



**Forex Update:**

The dollar headed third consecutive weekly losses in a month, tumbled to trade below 63 this week, and gave up 2.97%. Intervention in the market by the Reserve Bank of India (RBI) to support local currency helped a sharp downside after it had gained past the 65-per-dollar-mark in over the past week as well as easing tensions over Syria hurt safe haven appeal and Fears of tapering by Fed in its policy meet 17-18 September and technical selling pushed down it. The Euro remained bearish 1.3293. Euro-zone second quarter employment fell by 0.1% from the previous quarter. Pound cut losses and hit 1.5873 weekly high after Bank of England Governor Mark Carney showed no apparent unease over rising bond yields.

**Succinct Summation of Previous Week:**

**Positive:**

- Indian Industrial Production rose to a seasonally adjusted 2.6%, from -2.2% in the preceding month.
- U.S. weekly initial jobless benefits in the week ending September 6 fell by 31,000 to a seasonally adjusted 292,000.
- India Aug CPI Combined inflation rate 9.52% vs. 9.64% Jul.

**Negative:**

- German 10-year bond yield rises to highest since October 2011 at auction.
- Italy Bond yields rise to highest since December as Italy sells 12-month debt
- Euro industrial production fell by a seasonally adjusted 1.5% in July, worse than expectations for a 0.1% decline.
- India's foreign exchange reserves including gold and Special Drawing Rights were down by \$685.1 million to \$274.806 billion in week to Sept 6.
- Euro-zone second quarter employment fell by 0.1% from the previous quarter.

**Next Week Important Events & Data:**

- 18-Sep-13 – U.K. MPC Asset Purchase Facility Votes. FOMC Economic Projections, FOMC Statement, FOMC Press Conference.
- 18-Sep-13 – RBI Mid-Quarter Review of Monetary Policy for 2013-14.
- 19-Sep-13 - BOJ Gov Kuroda Speaks.

**Previous Week % change in Currency Market (06<sup>th</sup> Sep – 13<sup>th</sup> Sep 2013)**

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	64.47	65.12	63.22	63.75	-2.97
GBP-INR	101.24	101.76	99.82	100.66	-1.55
EUR-INR	85.69	85.85	84.05	84.63	-1.71
JPY –INR	65.42	65.42	63.18	63.89	-3.08



CURRENCY – USD-INR (SEP)



**Overview** - The USD-INR headed third consecutive weekly loss in a month, tumbled to trade 63.22 and continued in the red this week gave up 2.97%. Intervention in the market by the RBI and easing tensions over Syria hurt safe haven appeal and Fears of tapering by Fed in its policy meet, which most likely announce a tapering of its monthly bond purchases and probably indicate a time-table 17-18 September. RSI 14 and SMA9 are trading on the verge of bearish cross over weekly candle stick is showing for the indecision. That being case, we think that USD-INR will react on Fundamental factors this week and a valid short position could be seen below 63.10 for the short time Target 62.80-62.20. In case if pair will not meet at breakdown 63.10 on the closing basis than once again upside consolidation rally could be seen for the upwards level 64.80-65.25.

**Technical Strategy:** Sell below 63.10 Targets 62.50-62.10 SL 63.7625.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
16.09.13	6:00pm	Industrial Production m/m	0.50%	0.00%	Positive
18.09.13	6:00pm	Building Permits	0.95M	0.95M	Neutral
		Housing Starts	0.93M	0.90M	Positive
	11:30pm	FOMC Economic Projections & FOMC Statement	-	-	-
		Federal Funds Rate	<0.25%	<0.25%	Neutral
19.09.13	12:00am	FOMC Press Conference	-	-	-
	6:00pm	Unemployment Claims	323K	292K	Negative
	7:30pm	Existing Home Sales	5.27M	5.39M	Negative

Impact of Major Economic Events & Data –

U.S. economic calendar starts the week from Monday with Industrial Production indicating for positive move in start of the week. Wednesday Foreseen Housing starts and Building permits are due which expected to extend bullish sentiment for the greenback. The Federal Open Market Committee will meet on Sep 17-18 to deliberate on the monetary policy and most likely announce a tapering of its monthly bond purchases and probably indicate a time-table which may have significant impact on the green back and expected to decide further trend for the Forex and Financial market. The Foreseen weekly Unemployment Claims and Existing Home Sales data is appeared to bring short bit correction.

**India important data** - WPI inflation on 16<sup>th</sup> Sep and RBI Mid-Quarter Review of Monetary Policy 2013-14 on 20<sup>th</sup> Sept, with the focus squarely on whether the central bank will partly or wholly reverse its cash tightening steps or give an indication on when they might be rolled back.

Hence, we expect that USD-INR should trade on volatile 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 took significant correction this week and broke the crucial support 84.054 closed with the loss of 1.71%. As expected pair hits our downside target 85.10-84.66. The weekly chart is showing a small bearish candle stick along with the bearish cross over between the RSI 14 and 9 SMA. For this week, FOMC meeting for bond tapering remain concern for the entire market. Because of this, we feel that this market will continue to be volatile, and will more than likely continue to be based upon headlines and suspicions. Now the bearish rally expected below the 84.50 towards Target 83.15-82.50. The nearest resistance is seen 86.40. But, if the pair will manage to strengthen above the 86.50 level, than bullish rally is seems to continue towards 87.60-89.32 zones.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
16.09.13	2:30pm	CPI y/y	1.30%	1.30%	Neutral
		Core CPI y/y	1.10%	1.10%	Neutral
17.09.13	1:30pm	Current Account	18.3B	16.9B	Positive
	2:30pm	German ZEW Economic Sentiment	45.30	42.00	Positive
		ZEW Economic Sentiment	47.20	44.00	Positive
19.09.13	3:30pm	German Buba Monthly Report	-	-	-

Impact of Major Economic Events & Data –

The economic data expected from Europe likely to start from Monday with the Consumer price index and Core CPI indicating neutral trend in start of the week. On Tuesday foreseen Current Account, German ZEW Economic Sentiment and ZEW Economic Sentiment data may bring positive sentiment for it. On Thursday, German Buba Monthly Report may provide some important clue for the Euro.

