



**Forex Update:**

The dollar took a major tumble against the Rupee for second consecutive week. Exporters and custodian banks undertook selling activities in the greenback in the anticipation of more intervention by the RBI amid higher inflows from overseas inflows along with steps taken by the government. In congressional testimony on Wednesday, Fed Chairman Ben Bernanke said that the central bank still expected to start scaling back its bond purchase program later this year but left open the option of altering that plan if the economic outlook changed. The Japanese yen sank across the board, and hit a 7-week low at 100.86, as traders bet Japan's upper house elections on Sunday. The euro was able to gain to trade at 1.3179 but remained in a tight range. The pound rebounded in the week, and went at 1.5282 high as Bank of England minutes showed that all members voted against additional asset purchases.

**Succinct Summation of Previous Week:**

**Positive:**

- U.S weekly initial jobless claims fall by 24,000 to 334,000 last week.
- Federal Reserve Chairman Ben Bernanke said that the central bank may taper its \$85-billion-a-month asset-purchase program later this year and halt it around mid-2014.
- U.S. industrial production rose 0.3% in June, above market expectations for a 0.2% increase.
- Foreign currency assets were up by \$0.33 billion to \$252.136 billion in week to Jun 12, Reserve Bank of India's Weekly Statistical Supplement showed Friday.

**Negative:**

- Euro zone Consumer price inflation held steady at a seasonally adjusted 1.6% in June, unchanged from an initial estimate and in line with expectations.
- Index of German economic sentiment fell by 2.2 points to 36.3 in July from June's reading of 38.5.
- Chinese GDP fell to an annual rate of 7.5%, from 7.7% in the preceding month.
- Indian WPI rose to 4.86%, from 4.70% in the preceding month.

**Next Week Important Events & Data:**

- 24-July-13 - HSBC Flash Manufacturing PMI of china.
- 25-July-13 - Prelim GDP q/q of UK.

**Previous Week % change in Currency Market (12<sup>th</sup> July – 19<sup>th</sup> July 2013)**

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	60.03	60.23	58.96	59.59	-0.83
GBP-INR	90.70	91.47	89.25	90.99	0.30
EUR-INR	78.20	78.75	77.07	78.21	-0.14
JPY –INR	60.30	60.69	59.16	59.43	-1.67



## CURRENCY – USD-INR (July)



(In Rs.)	Target	SL
Sell below 59.50	59.00-58.80	59.97

The USDINR took correction over 0.83% and formed a hammer, settled at 59.59. This is suggesting that the pair is going to go lower, but as you can see the last several sessions Pair had been consolidated in between the range of 59.30-59.75. Technically, the main trend is down on the chart, but the pair is still vulnerable to a weekly closing. Traders should watch the immediate support 59.50. A close below this level could bring to correction towards 59.10-58.80. Traders may try to build a long Position above 59.98 target 60.25-60.45 with the support level 59.68, but this is likely to be short-lived as far as buying is concerned, this market on the back of Fundamental factors. This sets up further volatile moves for the coming week.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
22.07.13	7:30pm	Existing Home Sales	5.27M	5.18M	Positive
24.07.13	6:30pm	Flash Manufacturing PMI	52.50	51.90	Positive
	7:30pm	New Home Sales	482K	476K	Positive
25.07.13	6:00pm	Core Durable Goods Orders m/m	0.50%	0.50%	Neutral
		Unemployment Claims	339K	334K	Positive
		Durable Goods Orders m/m	1.10%	3.70%	Positive
26.07.13	7:25pm	Revised UoM Consumer Sentiment	84.0	83.90	Positive

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

U.S. economic calendar starts the week from Monday with the Existing Home Sales data indicating for the positive moves as data is foreseen slightly positive from the previous. On Wednesday foreseen Flash Manufacturing PMI and New Home Sales are assumed to extend its positive trend. Tuesday do not hold any significance for the greenback. On Thursday Weekly unemployment claims and Durable Goods Orders m/m are appeared to bring again bullish sentiment for it. While on the same day Core Durable Goods Orders could bring sideline sentiment for it. At the end of the week, greenback may react positive on Revised UoM Consumer Sentiment

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



## CURRENCY –EUR-INR (JULY)



(In Rs.)	Target	SL
Sell 78.60-78.55	77.80-77.50	78.88

**Overview** - EURINR pair was able to test resistant level towards 78.75, as we had suggested last week hit both Targets 77.80-78.50. The Weekly chart is showing for the relative indecision for the fourth consecutive week, as pair had again formed a Doji candle stick. That being the case, we think that trend may remain in the confusion. Buy, traders can make a short position at higher level for the coming week, as EURINR closer to the top around 78.75-78.85 and did not manage to cross above it. RSI 14 and 9 SMA is trading at 73.41. On the other hand, buying could be seen only above 78.90 up to the resistance around 79.50-79.70.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
24.07.13	12:30pm	French Flash Manufacturing PMI	48.90	48.40	Positive
		French Flash Services PMI	47.70	47.20	Positive
	1:00pm	German Flash Manufacturing PMI	49.30	48.60	Positive
		German Flash Services PMI	50.90	50.40	Positive
	1:30pm	Flash Manufacturing PMI	49.10	48.80	Positive
		Flash Services PMI	48.90	48.30	Positive
25.07.13	12:30pm	Spanish Unemployment Rate	27.2%	27.20%	Neutral
	1:30pm	German Ifo Business Climate	106.30	105.90	Positive

