



Forex Update:

Last week, after register another highest level around 61.53, the dollar took a harsh selloff and settled at 60.06 with the loss of 0.78% against its top counterparts. The U.S. Fed minutes and comments from Ben Bernanke that hinted the central bank wasn't ready to begin tapering its monetary stimulus and the two important steps taken by Reserve Bank of India and capital market regulator Securities Exchange Board of India to curb speculation in the local currency weighted down it. The Yen lowered for the first week of the past four, and down by 0.62% at 98.25. EUR/USD was up 1.72%, at 1.3067.

Succinct Summation of Previous Week:

Positive:

- Chinese Trade Balance rose to 27.10B, from 20.40B in the preceding month.
- Chinese CPI rose to an annual rate of 2.7%, from 2.1% in the preceding month.
- Spanish CPI rose to 0.1%, from 0.2% in the preceding month.
- India's trade deficit narrowed in June to \$12.24 billion from a 7-month high, helped by a slowdown in gold imports.

Negative:

- U.S. initial jobless benefits in the week ending July 6 rose by 16,000 to a seasonally adjusted 360,000, compared to expectations for a drop of 4,000 to 340,000.
- French Industrial Production fell to -0.4%, from 2.2% in the preceding month.
- U.K. country's goods trade deficit widened to a seasonally adjusted GBP8.49 billion in May from a deficit of GBP8.43 billion in April.
- India's foreign exchange reserves including gold and Special Drawing Rights were down by \$4.477 billion to \$280.167 billion in week to Jul 5, Reserve Bank of India's Weekly Statistical Supplement showed Friday.
- Indian Industrial Production fell to a seasonally adjusted -1.6%, from 2.0% in the preceding month.

Next Week Important Events & Data:

- 15-July-13 - GDP of China.
- 17-July-13 - U.K. MPC Asset Purchase Facility Votes. Fed Chairman Bernanke Testifies.
- 18-July-13- Fed Chairman Bernanke Testifies.
- 19- July-13 -G20 Meetings.

Previous Week % change in Currency Market (05th July – 12th July 2013)

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	61.20	61.53	59.43	60.09	-0.78
GBP-INR	91.00	91.49	89.34	90.71	0.00
EUR-INR	78.30	78.85	76.83	78.32	0.47
JPY –INR	60.47	60.87	59.06	60.44	-0.13



CURRENCY – USD-INR (July)



Overview- Last week, USDINR extended its bullish streak against the Rupee, and made a new record high of 61.53 and closed at 60.09. The pair did not manage to hold below the support 59.20 and resistance above 61.25. This sets up further volatile moves for the coming week. The weekly range likely to be seen in between the range of 59.45-60.40. Weekly Candle stick is not providing any clear view. RSI 14 trading at 74.31 while 9 SMA at 69.41. Traders may try to build a long Position with the support level, but this is likely to be short-lived as both the fundamentals and technical factors indicating for the volatile trend. For this week, 60.35 is the next resistance level above it USDINR likely to test 60.75-61.10. On the downside 59.20 will act as a weekly support level, a break and consolidation below it would negate the constructive outlook and accelerate declines towards the 58.80-58.60 support area

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
15.07.13	6:00pm	Core Retail Sales m/m	0.50%	0.30%	Positive
		Retail Sales m/m	0.70%	0.60%	Positive
16.07.13	6:00pm	Core CPI m/m	0.20%	0.20%	Neutral
		CPI m/m	0.30%	0.10%	Positive
		Industrial Production m/m	0.30%	0.00%	Positive
17.07.13	6:00pm	Building Permits	1.00M	0.99M	Positive
		Housing Starts	0.95M	0.91M	Positive
	7:30pm	Fed Chairman Bernanke Testifies	-	-	-
18.07.13	6:00pm	Unemployment Claims	349K	360K	Positive
	7:30pm	Fed Chairman Bernanke Testifies	-	-	-

Impact of Major Economic Events & Data –

U.S. economic calendar starts the week from Monday with Core Retail Sales and Retail Sales data indicating for the positive moves as data is foreseen slightly positive from the previous. On Tuesday foreseen Core CPI and Industrial Production m/m are may extend its positive trend. Building Permits and Housing Starts scheduled on Wednesday also indicating for further bullish trend, as both data being forecast to be positive. On the same day crucial one Fed Chairman Bernanke Testimony may bring volatility for the greenback. On Thursday Weekly unemployment claims are appeared to bring again bullish sentiment for it. While Fed Chairman Bernanke second Testimony could bring volatility for it. At the end of the week, greenback may react positive on G20 meeting.

India important data - WPI Inflation on 15th will determine the trend for the dollar. In the month of May WPI was 4.70%.

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



CURRENCY –EUR-INR (JULY)

(In Rs.)	Target	SL
Buy on dip 77.30-77.35	77.80-78.50	76.75.