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



CURRENCY – GBP-INR (SEP)



(In Rs.)	Target	SL
Sell at 100.75-100.80	100-99.40-99	101.80

**Overview** – As expected, GBPINR remained under bearish tone, meet to our Target 100.30-99.50 and closed at 100.66 with 1.55% at the end of the week, an indecisive candle stick with the support level 99.30 or 50% of Fibonacci retracement this may move the pair on the consolidation phase in coming trading session. Another factor such as uncertainty about Syria and FOMC meeting 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 101.80 on the closing basis level then trading in upper range is the may be possible for the 102.80-104.70level.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
17.09.13	2:00pm	CPI y/y	2.70%	2.80%	Negative
		PPI Input m/m	0.30%	1.10%	Negative
		RPI y/y	3.20%	3.10%	Positive
18.09.13	2:00pm	MPC Asset Purchase Facility Votes	0-0-9	0-0-9	-
		MPC Official Bank Rate Votes	0-0-9	0-0-9	-
19.09.13	2:00pm	Retail Sales m/m	0.50%	1.10%	Negative
	3:30pm	CBI Industrial Order Expectations	2.00	0.00	Positive

Impact of Major Economic Events & Data –

The data series for the GBP starts from Tuesday with CPI and PPI which appears to bring negative sentiment in very start of the week. On Wednesday Pound strongly react on MPC Asset Purchase Facility Votes and MPC Official Bank Rate Votes which contain the interest rate vote for each MPC member during the most recent meeting. The breakdown of votes provides insight into which members are changing their stance on interest rates and how close the committee is to enacting a rate change in the future. On Thursday foreseen Retail Sales data is appear to add again negative sentiment while on the same day Pound likely to react positive on CBI Industrial Order Expectations.

**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 below 63.15	62.50-62.16	64.16.

Overview – The JPY-INR pair tumbled to 63.18 and closed at 63.89 with the 3.08% losses this week, as predicated meet to our downside Target 64.13-63.80. On the weekly chart a trend reversal candle stick could be a sign for the upside consolidation. Fibonacci projection at 50% is stand as immediate resistance 63.15 while the weekly resistance level is seen at 65.70. 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 only above 65.70 for upside level 66.50. Or else, sell below 63.15.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
19.09.13	5:20am	Trade Balance	-0.81T	-0.94T	Positive
	Tentative	BOJ Gov Kuroda Speaks	-	-	-
20.09.13	Tentative	BOJ Gov Kuroda Speaks	-	-	-

Impact of Major Economic Events & Data –

This week, there is very little data due from the Japan economy, as on Monday respect for the Aged day (Keiro no hi) - Banks, markets, government offices closed in the Japan. Tuesday and Wednesday do not hold any significance for the Yen. On Thursday the Trade balances data is to release which appears to bring positive sentiment for it. However during the blank period Yen will react on dollar movement on crucial one FOMC meeting amid uncertainty about the timing and pace of Fed action grew after last week’s disappointing U.S. August employment report. The tentative BOJ Gov Kuroda Speaks on Friday and Thursday may provide volatility in the pair.

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.

**Contact**

SMS: 'Arihant' to 56677

**Website**[www.arihantcapital.com](http://www.arihantcapital.com)**Email Id**[research@arihantcapital.com](mailto:research@arihantcapital.com)**Arihant Is Forbes Asia's '200 Best under a \$Billion' Company  
'Best Emerging Commodities Broker' awarded by UTV Bloomberg**

**Disclaimer:** This document has been prepared by Arihant Capital Markets Limited (hereinafter called as Arihant) and its subsidiaries and associated companies. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. Receipt and review of this document constitutes your agreement not to circulate, redistribute, retransmit or disclose to others the contents, opinions, conclusion, or information contained herein. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way is responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. All recipients of this material should before dealing and or transacting in any of the products referred to in this material make their own investigation, seek appropriate professional advice. The investments discussed in this material may not be suitable for all investors. The recipient alone shall be fully responsible/are liable for any decision taken on the basis of this material. Arihant Capital Markets Ltd (including its affiliates) or its officers, directors, personnel and employees, including persons involved in the preparation or issuance of this material may; (a) from time to time, have positions in, and buy or sell or (b) be engaged in any other transaction and earn brokerage or other compensation in the financial instruments/products discussed herein or act as advisor or lender/borrower in respect of such securities/financial instruments/products or have other potential conflict of interest with respect to any recommendation and related information and opinions. The said persons may have acted upon and/or in a manner contradictory with the information contained here and may have a position or be otherwise interested in the investment referred to in this document before its publication. The user of this report assumes the entire risk of any use made of this data / Report. Arihant especially states that it has no financial liability, whatsoever, to the users of this Report.

**ARIHANT capital markets Ltd.**3<sup>rd</sup> Floor Krishna Bhavan, 67 Nehru Road, Vile Parle (E), Mumbai – 400057

Tel. 022-42254800 Fax. 022-42254880

[www.arihantcapital.com](http://www.arihantcapital.com)