

**Forex Update:**

The FOMC kept everything in place at the end of its two-day policy meeting and announced no timetable for winding down the stimulus of its \$85 billion per month asset purchase program, known as QE3 and interest rates 0.25%, disappointed the market expectation of assets tapering program by \$10 Billion. Consequently, the dollar plunged to three week at 61.56 tumbled by 2% in the last week. However, a shocking announcement by RBI that to hiked its key lending rate, the repo rate by 25 basis points, drifted off a weekly low against the Rupee and pair closed at 62.88. Pound surged to 1.6162 after the Bank of England's September meeting Minutes showed a shift in policymaker's outlook on the U.K. economy. Euro jumped to its highest level in over six months at 1.3569.

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

- Reserve Bank of India hiked the policy repo rate by 25 basis points (bps) to 7.50 percent.
- RBI reduced the marginal standing facility (MSF) rate by 75 bps to 9.50% from 10.25%, they had lifted the MSF rate to 10.25 percent in mid-July to tighten market liquidity.
- Bank of England panel voted 9-0 to keep the bond-purchase program at 375 billion pounds (\$598 billion) and benchmark interest rate at a record-low 0.5%.
- India's foreign exchange reserves including gold and Special Drawing Rights were up by \$544.7 million to \$275.351 billion in week to Sept 13.

**Negative:**

- US Unemployment Claims rose by 15,000 to 309,000 for the week ending on 13th September as against a rise of 294,000 a week ago. .
- US Federal Reserve surprised financial markets by continuing with its \$85 billion dollar stimulus injection program and cut its economic growth forecast for 2013 to 2% from a 2.3 % earlier.

**Next Week Important Events & Data:**

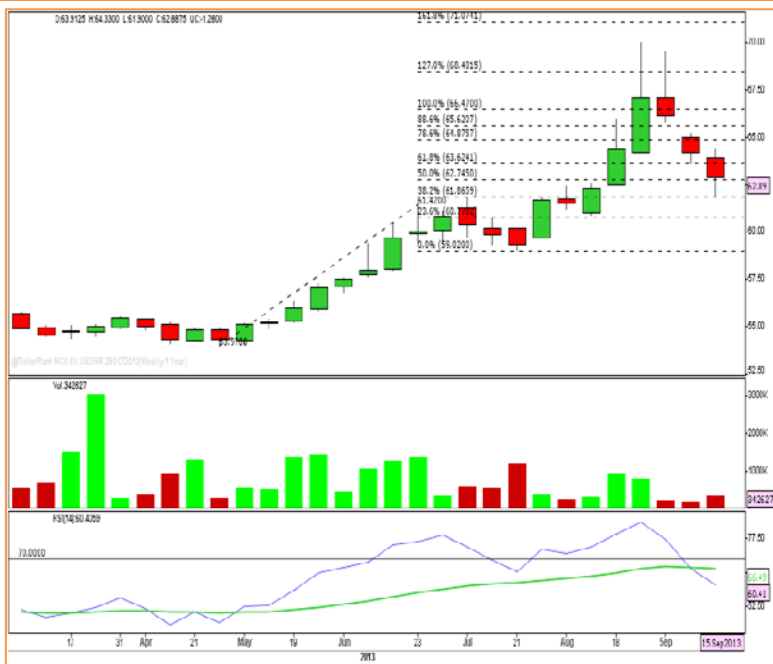
- 23-Sep-13 –ECB President Draghi Speaks.
- 23-Sep-13 – HSBC Flash Manufacturing PMI of China.

**Previous Week % change in Currency Market (13<sup>rd</sup> Sep – 20<sup>th</sup> Sep 2013)**

| Currency (MCX-SX) | Open   | High   | Low   | Close  | % change |
|-------------------|--------|--------|-------|--------|----------|
| USD-INR           | 63.91  | 64.33  | 61.90 | 62.88  | -2.00    |
| GBP-INR           | 100.75 | 102.20 | 99.51 | 100.72 | -0.54    |
| EUR-INR           | 84.50  | 85.65  | 82.64 | 85.08  | -0.16    |
| JPY –INR          | 63.72  | 64.72  | 62.68 | 63.25  | -1.50    |



## CURRENCY – USD-INR (Oct)



**Overview** - The USD-INR finished lower at 62.88, down by 2%. Initially, the Fed triggered a sharp decline towards 61.56, and the shocking policy of RBI had pushed the pair higher to 62.70. On the weekly chart, the pair took the 38.2% retracement of the Fibonacci Projection line support around 62.10. That being the case next week, a valid sell entry could be expected only below 62.10 for the short time. Target 61.20-60.70. In case if the pair will not meet at breakdown at 62.10 on the closing basis, then once again an upside consolidation rally could be seen for the upwards level 63-63.60.

**Technical Strategy:** Buy around 62.50-62.45 Target 62.90-63.40 Strict Stop loss 62.12.

Sell below 62.10 Targets 61.20-60.70 SL 62.45.

