



**Forex Update:**

Last week, the Dollar rose to a life time high against the Rupee, and went above 62 levels. Uncertainty over when the Fed will begin tapering its monetary stimulus and a sharp negative trend in to the local share market amid fears the RBI's curbs on Forex outflows would lead to a return of capital controls flocked demand in to the greenback. The Euro was able to gain slightly at 1.3379 as sentiment shifted after official data showed that the euro zone climbed out of recession with surprisingly strong growth of 0.3 percent in the second quarter led by Germany and France. The GBP continued climbed to its highest recent level at 1.5656. The yen firmed up at 97.54 after Japanese Finance Minister Taro Aso said that a corporate tax cut would not have any immediate impact on the economy.

**Succinct Summation of Previous Week:**

**Positive:**

- Euro zone trade balance rose to 14.9B, from 13.8B in the preceding quarter whose figure was revised down from 14.6B.
- U.S. building permits issued rose to 0.943M, from 0.918M.
- India's foreign exchange reserves including gold and Special Drawing Rights were up by \$1.434 billion to \$ 278.60 billion in week to Aug 9.
- U.S. retail sales climbed by 1.1% in July, beating expectations for a 0.6% gain.
- Euro zone's gross domestic product grew by 0.3% in the second quarter, above expectations for growth of 0.2%.

**Negative:**

- The central bank limited overseas direct investment by Indian companies to 100% of their net worth from 400%. It also cut overseas remittances by Indians to \$75,000 a year from \$200,000.
- Indian WPI rose to 5.79%, from 4.86% in the preceding month.
- U.S. Consumer sentiment fell to 80.0, from 85.1 in the preceding month.
- Euro zone current account fell to a seasonally adjusted 16.9B, from 19.5B in the preceding month whose figure was revised down from 19.6B.
- Indian Industrial Production fell to -2.2%, from -1.6% in the preceding month.

**Next Week Important Events & Data:**

- 21-Aug-13 - U.S. FOMC Meeting Minutes.
- 22-Aug-13 - HSBC Flash Manufacturing PMI of China.

**Previous Week % change in Currency Market (8<sup>th</sup> Aug – 16<sup>th</sup> August 2013)**

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	60.86	62.18	60.52	61.96	1.34
GBP-INR	94.24	97.29	93.87	96.97	2.24
EUR-INR	80.80	83.02	80.74	82.71	1.22
JPY –INR	62.50	63.81	62.28	63.61	0.22



## CURRENCY – USD-INR (AUG)



(In Rs.)	Target	SL
Buy above 62.30	62.70-63	61.95

**Overview** - The USDINR made a new swing Top at 62.18 and settled at 61.96 up 1.34%. On the Weekly chart Pair is forming an Engulfing line pattern while RSI 14 and 9 SMA is showing higher lower when the prices action at higher at high which may consider as a negative divergence. In addition, further bullish trend will see beyond the top at 62.30 which coincide 127% Fibonacci Retracement level drawn from the pick 61.53 to bottom of 58.71 for the week ended 21/07/2013, Sustained beyond 62.30 pair will open for the 63.27 level at 161.8% retracement. Wednesday U.S. FOMC Meeting Minutes likely to attempt a significant role for the Forex Market volatility.

**Technical Strategy for Week:** Buy above 62.30 with Stop loss 61.95 Targeting 62.70-63.00.

Sell below 61.90 Target 61.50-61.30 strict SL above 62.30.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
21.08.13	7:30pm	Existing Home Sales	5.15M	5.08M	Positive
	11:30pm	FOMC Meeting Minutes	-	-	-
22.08.13	6:00pm	Unemployment Claims	322K	320K	Positive
	6:30pm	Flash Manufacturing PMI	54.10	53.70	Positive
23.08.13	Day 1	Jackson Hole Symposium	-	-	-
	12:45am	Treasury Sec Lew Speaks	-	-	-
	7:30pm	New Home Sales	492K	497K	Negative
	Day 2	Jackson Hole Symposium	-	-	-

