

**Forex Update:**

The dollar resumed to its bearish trend for a fifth straight week against the Rupee, and closed almost flat at 61.26, after banks and exporters undertook selling activities on speculation that an acrimonious showdown in Washington could fragile economic recovery which push back the Federal Reserve's plans to wind down stimulus efforts until at least the start of next year. The US dollar settled below at 79.61. The Euro and GBP posted a solid gain for the week, settled with gain of 0.89% and 1.11% consequently. Japanese Yen strengthen by 0.46%, at 97.84 as the Bank of Japan is preparing a plan to extend three special loan facilities that have backed more than \$81 billion in lending over the past three years.

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

- India's foreign exchange reserves including gold and Special Drawing Rights rose by \$1,513 million to \$79.240 billion in week to Oct 11, Reserve Bank of India's Weekly Statistical Supplement showed Friday.
- Obama and opposition Republican agreed to end fiscal impasses, both parties mutually agreed to temporarily raise debt ceiling to Feb 7 thus paving the way for re-opening of the federal government.
- Chinese GDP rose to an annual rate of 7.8%, from 7.5% in the preceding month.
- U.S. weekly initial jobless benefits in the week ending October 12 declined by 15,000 to 358,000 from a downwardly revised 373,000 in the preceding week.

Negative:

- Spanish Industrial New Orders fell to -5.4%, from 1.5% in the preceding month from 1.8%.
- Chinese Industrial Production fell to 10.2%, from 10.4% in the preceding month.
- The World Bank sharply lowered its forecast for India's economic growth to 4.7 percent from 6.1 percent for the current fiscal year, citing a sharp slowdown in manufacturing and investment as well as negative business confidence.

A Chinese ratings agency downgraded its US sovereign credit rating for US local and foreign currency credit from A to A-, maintaining a negative outlook, the agency said in a statement.

Next Week Important Events & Data:

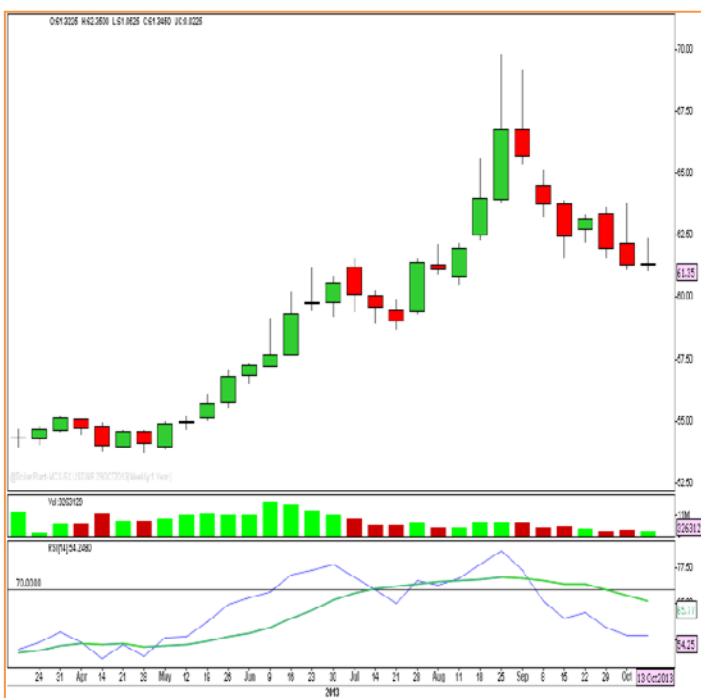
- 23-Oct-13 – MPC Asset Purchase Facility Votes and MPC Official Bank Rate Votes.
- 24-Oct -13 - HSBC Flash Manufacturing PMI of China.

Previous Week % change in Currency Market (04th Oct – 18th Oct 2013)

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	61.32	62.35	61.05	61.34	0.04
GBP-INR	98.05	100.11	97.95	99.36	0.02
EUR-INR	83.20	84.60	83.09	83.95	0.91
JPY –INR	62.46	63.13	62.24	62.76	0.67



CURRENCY – USD-INR (Oct)



TRADING STRATEGY FOR THE WEEK:

(In Rs.)	Target	SL
Sell below 61.05	60.55-60.20	61.60
And; Or		
Buy at CMP 61.32	62.20-62.50	61.05

