



**Forex Update:**

The dollar registered its biggest weekly correction in over a month; on speculation the Fed Reserve will reassure investors that policy will remain accommodative at next week's meeting. While a series of measures by the Reserve Bank of India to support the local currency weighted on the sentiment. The euro appreciated around 0.95 percent at 1.3281 and Sterling appreciated around 1.32 percent at 1.5389 on the back of weakness in the greenback. Further, favorable economic data from the region supported an upside in the currency. The Japanese yen climbed against the US dollar to trade at 98.82 as the Japan consumer prices rose the most since 2008 in June, an early sign that the world's third-biggest economy may be starting to shake off 15 years of deflation.

**Succinct Summation of Previous Week:**

**Positive:**

- U.K. gross domestic product expanded at a seasonally adjusted annual rate of 1.4% in the three months to June, in line with expectations.
- German business climate rose to 106.2, from 105.9 in the preceding month.
- Euro zone's manufacturing PMI rose to 50.1, from 48.8 in the preceding month.
- RBI lowers banks limit on borrowing under daily liquidity adjustment facility (LAF); increases banks' cash reserve ratio requirements, announces 60 billion rupees sale in cash management bills.
- 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:**

- U.S. Weekly initial jobless benefits in the week ending July 20 increased by 7,000.
- India's foreign exchange reserves including gold and Special Drawing Rights were down by \$985.4 million to \$279.202 billion in week to Jun 19, Reserve Bank of India's Weekly Statistical Supplement showed Friday.

**Next Week Important Events & Data:**

- 29-July-13 - BOJ Gov Kuroda Speaks.
- 30-July-13 - First Quarter Review of Monetary Policy for 2013-14.
- 31-July-13- Advance GDP and FOMC Statement of U.S. India Government finances for June.
- 01-Aug -13 - Manufacturing PMI of China. U.K. MPC Rate Statement. ECB Press Conference.

**Previous Week % change in Currency Market (19<sup>th</sup> July – 27<sup>th</sup> July 2013)**

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	60.18	60.18	59.02	59.32	-0.90
GBP-INR	91.32	92.37	90.80	91.47	0.00
EUR-INR	78.14	79.25	78.14	78.78	0.23
JPY –INR	59.80	60.43	57.80	60.19	0.82



CURRENCY – USD-INR (AUG)



(In Rs.)	Target	SL
Sell below 58.80	58.30-58.10	59.20

The USDINR took correction over 0.90% and made a low of 58.71 as we had suggested last week hit both Targets 59-58.80, Pair is walking below the long term Raff Regression channel line a sustained move under it, While the weekly candle stick is showing signs of more correction towards support area 58.50-58.20.. For this week, Traders may try to build a short position below 58.80. Or else long Position above 59.50 target 59.98-60.25 with the support level 59.10, but this is likely to be short-lived as far as buying is concerned, this market ahead U.S. and India central bank meetings . This sets up further volatile moves for the coming week.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
29.07.13	7:30pm	Pending Home Sales m/m	-1.00%	6.70%	Negative
30.07.13	7:30pm	CB Consumer Confidence	81.20	81.40	Negative
31.07.13	5:45pm	ADP Non-Farm Employment Change	181K	188K	Negative
	6:00pm	Advance GDP q/q	1.00%	1.80%	Negative
	11:30pm	FOMC Statement	-	-	-
		Federal Funds Rate	<0.25%	<0.25%	Neutral
01.08.13	6:00pm	Unemployment Claims	346K	343K	Negative
	7:30pm	ISM Manufacturing PMI	52.10	50.90	Positive
02.08.13	6:00pm	Non-Farm Employment Change	184K	195K	Negative
		Unemployment Rate	7.50%	7.60%	Positive

Impact of Major Economic Events & Data –

U.S. economic calendar starts the week from Monday with Pending Home Sales indicating for the negative moves as data is foreseen slightly lower from the previous. Tuesday will come with CB Consumer Confidence which may extend the bearish trend. Wednesday will be the foremost important in the week, as Two day meeting of US Federal Reserve is scheduled to start on Wednesday, the volatile trading action by the greenback since June 19 (Last meeting) is a clear example that traders are confused about when and how the Fed is going to begin tapering its aggressive \$85 billion per month stimulus program. On the same day ADP Non-Farm Employment Change and Advance GDP is appeared to add again bearish trend. Foreseen Weekly unemployment claims may bring negative sentiment At the week end, dollar may react negative on Non-Farm Employment Change.

**India important data** - RBI will meet on Tuesday with the expectation to keep its key lending rate steady.

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



## CURRENCY –EUR-INR (AUG)



(In Rs.)	Target	SL
Buy on dip 77.40-77.45	78-78.60	Below 77.

