

**Forex Update:**

Last week, the dollar strengthens by 1.35% against the Rupee, and closed above the 63 level. Spot USD-INR closed at 62.48. The dollar got sharp rally against the all major counterpart at 81.20 after data the U.S. economy grew more strongly than expected in the third quarter. The Euro plunged to near seven-week low at 1.3377 after the European Central Bank unexpectedly cut interest rates and as better than forecast economic growth in the US heightened the divergence in the two economies strengthening the case for Federal Reserve to slow its bond purchases. The Pound declined towards 1.5956 after trade balance data showed continued widening missing expectation.

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

- The US NFP report for October came in better than expected. 204K vs. 121K, and is better than September's 163K reading.
- Foreign currency assets were down by \$894.2 million to \$253.609 billion in week to Nov 1, Reserve Bank of India's Weekly Statistical Supplement showed Friday.
- U.S. prelim Q3 GDP grows 2.8%, above expectations for growth of 2%.
- U.S WEEKLY initial jobless benefits in the week ending November 2 declined by 9,000 to a seasonally adjusted 336.
- Chinese Industrial Production rose to 10.3%, from 10.2% in the preceding month.

**Negative:**

- Standard and poor's downgraded its credit rating on France's sovereign debt to AA from AA+.
- Chinese Trade Balance fell to 0.00B, from 15.20B in the preceding month.
- The ECB cut the interest rate at which it lends to banks at its normal facilities to 0.25% from 0.5%.
- Standard & Poor's said it may cut India's sovereign rating to below investment grade should the next government fail to provide a credible plan to reverse the country's low economic growth.
- India's foreign exchange reserves including gold and Special Drawing Rights fell by \$1,657.1 million to \$281.293 billion in week to Nov 1.

**Next Week Important Events & Data:**

- 12-Nov-13 – Index of Industrial Production for Sep.
- 13-Nov-13 –BOE Gov Carney Speaks.
- 14-Nov-13 – Fed Chairman Bernanke Speaks and Fed Chairman Nomination Vote.
- 15-Nov -13 - WPI inflation for October.

**Previous Week % change in Currency Market (01 Nov – 07<sup>st</sup> Nov 2013)**

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	62.50	63.15	61.96	63.02	1.35
GBP-INR	99.56	101.47	98.96	101.30	1.97
EUR-INR	83.75	85.17	83.56	84.62	0.70
JPY –INR	63.50	64.29	62.56	64.17	1.47



## CURRENCY – USD-INR (Nov)



## TRADING STRATEGY FOR THE WEEK:

(In Rs.)	Target	SL
Buy around 62.60	63.35-63.52	62.15.
And; Or		
Sell below 61.90	61.60-61.45	62.18.

**Overview** - USD-INR gained more than 1.30%, and settled at 63.02. The dollar index got a sharp rally towards 81.20, as better than forecast GDP growth in the US sparking the expectation for Federal Reserve to slow its bond purchases. On the weekly chart Pair broke the four week consolidation range. RSI 14 and 9 SMA is trading on the verge of positive cross over. Currently pair is trading above the short term SMA. All the above factors are giving the bullish view for the coming days. Pair will find the crucial support at 62.35 only below this we assumed a valid sell entry.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
13.11.13	11:30pm	Federal Budget Balance	-104.3B	75.1B	Negative
14.11.13	4:30am	Fed Chairman Bernanke Speaks	-	-	-
	6:00pm	Trade Balance	-38.7B	-38.8B	Positive
		Unemployment Claims	331K	336K	Positive
		Prelim Nonfarm Productivity q/q	1.30%	2.30%	Negative
	Tentative	Fed Chairperson Designate Yellen Testifies	-	-	-
15.11.13	6:00pm	Industrial Production m/m	0.10%	0.60%	Negative

## Impact of Major Economic Events &amp; Data –

U.S. economic calendar likely to start the week from Wednesday with Federal Budget Balance data which expected to bring negative sentiment for the greenback. Fed Chairman Bernanke Speaks on Thursday may bring sharp movements for the dollar on the same day the future Fed chair Janet Yellen will provide testimony to the Federal Reserve for the first time as the official designate for the role. The testimony will come in the form of a pre-prepared statement followed by a Q&A session, both geared towards her take on monetary policy. The foreseen weekly unemployment Claims and Trade Balance may have slightly positive impact for the greenback. While foreseen Prelim Nonfarm Productivity may bring some correction for it. At the end of the Week, monthly Industrial Production data may have slightly negative impact for the dollar.

**India important data:** Index of Industrial Production for Sep. on 12<sup>th</sup> Nov. and WPI inflation for October on 15<sup>th</sup> Nov.

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



## CURRENCY –EUR-INR (Nov)



## TRADING STRATEGY FOR THE WEEK:

(In Rs.)	Target	SL
Buy 84.65-84.70	85.50-86.30	84.48.
And; Or		
Sell below 84.45	83.80-83.20	84.70.

