

**Forex Update:**

Last week, the dollar strengthened against the Rupee and other major currencies, up 1.37%. The U.S. government's June employment report showed that the companies adding more jobs in the improving, which refueled expectations that the Federal Reserve will taper its stimulus programs in the coming months. Crude stayed at a 14-month high, as traders watched growing unrest in Egypt and worried about the potential for shipping interruptions in the region. European Central Bank President Mario Draghi helped break the market after stating interest rates could move lower. With the ECB hinting at lower rates and the market pushing U.S. rates higher, the interest rate differential shifts in favor of the Greenback. The Euro was down 0.63%, at 1.2831.

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

- Spanish Industrial Production rose to -1.3%, from -1.5% in the preceding month whose figure was revised down from -0.6%.
- Malaysian Trade Balance rose to 2.50B, from 0.90B in the preceding month.
- The European Central Bank held its benchmark interest rate at a record low in July, in a bid to bolster faltering growth in the region.
- U.S. non-farm payrolls rose to a seasonally adjusted 195K, from 195K in the preceding month whose figure was revised up from 175K.
- The Bank of England kept its benchmark interest rate unchanged for the 52nd consecutive month in July and announced no change to its asset purchase facility program.

Negative:

- U.S. Private Nonfarm Payrolls fell to a seasonally adjusted 202K, from 207K in the preceding month whose figure was revised up from 178K.
- Euro zone's gross domestic product shrank 0.3% in the January-to-March period, downwardly revised from a preliminary estimate of 0.2% contraction.

Next Week Important Events & Data:

- 08-July-13 - Current Account of Japan. Euro group Meetings
- 09-July-13 -CPI of China.
- 10-July -13- Trade Balance of China. FOMC Meeting Minutes and Fed Chairman Bernanke Speaks.
- 11- July-13 - Monetary Policy statement and Press conference of Japan.
- 12-July-13 – IIP of India.

Previous Week % change in Currency Market (28th June – 5th July, 2013)

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	59.80	60.82	59.22	60.56	1.37
GBP-INR	90.90	92.54	90.06	90.71	-0.34
EUR-INR	78.09	78.80	77.15	77.95	-0.10
JPY –INR	60.20	61.03	59.39	60.52	0.38



CURRENCY – USD-INR (July)



(In Rs.)	Target	SL
Buy at 60.20-60.10	60.85-61.10	59.78.

Overview- USDINR extended its bullish streak against the Rupee, and closed at 60.56. The pair did not managed to hold below 59.10, this sets up a further bullish moves to the mid-June top at 61.15. The weekly range was 59.22 to 60.82. This range has formed a retracement zone at 127.3% to 150%. The market is currently trading inside this zone. Traders may try to build a support base in this zone, but this is likely to be short-lived since both the fundamentals and technical indicate a bias to the upside. The momentum indicator RSI 14 and 9 SMA is trading on the overbought zone. For this week, 60.85 is the next resistance level above it USDINR likely to test 61.15-61.49. On the downside 59.20 will act as a weekly support level.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
09.07.13	12:30am	Consumer Credit m/m	13.2B	11.1B	Negative
10.07.13	11:30pm	FOMC Meeting Minutes	-	-	-
11.07.13	1:40am	Fed Chairman Bernanke Speaks	-	-	-
	6:00pm	Unemployment Claims	336K	343K	Positive
		Import Prices m/m	0.10%	-0.60%	Positive
	11:30pm	Federal Budget Balance	42.1B	-138.7B	Positive
12.07.13	6:00pm	PPI m/m	0.50%	0.50%	Neutral
		Core PPI m/m	0.20%	0.10%	Positive
	7:25pm	Prelim UoM Consumer Sentiment	85.30	84.10	Positive

Impact of Major Economic Events & Data –

U.S. economic calendar starts the week from Tuesday with Consumer Credit indicating for the negative moves as data is foreseen slightly negative from the previous. On Wednesday crucial one FOMC Meeting Minutes will have strong impact on the greenback. While on Thursday Fed Chairman Bernanke Speaks may add some volatility for it. On the same day foreseen Weekly unemployment claims, Federal Budget Balance and Import Prices, are appeared to bring bullish sentiment for it. At the end of the week, greenback may react positive on Prelim UoM Consumer Sentiment and Core PPI data.

India important data - Index of Industrial Production for May would provide further clarity on the conditions of the industrial demand market. In the previous month it stands at 2.30%. WPI Inflation on 14th will determine the trend for the dollar as well as may provide hint for a coming RBI policy. In the month of May WPI was 4.70%.

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



CURRENCY –EUR-INR (JULY)



(In Rs.)	Target	SL
Sell below 77.10	76.00-75.75.	77.95.