Overview - EURINR pair had a volatile week, and after hitting a high of 78.85, it settled down at 78.32. On the Weekly chart, A Doji candle stick is representing for the incision in the trend. RSI 14 and 9 SMA is trading at 74.24. A long-term upward trending Ref Regression channel line from the 63.85 low of Feb 2 has been controlling the downside moves over the past three week. Therefore bullish to consolidation trend is being expected in the EURINR for this week. The key support area likely to seen at 76.75-76.70, a sustain trade below could be on course for a Target of 75.80-75.60.



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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
16.07.13	2:30pm	German ZEW Economic Sentiment	39.90	38.50	Positive
		CPI y/y	1.60%	1.60%	Neutral
		Core CPI y/y	1.20%	1.20%	Neutral
		ZEW Economic Sentiment	31.80	30.60	Positive
17.07.13	Tentative	German 10-y Bond Auction	-	-	-
18.07.13	1:30pm	Current Account	21.3B	19.5B	Positive
	Tentative	Spanish 10-y Bond Auction	-	-	-
19.07.13	11:30am	German PPI m/m	-0.20%	-0.30%	Negative
	Day 1	G20 Meetings			

Impact of Major Economic Events & Data –

The economic data expected from Europe likely to start from Tuesday with the German ZEW Economic Sentiment and ZEW Economic Sentiment indicating positive trend. On the same day CPI and Core CPI data may bring some range bound sentiment for the Euro. Foreseen German 10-y Bond Auction on Wednesday may bring some volatility for it. Thursday will come with Current Account which may add again bullish rally. On the same day foreseen Spanish 10-y Bond Auction is indicating for volatile sentiment. At the end of the week, it may react negative on German PPI m/m.

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



CURRENCY – GBP-INR (JULY)



(In Rs.)	Target	SL
Sell 91.90-91.85	90.80-90.50	92.50.

Overview – As expected, GBPINR took correction and made a low 89.34, but due extreme volatility in to the Forex market it bounced back at resistance at 91.31. On the weekly chart High a trend reversal candle stick (Shooting star) has been witnessed while settled between the 78.6%–61.8% Fibonacci retracement level which drawn from the high of 23/06/13 to low of 83.37(12/05/13) is indicating that pair may retest 50% level around 88.61 support area. In case the price able to moves in downside from the support and moves above its 91.45 on the closing basis level then trading in upper range is the may be possible for the 92-92.70 level.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
16.07.13	2:00pm	CPI y/y	3.00%	2.70%	Positive
	Tentative	BOE Inflation Letter	-	-	-
	4:00pm	MPC Member Fisher Speaks	-	-	-
17.07.13	2:00pm	Claimant Count Change	-7.9K	-8.6K	Positive
		MPC Asset Purchase Facility Votes	2-0-7	3-0-6	Negative
		MPC Official Bank Rate Votes	0-0-9	0-0-9	Neutral
		Average Earnings Index 3m/y	1.40%	1.30%	Positive
		Unemployment Rate	7.80%	7.80%	Neutral
18.07.13	2:00pm	Retail Sales m/m	0.40%	2.10%	Negative
19.07.13	2:00pm	Public Sector Net Borrowing	9.4B	10.5B	Positive
	Day 1	G20 Meetings	-	-	-

Impact of Major Economic Events & Data –

The data series for the GBP starts from Tuesday with CPI and BOE Inflation later which assumed to bring positive to volatile sentiment. Wednesday will come with basket of the data some among them which are Claimant Count Change and Average Earnings may have positive impact on the pound. While MPC Asset Purchase Facility Votes and MPC Official Bank Rate Votes may bring volatile session for it. On the same day Unemployment Rate is appear to bring range bound sentiment. On Thursday foreseen data of Retail Sales may have negative impact on it. At the end of the week, Pound may react positive on Public Sector Net Borrowing.

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



CURRENCY – JPY-INR (JULY)



(In Rs.)	Target	SL
Sell below 59.05	58.60-58.20	59.3950.

Overview - Last week, JPYINR was able to take correction and hit both Targets 59.80-59.35. On the weekly chart, A Doji candle pattern has been witnessed which is indicating for indecision in the trend. Pair closed at 38.2% Fibonacci retracement which drawn from the low of 53.51 (12/05/13) and high of 62.55 (23/06/13). We also noted that the pair making new lower low which could provide a near-term correction. RSI 14 and 9 SMA are trading at over bought zone. For next week, 59.05 will act as a crucial support level, While 60.36 will be the strong resistance, and above it JPYINR could test 61.50-62. Hence, we recommend go short in the pair below 59.05.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
15.07.13	All Day	Bank Holiday	-	-	-
17.07.13	5:20am	Monetary Policy Meeting Minutes	-	-	-
19.07.13	10:00am	All Industries Activity m/m	1.30%	0.40%	Positive
	Day 1	G20 Meetings	-	-	-

Impact of Major Economic Events & Data –

Next week Japan economies do not hold any significance for the Yen. On Wednesday Monetary Policy Meeting Minutes may provide some volatility for it. At the week end, Industrial Production may bring some bullish trend 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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