Neutral
		Average Earnings Index 3m/y	1.00%	1.10%	Negative
17.10.13	2:00pm	Retail Sales m/m	0.50%	-0.90%	Positive

Impact of Major Economic Events & Data –

The data series for the GBP starts from Tuesday with basket of the series. Some among them which are HPI and PPI output appears to bring bullish price actions. On the same day Consumer price index, Producer Price Index input, RPI may bring some correction for the Pound. Monday do not hold any significance for the Pound. Claimant Count Change on Wednesday is assumed to favor for it. On the same day Unemployment Rate is appear to have sideline impact for the pound. On Thursday Foreseen Retail Sales may add positive sentiment for the pound. At the end of the week Pound may trade sideline on the lack of economic data.

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 below 62.30	61.50-60.80	62.98.

Overview – JPY-INR started the week from 63.80, after touching a high of 64.40, pair made a low 62.05 and closed the week at 62.34, headed biggest drop among the other three pair more than 2.54%. On the weekly chart a big bearish candle stick with massive support 62.35 could be a sign for the correction at this point. Fibonacci projection at 50% is stand as immediate resistance at 63.50. A sustained trade above it, pair may take upside rally towards strong resistance 64.35-64.45. For next week, we expected some amount of consolidation before the next downside move in the JPYINR, as again relatively empty economic calendar head suggests that the coming week will be a quiet one.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
10.10.13	1:30am	BOJ Gov Kuroda Speaks	-	-	-
	Day 3	IMF Meetings	-	-	-
14.10.13	All Day	Bank Holiday	-	-	-
15.10.13	10:00am	Revised Industrial Production m/m	-	-0.70%	-
18.10.13	12:05pm	BOJ Gov Kuroda Speaks	-	-	-

Impact of Major Economic Events & Data –

This week, Japan will have relatively empty economic calendar in the coming week which will be a quiet one for the Yen. On Monday Banks, markets, and government offices in Japan are close on account of HEALTH-SPORTS DAY. On Tuesday Revised Industrial Production is to release which expected to bring positive sentiment for the Yen if the data will come higher than previous. Wednesday and Thursday again have empty economic calendar. At the end of the week BOJ Gov Kuroda Speaks 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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