



Wednesday, Dec 18<sup>th</sup>, 2013

CURRENCY ACTIVITY 17/12/2013

Currency Pairs	Closed	% Chg	Open Interest	% Chg	Total Trade Volume (Rs in Cr)	% Chg	No of Contracts Traded	% Chg
USDINR	62.10	0.34	430,995	2.35	3,423.00	-4.41	-4.32	430,995
EURINR	85.44	0.21	31,776	32.26	260.52	-28.14	-28.11	31,776
GBPINR	101.18	0.22	18,455	1.01	217.31	-31.69	-31.65	18,455
JPYINR	60.34	0.41	5,296	1.87	55.17	-48.35	-48.19	5,296

CURRENCY UPDATE

- **USD-INR** – The pair was up marginally at 62.10 with the cautious trade ahead of the RBI mid quarter policy which is due to announce on Wednesday. There was talk among traders for a 25 basis points rate hike after the higher inflation data. The US Federal Reserve will meet on 18<sup>th</sup> to debate on Taper or delay the first reduction in its bond purchases until March 2014 weighted on the sentiment.
- **EUR** - The Euro strengthen against the dollar on Tuesday helped by an improved reading in German economic sentiment while uncertainty about a Federal Reserve decision on bond-buying kept the dollar in tight ranges.
- **GBP**- The pound gave up its recent gains on Tuesday after the annual rate of inflation in the U.K. fell to a four year low in November, easing pressure on the Bank of England to tighten monetary policy.
- **JPY**- The yen strengthen towards 102.63, after lackluster U.S. economic indicators sparked concerns that the Federal Reserve might hold off on scaling back its USD85 billion monthly asset-purchasing program in early 2014 as opposed to a policy meeting that takes place this week.

IMPORTANT NEWS ROUNDUP

- U.K. consumer price inflation in the U.K. rose by 2.1% in November, slowing from 2.2% the previous month. It was the smallest increase since November 2009. Economists had expected an unchanged reading.
- U.K. Core CPI rose by 1.8% last month, in line with expectations, accelerating from 1.7% in October.
- U.K. retail price index rose 2.6% in November, unchanged from October and below forecasts for a 2.7% increase..
- German economic sentiment soared by 7.4 points to hit 62.0 this month from November's reading of 54.6. Analysts had expected the index to rise by 0.4 points to 55.0 in December.



CURRENCY TO FOCUS – USD-INR (DEC)

Intraday USD-INR Trend : Volatile ahead of RBI and FOMC Policy.



**Overview:** The USD-INR, which saw more than half correction on Monday, was up marginally at 62.10. Today, rather than technical aspects the RBI mid quarter policy which is due for announce later in the day and FOMC meeting in mid night will decide the further trend of the dollar. There was talk among traders for a 25 basis points rate hike after the high inflation data. While Fed bond-buying to be reduced by \$5-10 billion or delay until March 2014

**Resistance** - Immediate resistance at 62.18, sustain trade above this we could expect momentum upside level till 62.35-62.48.

**Support** - Immediate support is seen at 61.85 sustain trade below expected to test 61.57-61.20.

(In Rs.)	Target	SL
Buy 62.02-62.05	62.18-62.40	61.85.
And; Or		
Sell below 61.78	61.57-61.40	61.90.

FOREIGN CURRENCY AND TECHNICAL LEVELS

Symbol	Currency* At 8.45 am	% Chg	Currency Pairs	R1	R2	Pivot	S1	S2
DOLLAR INDEX	80.06	0.02	USDINR	62.250	62.370	62.1	61.930	61.730
EUR/USD	1.3770	0.02	EURINR	85.710	85.960	85.4	85.190	84.920
GBP/USD	1.6281	0.11	GBPINR	101.480	101.720	101.2	100.960	100.680
USD/JPY	102.98	0.33	JPYINR	60.460	60.560	60.3	60.180	60.000

Major Economic Data and Events Schedule (For 18/12/2013)

Time	Currency	Economic Indicators	Forecast	Previous	Possible Impact
2:30pm	EUR	German Ifo Business Climate	109.70	109.30	Positive
3:00pm	GBP	Claimant Count Change	-35.2K	-41.7K	Positive
	GBP	MPC Asset Purchase Facility Votes	0-0-9	0-0-9	-
	GBP	MPC Official Bank Rate Votes	0-0-9	0-0-9	-
	GBP	Unemployment Rate	7.60%	7.60%	Neutral
All Day	EUR	ECOFIN Meetings	-	-	-
4:30pm	GBP	CBI Realized Sales	9.00	1.00	Positive
7:00pm	USD	Building Permits	0.99M	1.04M	Negative
	USD	Housing Starts	0.95M	-	-



12:30am	USD	FOMC Economic Projections & Statement	-	-	-
		Federal Funds Rate	<0.25%	<0.25%	-
1:00am	USD	FOMC Press Conference			

Impact - High Medium Low

**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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