Overview - USD-INR extended its bearish trend for a fifth straight week and closed almost flat at 61.32. Remained in place as expected in previous outlook, after hitting upside Target 62.20-62.50, Pair meet to our first downside Target 61.80, however it didn't broke the 61.05 and failed to reached at second Target 60.55. Above Weekly Chart shows a Doji candle stick that indicating USD-INR may remain indecisive. Now, a close below 61.05 would confirm a valid sell entry for the downside level 60.55-60.20. Otherwise, Pair appeared to take upside range 61.90-62.50 again.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
21.10.13	7:30pm	Existing Home Sales	5.31M	5.48M	Negative
22.10.13	6:00pm	Non-Farm Employment Change	179K	169K	Positive
		Unemployment Rate	7.30%	7.30%	Neutral
24.10.13	6:00pm	Unemployment Claims	341K	358K	Positive
	6:30pm	Flash Manufacturing PMI	52.80	52.80	Neutral
	7:30pm	New Home Sales	427K	421K	Positive
25.10.13	6:00pm	Core Durable Goods Orders m/m	0.60%	-0.10%	Positive
		Durable Goods Orders m/m	1.70%	0.10%	Positive
	7:25pm	Revised UoM Consumer Sentiment	75.30	75.20	Positive

Impact of Major Economic Events & Data –

U.S. economic calendar starts the week from Wednesday with Existing Home Sales data which expected to bring negative sentiment for the greenback. On Tuesday monthly Non-Farm Employment Change data is appeared to bring some amount of positive sentiment. While on the same day Unemployment Rate may have sideline impact on it. On Thursday the foreseen weekly Unemployment Claims data and New Home Sales is appeared to extended bullish trend. At the end of the Week, Core Durable Goods Orders m/m Prelim, Durable Goods Orders and Revised UoM Consumer Sentiment is expected to favor in the dollar.

India important data: T-Bills Auction of 91 days of Rs 60B, and 182 days of Rs 60B on 23rd Oct.

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



CURRENCY –EUR-INR (Oct)



TRADING STRATEGY FOR THE WEEK:

(In Rs.)	Target	SL
Buy on dip till 83.50	84.10-84.80	83.15
And; Or		
Sell below 83.10	82.50-81.60	83.45.

Overview—The EUR-INR remained in consolidation phase for the fifth consecutive. Made a weekly high of 84.60 and low 83.09 and closed at 83.95 drop by 0.91%. Weekly chart is indicating that the pair may trade positive in the week as sentiment appears to be shifting to the upside on the back of weaker dollar index which is continued trading below 80 levels because of the uncertainty over Fed tapering. Only a trade below 83.10 level will turn bearish tone towards 82.50-81.80.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
21.10.13	11:30am	German PPI m/m	0.10%	-0.10%	Positive
24.10.13	12:30pm	French Flash Manufacturing PMI	50.30	49.80	Positive
		French Flash Services PMI	51.20	51.00	Positive
		Spanish Unemployment Rate	26.10%	26.30%	Positive
	1:00pm	German Flash Manufacturing PMI	51.60	51.10	Positive
		German Flash Services PMI	53.80	53.70	Positive
	1:30pm	Flash Manufacturing PMI	51.40	51.10	Positive
		Flash Services PMI	52.30	52.20	Positive
25.10.13	1:30pm	German Ifo Business Climate	108.20	107.70	Positive

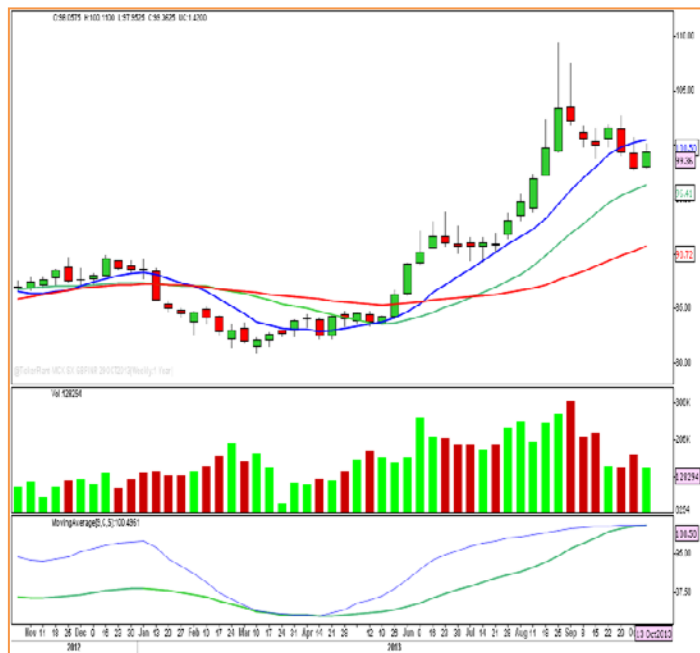
Impact of Major Economic Events & Data –