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

| Date     | Time   | Economic Indicators            | Forecast | Previous | Possible Impact |
|----------|--------|--------------------------------|----------|----------|-----------------|
| 23.09.13 | 6:30pm | Flash Manufacturing PMI        | 54.20    | 53.10    | Positive        |
| 24.09.13 | 7:30pm | CB Consumer Confidence         | 80.70    | 81.50    | Negative        |
| 25.09.13 | 6:00pm | Core Durable Goods Orders m/m  | 1.20%    | -0.80%   | Positive        |
|          |        | Durable Goods Orders m/m       | 0.00%    | -7.40%   | Positive        |
|          | 7:30pm | New Home Sales                 | 427K     | 394K     | Positive        |
| 26.09.13 | 6:00pm | Unemployment Claims            | 319K     | 309K     | Negative        |
|          |        | Final GDP q/q                  | 2.70%    | 2.50%    | Positive        |
|          | 7:30pm | Pending Home Sales m/m         | -0.90%   | -1.30%   | Positive        |
| 27.09.13 | 7:25pm | Revised UoM Consumer Sentiment | 78.20    | 76.80    | Positive        |

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

U.S. economic calendar starts the week from Monday with Flash Manufacturing PMI indicating for positive move in start of the week. Foreseen CB Consumer Confidence data on Tuesday is expected to bring some amount of correction. On Wednesday, Core Durable Goods Orders m/m, New Home Sales and Monthly Durable Goods Orders may add again bullish trend for the greenback. The Foreseen weekly Unemployment Claims data is appeared to bring short bit correction. On the same day Final GDP and Pending Home Sales may have positive impact on it. At the end of the Week, bullish rally expected to come over Revised UoM Consumer Sentiment data.

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



## CURRENCY –EUR-INR (Oct)



| (In Rs.)        | Target      | SL     |
|-----------------|-------------|--------|
| Buy above 85.15 | 85.80-87.15 | 84.10. |

Overview – The EURINR had a volatile week, after hitting a low of 82.64, closed at 85.08 fell slightly by 0.16%. During the week maintaining an inside range in between 85.65-82.60 and pair did bounce enough to form a little bit trend reversal candle stick inform of a Hammer, suggesting that EUR-INR will take some amount of short covering. Now, the pair need to breakdown the 82.60 in order going short. The nearest resistance is seen 85.10, if the pair will manage to strengthen above this level, than bullish rally is seems to towards 86.15-88.50.

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

| Date     | Time      | Economic Indicators            | Forecast | Previous | Possible Impact |
|----------|-----------|--------------------------------|----------|----------|-----------------|
| 23.09.13 | 12:30pm   | French Flash Manufacturing PMI | 50.20    | 49.70    | Positive        |
|          |           | French Flash Services PMI      | 49.30    | 48.90    | Positive        |
|          | 1:00pm    | German Flash Manufacturing PMI | 52.30    | 51.80    | Positive        |
|          |           | German Flash Services PMI      | 53.20    | 52.80    | Positive        |
|          | 1:30pm    | Flash Manufacturing PMI        | 51.80    | 51.40    | Positive        |
|          |           | Flash Services PMI             | 51.10    | 50.70    | Positive        |
|          | Tentative | German Buba Monthly Report     | -        | -        | -               |
|          | 6:30pm    | ECB President Draghi Speaks    | -        | -        | -               |
| 24.09.13 | 1:30pm    | German Ifo Business Climate    | 108.40   | 107.50   | Positive        |
| 25.09.13 | 11:30am   | GfK German Consumer Climate    | 7.10     | 6.90     | Positive        |
| 27.09.13 | All Day   | German Prelim CPI m/m          | 0.00%    | 0.00%    | Neutral         |
|          | 2:30pm    | ECB President Draghi Speaks    | -        | -        | -               |

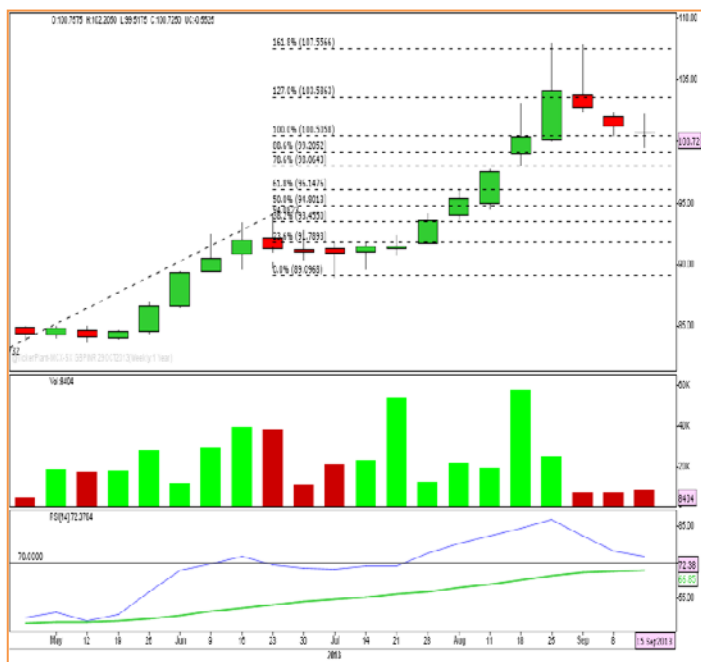
## Impact of Major Economic Events &amp; Data –