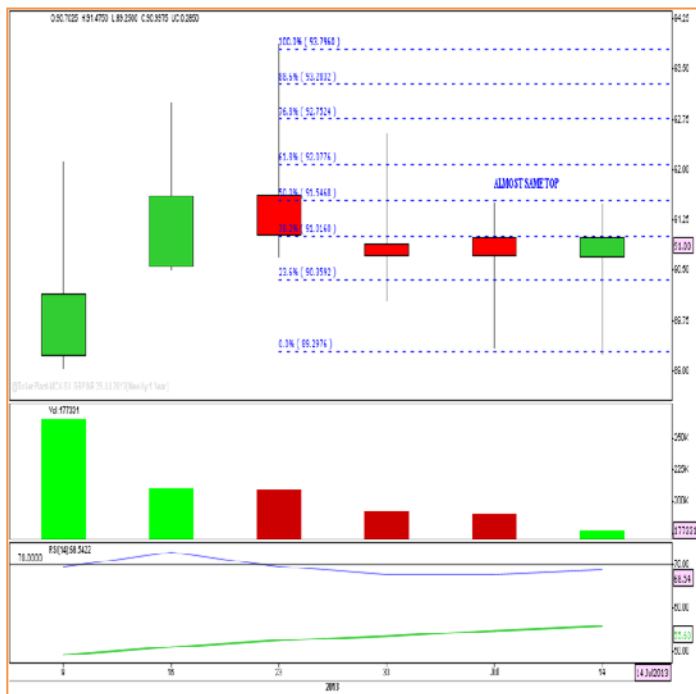
## Impact of Major Economic Events &amp; Data –

The economic data expected from Europe likely to start from Wednesday with Manufacturing PMI of French, Europe and German Manufacturing PMI indicating positive trend in the mid week. On the same day Services PMI of the German and French likely to extended the bullish trend. Foreseen Spanish Unemployment Rate and German Ifo Business Climate on Thursday are assumed to add bullish trend for the Euro.

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



CURRENCY – GBP-INR (JULY)



(In Rs.)	Target	SL
Sell 91-90.95	90.30-89.60	91.50

Overview – GBPINR took 0.30% gain, after hitting low of 89.25 settled at 90.99. A long lower shadow candle stick for the second consecutive week with almost same TOP is indicates that the Bulls controlled the ball for part of the game. Fibonacci retracement level which drawn from the high of 93.97 (23/06/13) to low of 83.34(07/07/13) is indicating for the weekly range 91.54-89.30. For this week, we would expect to see pair may test support at the 90-80.50 level, or possibly as low as the 83.30 level. In case the price able to moves in upside from the support and moves above its 91.50 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
23.07.13	2:00pm	BBA Mortgage Approvals	38.5K	36.1K	Positive
24.07.13	3:30pm	CBI Industrial Order Expectations	-12.00	-18.00	Positive
25.07.13	2:00pm	Prelim GDP q/q	0.60%	0.30%	Positive
26.07.13	26th-31st	Nationwide HPI m/m	-	-	-

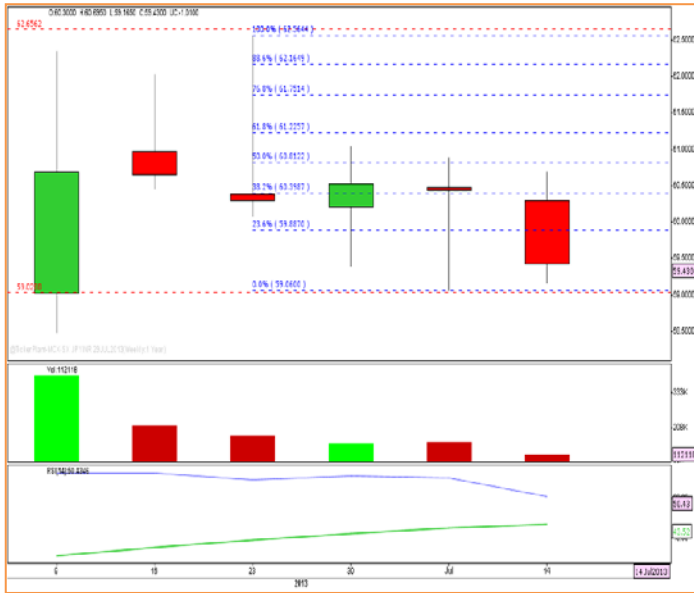
Impact of Major Economic Events & Data –

The data series for the GBP starts from Tuesday with BBA Mortgage Approvals which assumed to bring positive sentiment. Wednesday will come with CBI Industrial Order Expectations which may extend the bullish trend for. On Thursday foreseen data of Prelim GDP may have bullish impact on it. At the end of the week, Pound may react positive on Nationwide HPI m/m data.

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 -The Japanese yen fell across the board, registered loss more than 1% and witnessed a low of 59.16, as traders bet Japan’s upper house elections on Sunday would strengthen Prime Minister Shinzo Abe’s position and his stimulus plans. On the weekly chart, pair did not managed to trade below 59.05 and formed a bearish candle stick. RSI 14 at 50.43. For next week, we expected further correction in the pair only below 59.05 towards support 58.48-58 level area. Or else, traders can go long side with strict SL below 59.05 for target 60.10-60.70.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
24.07.13	5:20am	Trade Balance	-0.58T	-0.82T	Positive
26.07.13	5:00am	Tokyo Core CPI y/y	0.3%	0.2%	positive

**Impact of Major Economic Events & Data –**

Next week, Japan’s upper house elections on Sunday will dictate the trend for the Yen which would strengthen Prime Minister Shinzo Abe’s position and his stimulus plans. Monday and Tuesday do not hold any significance for it. On Wednesday Trade Balance data is indicating for the positive sentiment in the yen. On Thursday Tokyo Core CPI may extend the positive trend for the Yen as data is foreseen higher than previous.

**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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