The economic data expected from Europe likely to start from Monday with German PPI which expected to bring positive sentiment in very start of the week. Tuesday and Wednesday do not hold any significance for the Euro. Thursday will come with basket of the series all among them which are Euro, French and German Flash Manufacturing PMI, and Service PMI, and Spanish Unemployment Rate are expected to remain in favor of the Euro. At the end of the Week, German Ifo Business Climate may extend its bullish trend.

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



CURRENCY – GBP-INR (OCT)



(In Rs.)	Target	SL
Buy on dip 98.35-40	98.98-99.40-99.80	97.70.

Overview – The pound held a volatile week as after hitting a low of 97.95 in start of the week, pair reverses its direction and made a high of 100.11, and settled at 99.36, with minor gain 0.02%. As expected hit first downside Target 98.20. On the Weekly chart, GBP-INR formed a hammer candle stick after four week correction. In case the price able to moves below 97.20 on the closing basis level then trading in downside range is the may be possible for the 96.50-96.10 levels. Additionally, MPC Asset Purchase Facility Votes and Official Bank Rate Vote will determine trend for the currency. The breakdown of votes provides insight into which members are changing their stance on interest rates and how close the committee is to enacting a rate change in the future.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
22.10.13	1:30pm	MPC Member Bean Speaks	-	-	-
	2:00pm	Public Sector Net Borrowing	10.4B	11.5B	Positive
23.10.13	2:00pm	MPC Asset Purchase Facility Votes	0-0-9	0-0-9	-
		MPC Official Bank Rate Votes	0-0-9	0-0-9	-
		BBA Mortgage Approvals	39.4K	38.2K	Positive
24.10.13	3:30pm	CBI Industrial Order Expectations	10.00	9.00	Positive
	10:15pm	BOE Gov Carney Speaks	-	-	-
25.10.13	2:00pm	Prelim GDP q/q	0.80%	0.70%	Positive

Impact of Major Economic Events & Data –

The data series for the GBP starts from Tuesday with MPC Member Bean Speaks which expected to have strong impact on GBP. On the same day Public Sector Net Borrowing data is appears to bring bullish price actions. Wednesday will be foremost important in the week, as crucial one MPC Asset Purchase Facility Votes and MPC Official Bank Rate Votes will drive the U.K. currency. On the same day BBA Mortgage Approvals is expected to favor in GBP. On Thursday CBI Industrial Order Expectations may extend bullish rally. On the same day Bank of England Gov Carney Speaks is assumed to bring volatility for the pound. At the end of the week Pound may extend bullish trend on foreseen Prelim GDP.

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



CURRENCY – JPY-INR (OCT)



(In Rs.)	Target	SL
Buy 62.50-62.55	63.10-63.90	61.98.

Overview – JPY-INR drifted lower towards 62.24, as expected last week hit both downside Target 63.40 and 62.80 and closed the week at 62.76 gain more than 0.67%. On the weekly chart a trend reversal pattern bullish harami candle stick after five consecutive week correction is could be a sign for the bounce back at this point. Weekly support level is seen at 61.95 while resistance at 63.20. For next week, traders can make long position for the Target 63.80-64.20. In case, if pair manages to hold below its weekly support than possible correction towards 61.50-61.75 could expect in coming days.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
21.10.13	5:20am	Trade Balance	-1.06T	-0.79T	Positive
	10:00am	All Industries Activity m/m	0.30%	0.50%	Negative
25.10.13	5:00am	Tokyo Core CPI y/y	0.40%	0.20%	Positive
		National Core CPI y/y	0.70%	0.80%	Negative
	5:20am	CSPI y/y	0.80%	0.60%	Positive

Impact of Major Economic Events & Data –

This week, Japanese economy calendar likely to starts from Tuesday with Trade Balance data which expected to bring positive sentiment for the Yen. On the same day All Industries Activity m/m may bring some correction for the Yen. Tuesday, Wednesday and Thursday do not hold any significance for the Yen. At the end of the week, significance one Tokyo Core CPI is expected to be positive for the Yen. While on the same day National Core CPI may bring correction for the Yen.

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