

**Forex Update:**

The dollar had a roller coaster ride week, after posted its biggest monthly high 68.83 in at least 18 years has recovered, and settled at 65.71 against the Rupee on Friday. The Indian economy grew at its slowest pace in four years at 4.4% against the 4.8% while the US economy grew at its fastest pace in more than two years at a revised 2.5% in the April-June quarter, bolstering the case for the Federal Reserve (Fed) to wind down its monetary stimulus programmed. EUR/USD fell to a five-week low at 1.3173 after the flat inflation and high unemployment. GBP/USD traded weaker during the week although it is still holding above the low at 1.5426.

Succinct Summation of Previous Week:**Positive:**

- India fiscal deficit during the first four months (April-July) of the fiscal year was 62.8% of the full-year target, compared with 51.5% during the same period a year ago.
- U.S. economy grew at its fastest pace in more than two years at a revised 2.5% in the April-June quarter, compared with an earlier estimate of 1.7%.
- Brazil Debt-to-GDP ratio rose to 34.1%, from 34.5% in the preceding month.
- U.S. Weekly initial jobless claims fall by 6,000 to 331,000 last week.
- India's foreign exchange reserves shot up by \$205.8 million to \$278.81 billion in the week ended August 16 due to a sharp rise in the foreign currency assets (FCAs).

Negative:

- The Indian economy grew at its slowest pace in four years at 4.4% in April-June of the current fiscal year 2013-14, compared with 4.8%, belying hopes of the economy having bottomed out.
- India's foreign exchange reserves including gold and Special Drawing Rights were down by \$1,085.3 million to \$277.722 billion in week to Aug 23.

Next Week Important Events & Data:

- 04-Sep-13 - Monetary Policy Statement and BOJ Press Conference.
- 05-Sep-13 - Asset Purchase Facility and MPC Rate Statement of BOE. Minimum Bid Rate and ECB Press Conference

Previous Week % change in Currency Market (23rd Aug – 30th August 2013)

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	63.94	69.80	63.80	66.72	3.69
GBP-INR	99.46	109.49	99.37	103.48	3.09
EUR-INR	85.57	93.24	85.41	88.26	2.59
JPY –INR	64.82	71.93	64.64	67.95	4.45



CURRENCY – USD-INR (SEP)



Overview - Speculators remained bullish on the USDINR in the week. The pair made another swing Top at 69.80 and settled at 66.72 and formed a relatively trend reversal candle that closed with around 50% of the rally. That being case, the pair is did not hold the Top and giving the short term bearish direction at the moment and we are looking for a breakdown below 66.40 support area in order to make a valid sell entry for the short time Target 65.90-65.46, as far as selling is concerned for the greenback amid ongoing uncertainty about whether the Fed will begin reducing monetary stimulus as early as September. In case pair do not meet at breakdown 66.40 on the closing basis than once again bullish rally could be seen for the upwards level 67.93-68.45.

Technical Strategy: Sell below 66.38 Target 65.90-65.60 SL 66.80

Buy around 66.70 Target 67.50-68.40 strict SL below 66.40.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
03.09.13	7:30pm	ISM Manufacturing PMI	54.20	55.40	Negative
04.09.13	6:00pm	Trade Balance	-38.6B	-34.2B	Negative
05.09.13	5:45pm	ADP Non-Farm Employment Change	181K	200K	Negative
	6:00pm	Unemployment Claims	330K	331K	Positive
		Revised Nonfarm Productivity q/q	1.50%	0.90%	Positive
	7:30pm	ISM Non-Manufacturing PMI	55.20	56.00	Negative
		Factory Orders m/m	-3.20%	1.50%	Negative
06.09.13	5:30pm	FOMC Member Evans Speaks	-	-	-
	6:00pm	Non-Farm Employment Change	181K	162K	Positive
		Unemployment Rate	7.40%	7.40%	Neutral

Impact of Major Economic Events & Data –

U.S. economic calendar starts the week from Tuesday with ISM Manufacturing PMI indicating for the negative moves as data is foreseen slightly lower. On Wednesday Trade Balance data may add bearish sentiment for the Greenback. Thursday will come with the significant economic indicators that might create speculation for the FED policy. Some among them which are ADP Non-Farm Employment Change, ISM Non-Manufacturing PMI and Factory Orders m/m may extended bearish move for it whereas, foreseen weekly unemployment claims and Revised Nonfarm Productivity q/q as expected to set positive sentiment for the greenback. At the week end, Non-Farm Employment Change and Unemployment Rate may have positive impact for the dollar.