**Overview**– EUR-INR started the week at 84.09 and made a low 83.56 while high of 85.17, settled at 84.62, gained 0.70%. The strength in the dollar index and, ECB unexpectedly cut interest dragged the pair sharply. On the above chart we can see that currently pair is trading under the both side consolidation zone and either side break will provide extreme bullish or bearish rally. Weekly support is seen at 83.50 a fall through could take it to the next support level of 82.70-82. 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 &amp; Events Schedule (For Week) that will Impact EUR-INR

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
11.11.13	1:30pm	Italian Industrial Production m/m	0.20%	-0.30%	Positive
12.11.13	11:30am	German Final CPI m/m	-0.20%	-0.20%	Neutral
		German WPI m/m	0.30%	0.70%	Negative
13.11.13	2:30pm	Industrial Production m/m	-0.20%	1.00%	Negative
14.11.13	11:00am	French Prelim GDP q/q	0.10%	0.50%	Negative
	11:30am	German Prelim GDP q/q	0.30%	0.70%	Negative
	12:15pm	French Prelim Non-Farm Payrolls q/q	-0.10%	-0.20%	Positive
		French CPI m/m	0.00%	-0.20%	Negative
	1:30pm	Italian Prelim GDP q/q	-0.20%	-0.30%	Positive
	2:30pm	Flash GDP q/q	0.20%	0.30%	Negative
	All Day	Euro group Meetings	-	-	-
15.11.13	2:30pm	CPI y/y	0.70%	0.70%	Neutral

## Impact of Major Economic Events &amp; Data –

The economic data expected from Europe likely to start from Monday with Italian Industrial Production which expected to bring positive sentiment. Tuesday will come with German Final CPI which expected to neutral impact for it. On the same day German WPI is assumed to bring correction. On Wednesday Industrial Production may extend negative sentiment for the Euro. On Thursday the batch of French, German, Italy and Euro zone economic growth will have volatile impact for the Euro. At the end of the Week foreseen CPI data 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 100.40-100.30	101.50-102.20	99.20.
And; Or		
Sell below 99.10	98.40-97.40	100.25.

**Overview** – The pound held a bullish week, settled 101.30, and gained almost 2%. On the Weekly chart, Pair has attempted a break out of consolidation pattern that has been in place for five week. RSI 14 and 9 SMA is indicating a bullish cross over. From the above analysis we could expect a bullish trend in the pair. It will find the support at 98.50 a fall below this level could take it to the next support level of 97.70 then 96.60. On the upside, pair is expected to find its first resistance at 102.28.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
12.11.13	2:00pm	CPI y/y	2.50%	2.70%	Negative
		PPI Input m/m	-0.30%	-1.20%	Positive
		RPI y/y	3.00%	3.20%	Negative
		Core CPI y/y	2.00%	2.20%	Negative
		HPI y/y	4.10%	3.80%	Positive
13.11.13	2:00pm	Claimant Count Change	-30.2K	-41.7K	Positive
		Unemployment Rate	7.70%	7.70%	Neutral
	3:00pm	BOE Gov Carney Speaks	-	-	-
		BOE Inflation Report	-	-	-
14.11.13	2:00pm	Retail Sales m/m	0.20%	0.60%	Negative

## Impact of Major Economic Events &amp; Data –

The data series for the GBP will start from Tuesday with the basket of the economic data series some among them which are PPI Input and HPI might be positive for the pound. While foreseen CPI, RPI and Core CPI which appears to have negative impact for the GBP. On Wednesday foreseen Claimant Count Change and Unemployment Rate data expected to extended positive sentiment for the Pound. On the same day BOE inflation Report and Gov Carney Speaks may attempt a volatile session for the Pound. On Thursday foreseen retail sales figures is appeared to bring again negative sentiment for the Pound.

**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 64.50	64.90-65.50	63.50
And; Or		
Sell 64.25-64.30	63.50-62.70	64.45.

Overview – JPY-INR had a bullish week, after hitting a high 64.29 settled at 64.17 with gain of 1.47%. This week we could expect again bullish rally in the pair, as on the weekly chart it broke the four week consolidation range and formed a pennant pattern. Weekly resistance level is seen at 64.40, a sustained trade above this pair may take rally towards 65.52. In case, if pair manages do not hold above the resistance than probability for the correction towards 63-62.56 could expect in coming days.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
11.11.13	4:20am	Current Account	-0.10T	0.35T	Negative
	9:30am	Economy Watchers Sentiment	54.20	52.80	Positive
12.11.13	4:20am	Tertiary Industry Activity m/m	0.20%	0.70%	Negative
	9:30am	Consumer Confidence	46.30	45.40	Positive
13.11.13	4:20am	Core Machinery Orders m/m	-1.80%	5.40%	Negative
		CGPI y/y	2.50%	2.30%	Positive
14.11.13	4:20am	Prelim GDP q/q	0.40%	0.90%	Negative
	9:00am	Revised Industrial Production m/m	1.50%	1.50%	Neutral

## Impact of Major Economic Events &amp; Data –

This week, Japanese economy calendar will start from Monday with Current Account which expected to bring correction for the Yen. On the same Economy Watchers Sentiment expected have positive impact for the JPY-INR. Foreseen Consumer confidence data On Tuesday is appeared to extended bullish trend. While on the same day Tertiary Industry Activity On Wednesday Core Machinery Orders m/m may have negative impact. On the same day CGPI will have positive impact on it. On Thursday Prelim GDP foreseen Prelim GDP data might have negative impact while on the same day Revised Industrial Production is assumed to have neutral impact on it.

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