Overview - EURINR pair had a volatile week, and after hitting a high of 78.80, it settled down at 77.95. As per the previous week outlook, hit Target. On the Weekly chart, A Doji candle stick is representing for the incision in the trend. RSI 14 and 9 SMA is trading at 73.32. A long-term upward trending Ref Regression channel line from the 63.85 low of Feb 2 has been controlling the downside moves over the past three week. For this week, bearish trend could be expected below 77.10 towards the support area 76.16 and 75.83 zone. On the upside 79.65 will stay as a strong resistance.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
08.07.13	11:30am	German Trade Balance	17.4B	17.7B	Negative
	All Day	Eurogroup Meetings	-	-	-
	3:30pm	German Industrial Production m/m	-0.50%	1.80%	Negative
09.07.13	All Day	ECOFIN Meetings	-	-	-
10.07.13	11:30am	German Final CPI m/m	0.10%	0.10%	Neutral
	12:15pm	French Industrial Production m/m	-0.50%	2.20%	Negative
	1:30pm	Italian Industrial Production m/m	0.40%	-0.30%	Positive
11.07.13	11:30am	German WPI m/m	0.30%	-0.40%	Positive
	12:15pm	French CPI m/m	0.10%	0.10%	Neutral
	1:30pm	ECB Monthly Bulletin	-	-	-
12.07.13	2:30pm	Industrial Production m/m	-0.20%	0.40%	Negative

Impact of Major Economic Events & Data –

The economic data expected from Europe likely to start from Monday with the German Trade Balance and German Industrial Production indicating negative trend. On the same day Euro group Meetings may bring some volatility for it. Tuesday ECOFIN Meetings may add volatility for it. Wednesday will come with Italian Industrial Production which may add again bullish rally. On the same day foreseen French Industrial Production of Euro zone is indicating for negative sentiment. On Thursday foreseen German WPI is likely to add bullish sentiment for it. While same day ECB Monthly Bulletin may have volatile impact for the Euro. At the end of the week, it may react negative on Industrial Production data.

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



CURRENCY – GBP-INR (JULY)



(In Rs.)	Target	SL
Sell Below 90.50	89.40-88.80	90.85.

Overview – As expected, GBPINR took correction and closed at 90.06. Hit both Targets 91.30-90.80. On the weekly chart High a trend reversal candle stick (Shooting star) has been witnessed while settled between the 88.6%–76.8% Fibonacci retracement level which drawn from the low of 10/03/2013 at 80.81 to pick of 93.87 (23/06/13) is indicating that pair may retest 61.8% level around 88.87 support area. In case the price able to moves in downside from the support and moves above its 92.35 on the closing basis level then trading in upper range is the may be possible for the 93-93.85 level.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
09.07.13	4:31am	BRC Retail Sales Monitor y/y	-	1.80%	-
		RICS House Price Balance	10.00%	5.00%	Negative
	2:00pm	Manufacturing Production m/m	0.50%	-0.20%	Positive
		Trade Balance	-8.4B	-8.2B	Negative
		Industrial Production m/m	0.30%	0.10%	Positive
	7:30pm	NIESR GDP Estimate	-	0.60%	-
12.07.13	2:30pm	CB Leading Index m/m	-	0.20%	-

Impact of Major Economic Events & Data –

The data series for the GBP starts from Tuesday with Manufacturing Production and Industrial Production m/m data which appear to bring bullish sentiment. On the same day Foreseen Trade Balance may bring some negative sentiment for it. While NIESR GDP Estimate and BRC Retail Sales Monitor likely to add range bound sentiment. Wednesday and Thursday do not hold any significance for the Pound. At the end of the week, Pound may react neutral on CB Leading Index.

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



CURRENCY – JPY-INR (JULY)



(In Rs.)	Target	SL
Sell 60.35-60.40	59.80-59.35	60.85.

Overview - Last week, JPYINR made a high of 61.03, and settled down 60.52. On the weekly chart, again a Shooting star candle has been witnessed which is indicating for the lack of Buying interest at higher level. While after 50% bounced back (from the high of 69.62 to low of 53.51 is providing for valid selling entry. For next week, 59.35 will as a crucial support level, While 61.53 will be the strong resistance, above it JPYINR could test 63.44. Traders can go short at middle of the candle around 60.35-60.40.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
08.07.13	5:20am	Current Account	0.62T	0.85T	Negative
	10:30am	Economy Watchers Sentiment	55.60	55.70	Negative
09.07.13	11:30am	Prelim Machine Tool Orders y/y	-	-7.40%	-
10.07.13	5:20am	Monetary Policy Meeting Minutes	-	-	-
		Tertiary Industry Activity m/m	0.90%	0.00%	Positive
		CGPI y/y	1.20%	0.60%	Positive
	10:30am	Consumer Confidence	47.20	45.70	Positive
11.07.13	5:20am	Core Machinery Orders m/m	1.90%	-8.80%	Positive
	Tentative	Monetary Policy Statement	-	-	-
	Tentative	BOJ Press Conference	-	-	-
12.07.13	10:00am	Revised Industrial Production m/m	2.00%	2.00%	Neutral

Impact of Major Economic Events & Data –

Next week Japan economy data series is likely to start from Monday with important one Current Account and Economy Watchers Sentiment which appeared to bring bearish sentiment for the Yen in the very start of the week. On Tuesday Prelim Machine Tool Orders may bring some range bound sentiment. On Wednesday Monetary Policy Meeting Minutes appeared to bring volatility for the Yen. While on the same day CGPI and Consumer Confidence may add bullish trend for it. Thursday will be foremost important in the week, as crucial one BOJ Press Conference and Monetary Policy Statement may determine the trend for the Yen. At the week end, Revised Industrial Production may have neutral impact on the Yen.

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.

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