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



CURRENCY –EUR-INR (SEP)



(In Rs.)	Target	SL
Sell below 88.15	87.32-86.50	88.98

Overview - EURINR remained on the bullish track and made a record high 93.24 but the pair did not hold the gain and settled at 88.26. At the week end, pair is forming an inverted hammer candle stick which representing the lack of buying interest at Top level. RSI 14 and 9 SMA is currently are at overbought zone. Now the bullish rally expected beyond the 93.65 towards Target 94.50-95.60. The nearest support is seen at 88.15 which coincide 127% Fibonacci projection line. Based on the main range could be expected 85.75 to 91.26. For this week, the pair appears to be took correction toward the retracement zone of this range at 87.32 to 86.50. But, if the pair will manage to strengthen above the 91.30 level, the pair seems to continue appreciating towards 93.65-94 zones.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
02.09.13	12:45pm	Spanish Manufacturing PMI	50.10	49.80	Positive
	1:15pm	Italian Manufacturing PMI	50.70	50.40	Positive
03.09.13	12:30pm	Spanish Unemployment Change	-5.2K	-64.9K	Positive
04.09.13	12:45pm	Spanish Services PMI	49.30	48.50	Positive
	1:15pm	Italian Services PMI	49.20	48.70	Positive
	2:30pm	Retail Sales m/m	0.50%	-0.50%	Positive
05.09.13	3:30pm	German Factory Orders m/m	-0.70%	3.60%	Negative
	5:15pm	Minimum Bid Rate	0.50%	0.50%	Neutral
	6:00pm	ECB Press Conference	-	-	-
06.09.13	11:30am	German Trade Balance	15.9B	15.7B	Positive
	3:30pm	German Industrial Production m/m	-0.30%	2.40%	Negative

Impact of Major Economic Events & Data –

The economic data expected from Europe likely to start from Monday with the Spanish and Italian Manufacturing PMI and indicating bullish trend. Tuesday will come with Spanish Unemployment Change which appears to add bullish sentiment. The foreseen German Spanish and Italian Services PMI and Retail Sale likely to add further bullish move for it. Change may bring downside trade for it. Thursday will be of foremost importance in the week for the Euro as the crucial ECB Rate Statement and Interest rate decision might have a strong impact on it where it is expected that ECB likely to unchanged interest rate. However, the flat inflation and high unemployment last week is leading investors to believe the European Central Bank will issue a dovish commentary at monetary policy meeting. At the end of the week, German Trade Balance may have positive while German Industrial Production may have negative impact on it.

Hence, we expect that EUR-INR will remain on a Volatile zone during the week.



CURRENCY – GBP-INR (SEP)



Overview – GBPINR climbed to a record high at 109.49, and settled at 103.48 with 3.09% at the end. Inverted hammer candle stick with the support level 99.4 or 88.6% of Fibonacci retracement this may move the pair downside in coming trading session. Another factor such as uncertainty about Syria and Bank of England monetary policy meeting during the week may put pressure on the sterling. For this week, trend may remain volatile. In case the price able to move beyond the immediate resistance 103.91 from the 103.50 on the closing basis level then trading in upper range is the may be possible for the 105-107.98 level.

Technical Strategy: Sell 103.50 Target 102.40-100.75 strict SL 103.95.