## Impact of Major Economic Events &amp; Data –

U.S. economic calendar starts the week from Wednesday with Existing Home Sales indicating for the positive moves as data is foreseen slightly higher from the previous. On the same day FOMC Meeting Minutes may have strong impact on it. Monday and Tuesday do not hold any significance for the greenback. Foreseen Weekly unemployment claims and Flash Manufacturing PMI on Thursday may add again bullish sentiment while on the same day Jackson Hole Symposium meeting in which Comments and speeches from central bankers and other influential officials may create significant volatility. At the week end, New Home Sales may have negative impact for the dollar. While on the same day Treasury Sec Lew Speaks and Jackson Hole Symposium may bring volatile session for the Greenback.

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



## CURRENCY –EUR-INR (AUG)



(In Rs.)	Target	SL
Buy on dip 82.50-82.45	83.20-83.80	82.10.

Overview - EURINR extended bullish rally towards new life time high at 83.02, pair closed at 82.71 with the gain of 1.22%. As expected hits 83.20-83.80 on the upside. On the Weekly chart Engulfing line candle stick is signaling for the trend reversal. RSI 14 trading at 82.83. For this week, we think that trend may remain bullish but after downside consolidation. But, if the pair will manage to strengthen above the 83.20 level, the pair seems to continue appreciating towards new high 83.80-84 zone. Weekly Pivot is at 82.15 level if the pair indeed falls back toward this area then we could expect some profit booking and target could be back to 81.36 -80.90 support.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
20.08.13	11:30am	German PPI m/m	0.20%	0.00%	Positive
22.08.13	12:30pm	French Flash Manufacturing PMI	50.40	49.70	Positive
		French Flash Services PMI	49.30	48.60	Positive
	1:00pm	German Flash Manufacturing PMI	51.10	50.70	Positive
		German Flash Services PMI	51.70	51.30	Positive
	1:30pm	Flash Manufacturing PMI	50.90	50.30	Positive
		Flash Services PMI	50.20	49.80	Positive
	Day 1	Jackson Hole Symposium	-	-	-
23.08.13	11:30am	German Final GDP q/q	0.70%	0.70%	Neutral
	7:30pm	Consumer Confidence	-17.00	-17.00	Neutral
	Day 2	Jackson Hole Symposium	-	-	-

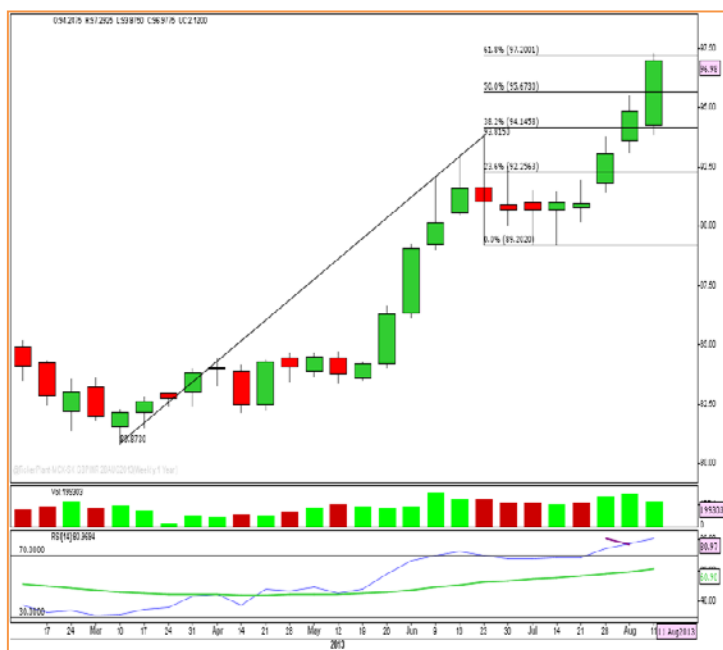
## Impact of Major Economic Events &amp; Data –