The economic data expected from Europe likely to start from Monday with assemble of the series, all among them which are French & German Flash Manufacturing PMI and Flash Services PMI which expected to remain in favor of the Euro. On the same day ECB President Draghi Speaks and German Buba Monthly Report is assumed to bring volatility for the currency. On Tuesday foreseen German Ifo Business Climate data may bring positive sentiment for it. On Thursday, GfK German Consumer Climate may provide again bullish trend for the Euro. At the end of the Week, ECB President Draghi Speaks is again bring volatile session for the Euro.

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



## CURRENCY – GBP-INR (OCT)



**Overview** – The UK pound remained bearish, and closed at 100.72 with 0.52% losses. As expected, GBPINR remained bearish and hit the second downside Target 100-99.40. On the weekly chart, a doji candle stick suggesting for the indecision in the trend. Pair is trading on the sideline of a retracement zone at 102.25 to 99.50. Downside momentum could mean a challenge of the recent support 99.50. For this week, trend may remain volatile. In case the price able to moves below the immediate support 99.50 on the closing basis level then trading in lower range is the may be possible for the 98.06-97.50.

**Technical Strategy:** Buy 100.45-100.50 Target 101.20-102.20-103.58 Strict Stop loss below 99.50.

Sell below 99.40 Targets 98.50-98.05.

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

| Date     | Time      | Economic Indicators      | Forecast | Previous | Possible Impact |
|----------|-----------|--------------------------|----------|----------|-----------------|
| 24.09.13 | 2:00pm    | BBA Mortgage Approvals   | 38.6K    | 37.2K    | Positive        |
|          | 6:15pm    | MPC Member Tucker Speaks | -        | -        | -               |
|          | 10:30pm   | MPC Member Bean Speaks   | -        | -        | -               |
| 25.09.13 | 3:30pm    | CBI Realized Sales       | 24.00    | 27.00    | Negative        |
| 26.09.13 | 26th-30th | Nationwide HPI m/m       | 0.50%    | 0.60%    | Negative        |
|          | 2:00pm    | Current Account          | -11.2B   | -14.5B   | Negative        |
|          |           | Final GDP q/q            | 0.70%    | 0.07%    | Neutral         |

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

The data series for the GBP starts from Tuesday with MPC Member Tucker and Bean Speaks which appears to bring both side price actions. On the same day BBA Mortgage Approvals is expected to be in favor for the Pound. On Wednesday Pound may react negative on CBI Realized Sales. On Thursday foreseen Nationwide HPI, and Current Account data is to be release by U.K. which appears to add again negative sentiment while on the same day Pound likely to react neutral on Final GDP q/q Expectations.

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



## CURRENCY – JPY-INR (OCT)



| (In Rs.)           | Target      | SL    |
|--------------------|-------------|-------|
| Buy at 63.25-63.20 | 64.20-64.80 | 62.70 |

Overview – The JPY-INR pair tumbled to 62.68 and closed at 63.25 with the 1.05% losses this week, as predicated meet to our downside first Target 62.50. On the weekly chart a high wave candle stick could be a sign for the short covering at the lower level. Fibonacci projection at 61.8% is stand as immediate support 63.20 while the weekly resistance level is seen at 64.80. RSI 14 and SMA 9 are at on the verge of negative divergence. For next week, we expected some amount of upside rally in the JPYINR, as again relatively empty economic calendar head suggests that the coming week will be a quiet one. Risky traders can make short position only below 62.60 for downside level 62.21-61.78.

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

| Date     | Time    | Economic Indicators   | Forecast | Previous | Possible Impact |
|----------|---------|-----------------------|----------|----------|-----------------|
| 23.09.13 | All Day | Bank Holiday          | -        | -        | -               |
| 25.09.13 | 5:20am  | CSPI y/y              | 0.50%    | 0.40%    | Positive        |
| 27.09.13 | 5:00am  | Tokyo Core CPI y/y    | 0.30%    | 0.40%    | Negative        |
|          |         | National Core CPI y/y | 0.70%    | 0.70%    | Neutral         |

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

This week, there is very little data due from the Japan economy, as on Monday respect for the AUTUMN EQUINOX day Banks, markets, government offices remain closed in the Japan. Tuesday do not hold any significance for the Yen. On Wednesday the CSPI data is to release which appears to bring positive sentiment for it. Thursday do not hold any significance for The Yen. At the end of the week, Tokyo Core CPI and National Core CPI may provide some amount of pressure 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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