**Overview** - EURINR pair had a volatile week, after testing resistance of 78.90 made a low of 77.71, as per the previous week forecast. Since past six week, EURINR is consolidating between the ranges of 79.94-77.15 and forming like a Flag pattern. That being the case, we think that trend may remain in the confusion until and unless pair will found breakup or breakdown of this consolidation. Hence, this week, traders can make a long position on dip if the pair indeed falls back toward the 77.10 support area, while a target could be back to 78-78.60 resistance. RSI 14 and 9 SMA is trading at 73.41. On the other hand, selling could be seen only below 77 towards the support around 76.31-76.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
30.07.13	11:30am	GfK German Consumer Climate	6.90	6.80	Positive
	12:30pm	Spanish Flash GDP q/q	-0.10%	-0.50%	Positive
31.07.13	11:30am	German Retail Sales m/m	0.10%	0.70%	Negative
	12:15pm	French Consumer Spending m/m	0.10%	0.50%	Negative
	1:25pm	German Unemployment Change	-2K	-12K	Positive
	2:30pm	CPI Flash Estimate y/y	1.60%	1.60%	Neutral
		Unemployment Rate	12.20%	12.10%	Negative
01.08.13	12:45pm	Spanish Manufacturing PMI	50.70	50.00	Positive
	5:15pm	Minimum Bid Rate	0.50%	0.50%	Neutral
	6:00pm	ECB Press Conference	-	-	-
02.08.13	12:30pm	Spanish Unemployment Change	-80.0k	-127.2K	Positive

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

The economic data expected from Europe likely to start from Tuesday with the GfK German Consumer Climate and Spanish Flash GDP indicating bullish trend. Wednesday will come with German Retail, French Consumer Spending, German Unemployment Change, CPI Flash Estimate and Unemployment Rate which appears to bring some bullish rally for the Euro. Thursday will be of foremost importance in the week for the Euro as the crucial ECB press conference and Interest rate decision might have a strong impact on it where it is expected that ECB likely to unchanged interest rate which might be negative for it. On the same day Italian and Spanish Manufacturing PMI might be add again bullish sentiment. At the end of the week, it may react positive on Spanish Unemployment Change.

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



## CURRENCY – GBP-INR (AUG)



Overview – GBPINR registered a volatile week, and settled at 91.47 unchanged on w-o-w basis. An Indecisive candle on the weekly chart (Doji) is not providing clear direction for this week. Traders may be paring positions ahead of the Bank of England meeting on August 1. If we look at the price action over the past few week pair traded as a range between 92.83 and 88.96, the 89.65 support. The trend is not clear, so any dip perhaps offers another chance to go long around 90.18-90.10 with Stop loss 89.65. In case the price able to moves in upside from the support and moves down below 89.60 on the closing basis level then trading in lower range is the may be possible for the 89-88.80 level.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
29.07.13	3:30pm	CBI Realized Sales	11.00	1.00	Positive
01.08.13	2:00pm	Manufacturing PMI	52.80	52.50	Positive
	4:30pm	Asset Purchase Facility	375B	375B	Neutral
		Official Bank Rate	0.50%	0.50%	Neutral
	Tentative	MPC Rate Statement	-	-	-
02.08.13	11:30am	Nationwide HPI m/m	0.40%	0.30%	Positive
	2:00pm	Construction PMI	51.60	51.00	Positive

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

The data series for the GBP starts from Monday with CBI Realized Sales data which appear to bring positive sentiment in very start of the week. Tuesday and Wednesday do not hold any significance for the Pound. Thursday will be of foremost importance in the week for the pound as the crucial MPC Rate Statement and Interest rate decision might have a strong impact on it where it is expected that BOE likely to unchanged interest rate and Asset Purchase Facility program which might be negative for it. At its last meeting, the BoE announced it would keep interest rates lower over the long-run and was considering additional stimulus if necessary. On the same day Foreseen Manufacturing PMI of U.K. may bring some positive sentiment. At end of the week, pound may extend the bullish rally on Nationwide HPI m/m and Construction PMI data.

**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 59.20-59.25	59.80-60.50	58.75.

Overview – Last week, The Japanese yen gained more than 0.80% and closed at 60.19. After six week correction about 7% a Hammer candle stick is signal a bullish revival. The low of the long lower shadow implies that sellers drove prices lower during the session. RSI 14 at 52.56 which is not providing any clear desecration. For next week, we expected bullish trend in the JPYINR and recommend buying on dip around 59.20-59.25. Or else, traders can go short side only below 58 for target 57.50-57.30.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
29.07.13	5:20am	Retail Sales y/y	0.90%	0.80%	Positive
30.07.13	5:00am	Household Spending y/y	1.40%	-1.60%	Positive
	5:20am	Prelim Industrial Production m/m	-1.20%	1.90%	Negative
	Tentative	BOJ Gov Kuroda Speaks	-	-	-
31.07.13	7:00am	Average Cash Earnings y/y	0.20%	0.00%	Positive

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

Next week Japan economy data series likely to start from Monday with Retail Sales which expected to bring bullish sentiment for the Yen in the very start of the week. On Tuesday Household Spending will again add bullish trend for it. However, foreseen Prelim Industrial Production data is appeared to bring some correction. Wednesday do not hold any significance for it. BOJ Gov Kuroda Speaks on the same is appeared to add volatility for the Yen. At the end of the week, Yen may react positive on Average Cash Earnings

**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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