

**Forex Update:**

Last week, the dollar strengthens by 0.35% against the Rupee, despite of the favorable central bank policy decision. RBI hiked the repo rate by 25 bps and at the same time cut the Marginal Standing Facility by 25 bps points on expected lines, to control inflation. The U.S. dollar soared from the two week low traded above 80.70 on concerns about when Fed tapering would begin mainly after weekly jobless claims fell in the previous week. The Yen dipped by 44 points to trade at 97.93 after the Bank of Japan held policy and rates. Euro stumbled the most in nine weeks on Thursday after the inflation rate in the Euro Zone unexpectedly fell, fueling speculation the European Central Bank will be forced to cut its benchmark interest rate to boost the economy.

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

- US Federal Reserve maintained its \$85 billion monthly bond purchases Programme, the Fed sounded less dovish than expected by saying it needs to see more evidence that the economy is improving.
- Initial US jobless claims in the US fell by 10,000 to 340,000 in the week to Oct 25 compared to 350,000 a week earlier.
- The HSBC Purchasing managers index for China grew 50.9 in October ahead of expectations 50.7 and compared to 50.2 a month earlier.
- Reserve Bank of India hiked its key lending rate or the repo rate by 25 basis points while cut the Marginal Standing Facility by 25 basis points in a bid to normalise the rate corridor.
- India's foreign exchange reserves including gold and Special Drawing Rights rose by \$1,828.1 million to \$282.950 billion while the foreign currency assets were up by \$1,807 million to \$254.503 billion in week to Oct 25.

Negative:

- German Retail Sales fell to a seasonally adjusted -0.4%, from -0.2% in the preceding month whose figure was revised down from 0.5%.
- The Bank of Japan made no changes to its aggressive monetary easing policy, affirmed plans to increase the monetary base at an annual pace of about JPY60 trillion to JPY70 trillion.

Next Week Important Events & Data:

- 05-Nov-13 – BOJ Gov Kuroda Speaks.
- 07-Nov-13 – ECB Press Conference and Bank of England Monthly Policy. U.S. Advance GDP
- 09-Nov -13 - Fed Chairman Bernanke Speaks.

Previous Week % change in Currency Market (25th Oct – 01st Nov 2013)

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	62.40	62.43	61.56	62.18	0.36
GBP-INR	100.04	100.38	98.69	99.34	-0.98
EUR-INR	85.52	85.60	83.85	84.03	-1.68
JPY –INR	63.26	63.72	62.59	63.24	-0.69



CURRENCY – USD-INR (Nov)



TRADING STRATEGY FOR THE WEEK:

(In Rs.)	Target	SL
Sell 62.30-62.35	61.80-61.60	62.50.
And; Or		
Buy above 62.52	62.80-62.98	62.18.

Overview - USD-INR gained more than 0.35%, and settled at 62.18. A concern about when the Fed tapering would begin mainly after weekly jobless claims which fell in the previous week boosted the U.S. dollar index from the two week low traded above 80.70. ON the weekly chart a Hammer candle stick is indicating that bulls may take place in the market. Pair will find the crucial support at 61.50 only below this we assumed a valid sell entry. Fed Chairman Bernanke Speaks at the end of the week will be the key event for the USD-INR.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
04.11.13	8:30pm	Factory Orders m/m	1.90%	-	-
05.11.13	8:30pm	ISM Non-Manufacturing PMI	54.20	54.40	Negative
07.11.13	7:00pm	Advance GDP q/q	1.90%	2.50%	Negative
		Unemployment Claims	332K	340K	Positive
		Advance GDP Price Index q/q	1.30%	0.60%	Positive
08.11.13	7:00pm	Non-Farm Employment Change	126K	148K	Negative
		Unemployment Rate	7.30%	7.20%	Negative
	8:25pm	Prelim UoM Consumer Sentiment	74.6	73.2	Positive
09.11.13	2:00am	Fed Chairman Bernanke Speaks	-	-	-

Impact of Major Economic Events & Data –

U.S. economic calendar starts the week from Monday with Factory Orders data which expected to bring positive sentiment for the greenback. On Tuesday foreseen ISM Non-Manufacturing PMI data appeared to bring correction for it. Wednesday will come with Advance GDP which may add further bearish move for it. On the same day the foreseen weekly unemployment Claims and Advance GDP Price Index may have slightly positive impact for the greenback. On Thursday important one Non-Farm Employment Change and Unemployment rate is appeared to bring again bearish sentiment for the greenback. However, Prelim UoM Consumer Sentiment may be in favor for the greenback. At the end of the Week, crucial speaks of Fed Chairman Bernanke after the recent policy may have strong impact on the greenback.

India important data: HSBC India Service PMI for Oct and Eleven SDL auction for Rs 84.2 bln on 5th November.

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

CURRENCY –EUR-INR (Nov)



TRADING STRATEGY FOR THE WEEK:

(In Rs.)	Target	SL
Sell around 84.50-84.55	83.70-82.80	85.50.