Buy above 104.05 Target 105-107.98 strict SL below 103.48.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
02.09.13	2:00pm	Manufacturing PMI	55.20	54.60	Positive
03.09.13	2:00pm	Construction PMI	58.40	57.00	Positive
04.09.13	2:00pm	Services PMI	59.80	60.20	Negative
05.09.13	4:30pm	Asset Purchase Facility	375B	375B	Neutral
		Official Bank Rate	0.50%	0.50%	Neutral
	Tentative	MPC Rate Statement	-	-	-
	Day 1	G20 Meetings	-	-	-
06.09.13	2:00pm	Manufacturing Production m/m	0.40%	1.90%	Negative
		Trade Balance	-8.2B	-8.1B	Negative

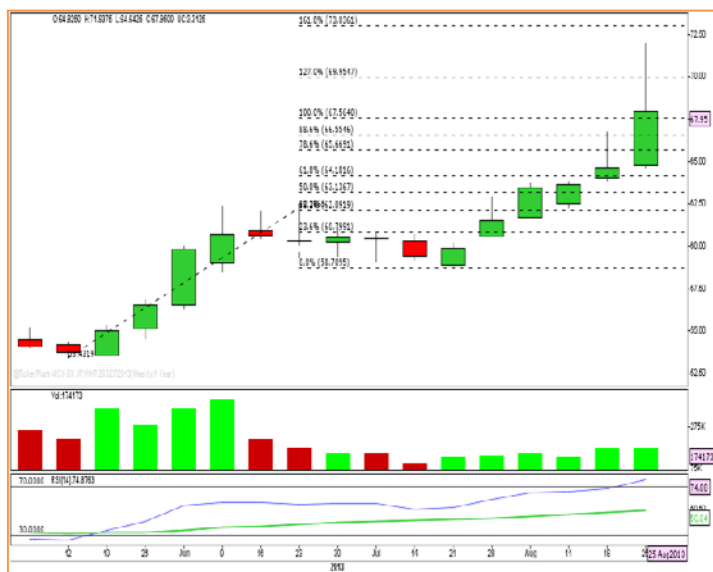
Impact of Major Economic Events & Data –

The data series for the GBP starts from Monday with Manufacturing PMI data which appear to bring bullish sentiment in very start of the week. Foreseen Construction PMI data on Tuesday may bring some positive sentiment for it. On Wednesday Services PMI data of the Euro zone is assumed to bring slightly negative trend for the GBP. 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. On the same day G20 Meetings will have strong impact on it. At the end of the week, Pound may react negative on foreseen Manufacturing Production m/m and Trade balance data.

All the above data is indicating that GBP-INR should trade on a consolidation mode during the week.



CURRENCY – JPY-INR (SEP)



(In Rs.)	Target	SL
Buy 67.95	68.50-69.50	67.50.

Overview – The JPYINR ended the week at 67.95, remained in volatile to bullish range over the week. Made a high of 71.93 and low 64.64. On the weekly chart a trend reversal candle stick could be a sign for the consolidation. Fibonacci projection at 127% is stand as immediate resistance 70. Weekly support level is seen at 67.45, sustain trade below it pair may test 66.50 -66.10 level. RSI 14 and SMA 9 are yet not providing any clear direction. For next week, we expected volatile trading in the JPYINR. Risky traders can make long position with stop loss 67.50. Or else, sell below 67.45.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
02.09.13	7:50pm	Monetary Base y/y	41.30%	38.00%	Positive
	9:30pm	Average Cash Earnings y/y	0.80%	0.60%	Positive
	11:45pm	10-y Bond Auction	-	0.80 3.5	-
04.09.13	Tentative	Monetary Policy Statement	-	-	-
05.09.13	Tentative	BOJ Press Conference	-	-	-
	Day 1	G20 Meetings	-	-	-
06.09.13	1:00am	BOJ Monthly Report	-	-	-
		Leading Indicators	107.90%	107.20%	Positive
	Day 2	G20 Meetings	-	-	-

Impact of Major Economic Events & Data –

Next week Japan economy data series likely to start from Monday with Monetary Base which expected to bring bullish sentiment for the Yen in the very start of the week. On the same day Average Cash Earnings may extended the bullish trend. . On Wednesday Monetary Policy Statement is assumed to bring volatility for the Yen. On Thursday Yen may react strongly on BOJ Press Conference and G20 meeting. At the end of the week, foreseen Leading Indicators may bring again positive trend for the Yen. While same day BOJ Monthly Report and G20 meeting may add again volatility for it.

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.

**Contact**

SMS: 'Arihant' to 56677

Websitewww.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