



Thursday, Dec 19th, 2013

CURRENCY ACTIVITY 18/12/2013

Currency Pairs	Closed	% Chg	Open Interest	% Chg	Total Trade Volume (Rs in Cr)	% Chg	No of Contracts Traded	% Chg
USDINR	62.20	0.30	450,916	4.62	4,415.22	28.99	28.98	450,916
EURINR	85.52	0.20	30,003	-5.58	249.74	-4.14	-4.05	30,003
GBPINR	101.73	0.64	18,728	1.48	275.70	26.87	26.87	18,728
JPYINR	60.46	0.34	5,223	-1.38	81.42	47.58	47.52	5,223

CURRENCY UPDATE

- **USD-INR** – The pair was bounced towards 62.28 as oil importers undertook buying activities with cautious trade ahead of the US Federal Reserve will meet on Taper or delay the first reduction in its bond purchases until March 2014 weighted on the sentiment.
- **EUR** - The euro showed small reaction after the Ifo German business climate index rose to a 20-month high of 109.5 in December, in line with forecasts and up from 109.3 in November.
- **GBP**- The pound jumped towards 1.6352 after the number of people claiming unemployment benefits in the U.K. declined more-than-expected in November, while the country's jobless rate fell to the lowest level since May 2009, official data showed on Wednesday.
- **JPY**- The yen traded weaker against the dollar after data on Wednesday showed that the trade deficit widened to JPY1.29 trillion in November, increasing 35% from the same month last year as imports rose 21.1% and exports increased by 18.4%.

IMPORTANT NEWS ROUNDUP

- U.K. claimant count fell by 36,700 last month, better than expectations while Rate of unemployment ticked down to 7.4% in October from 7.6% in September. Analysts had expected the jobless rate to remain unchanged.
- RBI maintained the key lending rate at 7.75% in its mid quarter monetary policy review and warned of potential steps to curb sticky inflation on non-policy days as well.
- Federal Reserve on Wednesday left its key benchmark lending target, the fed funds rate, unchanged at 0.0-0.25% but said it was cutting the amount of Treasury holdings and mortgage debt it buys from banks each month to \$75 billion from \$85 billion.



CURRENCY TO FOCUS – USD-INR (DEC)

Intraday USD-INR Trend : Bullish after the Fed tapers stimulus by \$10 billion



Overview: The USD-INR gained near about 0.30% closed at 62.20 as importers under took the buying activities ahead of the FOMC meeting. On the daily chart, a short term trend line is showing that sustain above 62.32 a bullish rally till 62.62-62.78 may take place in the market. Or else bearish move till 61.78-61.56 from the 62.20 is expected for Thursday.

On Wednesday - The Federal Reserve announced it would start to taper its monthly bond-buying program by \$10 billion which may boost the demand for dollar against the Rupee.

(In Rs.)	Target	SL
Buy above 62.35	62.62-62.78	62.10
And; Or		
Sell 62.20	61.78-61.56	62.32.

FOREIGN CURRENCY AND TECHNICAL LEVELS

Symbol	Currency* At 8.45 am	% Chg	Currency Pairs	R1	R2	Pivot	S1	S2
DOLLAR INDEX	80.63	0.25	USDINR	62.447	62.613	62.1	61.957	61.633
EUR/USD	1.3652	-0.22	EURINR	85.810	86.010	85.4	85.240	84.870
GBP/USD	1.6366	-0.14	GBPINR	102.257	102.683	101.5	101.027	100.223
USD/JPY	103.96	-0.29	JPYINR	60.717	60.893	60.4	60.207	59.873

Major Economic Data and Events Schedule (For 19/12/2013)

Time	Currency	Economic Indicators	Forecast	Previous	Possible Impact
2:30pm	EUR	Current Account	14.2B	13.7B	Positive
3:00pm	GBP	Retail Sales m/m	0.30%	-0.70%	Positive
Tentative	EUR	Spanish 10-y Bond Auction	-	4.16 2.6	-
7:00pm	USD	Unemployment Claims	336K	368K	Positive
8:30pm	USD	Existing Home Sales	5.04M	5.12M	Negative
	USD	CB Leading Index m/m	0.70%	0.20%	Positive
9:00pm	USD	Natural Gas Storage	-	-81B	-

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.

Contact

SMS: 'Arihant' to 56677

Website

www.arihantcapital.com

Email Id

research@arihantcapital.com

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ARIHANT Capital Markets Ltd.

3rd Floor Krishna Bhavan, 67 Nehru Road, Vile Parle (E), Mumbai – 400057

Tel. 022-42254800 Fax. 022-42254880

www.arihantcapital.com

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