Overview– the EUR-INR took a sharp correction last week, settled at 84.03, drop by 1.68%. The strength in the dollar index and, concerns about an interest rate cut by the European Central Bank contributed to the heavy selling pressure. Technically, on the above chart we can see that currently pair is trading under the correction zone which expected to retrace till the 261.8%. Weekly support is seen at 83.70 a fall through could take it to the next support level of 82.80-82.50. On the upside, pair is expected to find its first resistance at 85.65 and a sustain trade above could take it to the next resistance level of 86.45.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
04.11.13	1:45pm	Spanish Manufacturing PMI	51.00	50.70	Positive
	2:15pm	Italian Manufacturing PMI	51.10	50.80	Positive
05.11.13	1:30pm	Spanish Unemployment Change	31.3K	25.6K	Positive
	3:30pm	EU Economic Forecasts	-	-	-
06.11.13	1:45pm	Spanish Services PMI	48.10	49.00	Negative
	2:15pm	Italian Services PMI	51.60	52.70	Negative
	3:30pm	Retail Sales m/m	-0.30%	0.70%	Negative
07.11.13	4:30pm	German Industrial Production m/m	0.20%	1.40%	Negative
	6:15pm	Minimum Bid Rate & ECB Press Conference	0.50%	0.50%	Neutral
08.11.13	12:30am	ECB President Draghi Speaks	-	-	-
	12:30pm	German Trade Balance	17.2B	15.6B	Positive
	1:15pm	French Industrial Production m/m	0.40%	0.20%	Positive

Impact of Major Economic Events & Data –

The economic data expected from Europe likely to start from Monday with Spanish Manufacturing PMI and Italian Manufacturing which expected to bring positive sentiment. Tuesday will come with Spanish Unemployment Change which expected to remain in favor of the Euro. On the same day EU Economic Forecasts is assumed to bring volatility. On Wednesday services PMI of Spain, Italy and Retail sales data of Euro may bring correction for the Euro. On Thursday the European Central Bank meets to decide monetary policy, with the concerns about a rate cut by the ECB may contribute to the heavy selling pressure. ECB President Draghi Speaks at the end of the Week may bring again volatility for the Euro. While German Trade Balance and French Industrial Production may remain in favor of Euro.

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



CURRENCY – GBP-INR (Nov)



TRADING STRATEGY FOR THE WEEK:

(In Rs.)	Target	SL
Buy above 101.80	102.50-103	100.25.
And; Or		
Sell 99.45-99.50	98.80-97.40	101.40

Overview – The pound held a corrective week, settled 99.34 drop by 0.98%. Made a high 100.38 and low 98.69, as expected previous outlook pair was able to win out our 1st downside level 99.20 and near to second level 98.30. On the Weekly chart, GBP-INR saw four week consolidation between the range of 100.75 – 97.40, and constructing a continuation pennant. Next week, we could see a tentative volatility ahead of the BOE monthly meeting. Pair will find the immediate support at 97.95 a fall below this level could take it to the next support level of 97.70 then 96.60-96. On the upside, pair is expected to find its first resistance at 101.40 and a sustain trade above could take it to the next resistance level of 101.80.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
04.11.13	3:00pm	Construction PMI	58.90	58.90	Neutral
05.11.13	5th-7th	Halifax HPI m/m	0.40%	0.30%	Positive
	3:00pm	Services PMI	60.40	60.30	Positive
06.11.13	3:00pm	Manufacturing Production m/m	1.20%	-1.20%	Positive
07.11.13	5:30pm	Asset Purchase Facility	375B	375B	Neutral
		Official Bank Rate	0.50%	0.50%	Neutral
	Tentative	MPC Rate Statement	-	-	-
08.11.13	3:00pm	Trade Balance	-9.1B	-9.6B	Positive

Impact of Major Economic Events & Data –

The data series for the GBP will start from Monday with Construction PMI which appears to have sideline impact for the GBP. On Tuesday foreseen U.K. Services PMI data may bring some positive sentiment for the Pound. Wednesday will come out with Manufacturing Production m/m which appears to bring bullish price actions. On Thursday Bank of England monetary policy meeting may have strong impact on it, where the expectations are surrounding that Bank to make another rate cut and, the members should once again vote to keep its benchmark interest rate at a historically low level. While the level of Asset purchase facility may be left unchanged. This may bring the bearish sentiment for the pound as the central bank attempts to break the Sterling back to more reasonable price levels. At the end of the week Pound may react positive on Trade Balance.

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



CURRENCY – JPY-INR (Nov)



TRADING STRATEGY

(In Rs.)	Target	SL
Buy above 63.80	64.50-64.80	63.20
And; Or		
Sell below 63.10	62.50-61.80	63.75.

Overview – JPY-INR had a volatile week, as witnessed some correction in the start of the week, pair recovered towards 63.60 resistance level zone, finally settled at 63.24 drop by 0.69%. This week we could see small range in the Yen as lack of economic calendar may bring low volume with small price action. Technically, on the weekly chart a doji star candle stick, indicating for the relatively indecision. Weekly support level is seen at 63.10 while resistance at 63.80, traders can make long position only above 63.80. In case, if pair manages do not hold above the resistance than probability for the correction towards 62.12 could expect in coming days.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
04.11.2013	All Day	Bank Holiday	-	-	-
05.11.2013	5:20am	Monetary Base y/y	48.30%	46.10%	Positive
	11:00am	BOJ Gov Kuroda Speaks	-	-	-
06.11.2013	5:20am	Monetary Policy Meeting Minutes	-	-	-
	9:15am	10-y Bond Auction	-	0.68 3.7	-
07.11.2031	10:30am	Leading Indicators	109.40%	106.80%	Positive

Impact of Major Economic Events & Data –

This week, Japanese economy calendar will start from Tuesday with BOJ Gov Kuroda Speaks after the recent policy in which they made no changes to its stimulus program on and reiterated that inflation will be close to reaching the bank's 2% target by April 2015 which expected to bring volatility for the Yen. On the same day Monetary Base may have positive impact on it. On Wednesday Monetary Policy Meeting Minutes and 10-y Bond Auction will have sideline impact. At the end of the Yen may react positive on Leading Indicators.

All the above data indicates that JPY-INR should trade on a consolidation 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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