The economic data expected from Europe likely to start from Tuesday with the German PPI indicating bullish trend. Thursday will come with assemble of the data all among them which are French Flash Manufacturing PMI, French Flash Services PMI, German Flash Manufacturing PMI, German Flash Services PMI, Flash Manufacturing PMI and Flash Services PMI which appears to add bullish sentiment while on the same day Jackson Hole Symposium may have volatile impact on it. At the end of the week, foreseen German Final GDP and Consumer Confidence data are appear to bring sideline sentiment. Wednesday do not hold any significance for the Euro. Current Account on Thursday may extend bullish trend for the Euro. While on the same day Jackson Hole Symposium meeting is likely to bring again volatility for it.

**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 96.04-96.00	96.60-97.20	95.66

Overview – GBPINR climbed to a record high at 97.29, and settled at 96.97 with 2.20% as expected hit both Target. On the weekly chart three Bullish candle stick is still representing for the buying opportunity. On the other hand, Pair had resisted at 61.8% Fibonacci price extension which drawn from the low of 80.81 (10/03/13) to high 93.87 (23/06/13), which is showing strong resistance 97.30 sustained trade above it that pair may test 78.6% level around 98.50-99. For this week, any dips again offer buying opportunities. In case the price able to moves in downside from the 50% retracement and moves down below 95.65 on the closing basis level then trading in lower range is the may be possible for the 95.10-94.20 level.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
21.08.13	2:00pm	Public Sector Net Borrowing	-4.8B	10.2B	Negative
	3:30pm	CBI Industrial Order Expectations	-8.00	-12.00	Negative
22.08.13	Day 1	Jackson Hole Symposium	-	-	-
23.08.13	2:00pm	Second Estimate GDP q/q	0.60%	0.60%	Neutral
		Prelim Business Investment q/q	0.60%	-1.90%	Positive
	Day 2	Jackson Hole Symposium			

## Impact of Major Economic Events &amp; Data –

The data series for the GBP starts from Wednesday with Public Sector Net Borrowing and CBI Industrial Order Expectations data which appear to bring negative sentiment in very start of the week. Monday and Tuesday do not hold any significance for the Pound. On Thursday Jackson Hole Symposium meeting is appear to bring volatile session for the Forex Market. Friday will be foremost important in the week as Second Estimate GDP may have strong impact on the pound and which could decide further trend for it. On the same day Prelim Business Investment is appear to bring positive sentiment for it.

**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 around 63.50	64.25-64.80	63.10

Overview – The JPYINR ended the week at 63.61, remained in tight range over the week from a low of 62.28 to a high of 63.81. On the weekly chart a bullish candle stick which closed beyond the 50% Fibonacci projection line which drawn from the low of 53.51 (12/05/13) to High 62.55 (23/06/13), Fibonacci projection line is indicating for the up side range 64.25 and above level which coincide 61.8% retracement level. Weekly pivot and support level is seen at 63.20, sustain trade below it pair may test 62.17-61.80. RSI 14 and SMA 9 are yet not providing any clear direction. For next week, we expected bullish trend in the JPYINR and recommend buying on dip around 63.50.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
19.08.13	5:20am	Trade Balance	-0.73T	-0.60T	Positive
20.08.13	10:00am	All Industries Activity m/m	-0.60%	1.10%	Negative
22.08.13	Day 1	Jackson Hole Symposium	-	-	-
23.08.13	Day 2	Jackson Hole Symposium	-	-	-

## Impact of Major Economic Events &amp; Data –

Next week Japan economy data series likely to start from Monday with Trade Balance which expected to bring positive sentiment for the Yen in the very start of the week. On Tuesday All Industries Activity m/m may add bearish sentiment for the Yen. Wednesday, Thursday and Friday do Yen may react on the Jackson Hole Symposium meeting, attended by central bankers, finance ministers, academics, and financial market participants from around the world. Comments and speeches from central bankers and other influential officials can create significant volatility

**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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