

**Forex Update:**

The dollar retained broad buoyancy and held life time peaks 65.55 against Rupee. The extreme bulls made after minutes from the Federal Reserve's previous meeting showed the bank on course to rein in stimulus before the end of the year. U.S. Treasury and Indian Bond yields soared to successive multiyear highs which make the greenback easier on the eye of the investor. However, at the end of the week, pair took some correction as local equities posted strong gains for a second session and the central bank was suspected to have sold dollars heavily. The Euro rallied to 1.3452 while the Sterling climbed to a fresh high at 1.5717, while U.K. government bonds fell further after data showed the U.K. economy grew more than previously thought in the second quarter. The yen slid to a one-month low at 99.15 before Bank of Japan Governor Haruhiko Kuroda speaks at the Federal Reserve's annual monetary conference in Jackson Hole.

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

- U.K. GDP rose to 0.7%, from 0.6% in the preceding quarter.
- Euro zone manufacturing PMI rises to 26-month high of 51.3 in August.
- U.S. Existing home sales surged 6.5% to 5.39 million units in July from June's revised total of 5.06 million.
- U.S. retail sales climbed by 1.1% in July, beating expectations for a 0.6% gain.
- India's foreign exchange reserves shot up by \$205.8 million to \$278.81 billion in the week ended August 16 due to a sharp rise in the foreign currency assets (FCAs).

Negative:

- U.S. weekly initial jobless claims rose by 13,000 to 336,000 last week.
- Euro zone current account fell to 16.9B, from 19.5B in the preceding month whose figure was revised down from 19.6B.
- Standard & Poor's maintains its negative outlook on India's BBB- sovereign credit rating, the rating agency said in an emailed response to Reuters on Tuesday.

Next Week Important Events & Data:

- 28-Aug-13 - BOE Gov Carney Speaks
- 29-Aug-13 - U.S Prelim GDP q/q.
- 30-Aug -13 - India GDP data for the first quarter of the 2013/14 fiscal year.

Previous Week % change in Currency Market (16th Aug – 23rd August 2013)

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	62.45	65.93	62.45	64.34	3.24
GBP-INR	98.96	103.07	98.03	100.37	2.84
EUR-INR	83.85	88.08	83.57	86.03	3.41
JPY –INR	64.24	67.12	64.22	65.05	1.53



CURRENCY – USD-INR (SEP)



Overview - The USDINR made another swing Top at 65.93 and settled at 64.34 and formed a relatively trend reversal candle that closed with the gain 3.24%. Now, the pair is still above the middle of the previous week gain. That being case, the pair is do not have any clear direction at the moment and we are looking for a breakdown below 63.90 support area in order to make a valid sell entry for the short time Target 63.50-63.05, as far as selling is concerned for the greenback amid ongoing uncertainty about whether the Fed will begin reducing monetary stimulus as early as September On the other hand, 65.30 will stand as a immediate resistance sustain trade above, we could think for the upside Target 65.80-66.15. This week, USDINR may go on a *Roller Coaster Ride* ahead of India and US GDP data. Hence, Traders can use below **Technical Strategy**: Sell on rise 64.74-64.80 Targets 64.20-63.90 Strict SL 65.28. Buy above 65.30 Target 65.80-66.15 strict SL above 64.90.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
26.08.13	6:00pm	Core Durable Goods Orders m/m	0.60%	-0.10%	Positive
		Durable Goods Orders m/m	-3.00%	3.90%	Negative
27.08.13	6:30pm	S&P/CS Composite-20 HPI y/y	11.90%	12.20%	Negative
	7:30pm	CB Consumer Confidence	79.60	80.30	Negative
28.08.13	7:30pm	Pending Home Sales m/m	0.20%	-0.40%	Positive
29.08.13	6:00pm	Prelim GDP q/q	2.30%	1.70%	Positive
		Unemployment Claims	329K	336K	Positive
30.08.13	7:25pm	Revised UoM Consumer Sentiment	81.20	80.00	Positive

Impact of Major Economic Events & Data –

U.S. economic calendar starts the week from Wednesday with Core Durable Goods Orders indicating for the positive moves as data is foreseen slightly higher from the previous. On the same day Durable Goods Orders may have negative impact on it. Foreseen S&P/CS Composite-20 HPI and CB Consumer Confidence on Tuesday may extend bearish trend for it. Pending Home Sales which scheduled on Wednesday is appeared to add bullish trend. Foreseen Weekly unemployment claims and Prelim GDP on Thursday may add again bullish sentiment while. At the week end, Revised UoM Consumer Sentiment may have positive impact for the dollar.

India important data - India GDP data for the first quarter of the 2013/14 and Fiscal deficit (pct of Budget estimate April – July (Previous 48.4%) on 30th August.

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



CURRENCY –EUR-INR (SEP)



(In Rs.)	Target	SL
Buy above 86.36	87.10-87.70	85.90

Overview - EURINR remained on the bullish track and made a record high 88.08 but the pair did not hold the gain and settled at 86.03. At the week end, pair is forming a trend reversal candle stick. RSI 14 and 9 SMA is currently not providing clear view. Now the pair looks to take consolidation at this point. On For this week, we think that trend may remain bullish but after downside consolidation. But, if the pair will manage to strengthen above the 86.38 level, the pair seems to continue appreciating towards 87.10-87.70 zone. Weekly Pivot is at 85.85 levels if the pair indeed falls back toward this area then we could expect some downside target 85.30 -84.80 support.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
27.08.13	1:30pm	German Ifo Business Climate	107.10	106.20	Positive
28.08.13	11:30am	GfK German Consumer Climate	7.10	7.00	Positive
		Italian Retail Sales m/m	0.10%	0.10%	Neutral
29.08.13	All Day	German Prelim CPI m/m	0.20%	0.50%	Negative
	1:25pm	German Unemployment Change	-5K	-7K	Negative
30.08.13	11:30am	German Retail Sales m/m	0.50%	-1.50%	Positive
	1:30pm	Italian Monthly Unemployment Rate	12.20%	12.10%	Negative
		Italian Quarterly Unemployment Rate	12.10%	11.90%	Negative
	2:30pm	CPI Flash Estimate y/y	1.40%	1.60%	Negative
		Unemployment Rate	12.10%	12.10%	Neutral

Impact of Major Economic Events & Data –

The economic data expected from Europe likely to start from Tuesday with the German IFO Business Climate indicating bullish trend. Wednesday will come with GfK German Consumer Climate and Italian Retail Sales which appears to add bullish sentiment. The foreseen German Unemployment Change and German Unemployment Change may bring downside trade for it. At the end of the week, baskets of the series decide the trend for euro. Some among them which are German Retail Sales and Unemployment Rate might have positive impact while foreseen Italian Monthly Unemployment Rate, Italian Quarterly Unemployment Rate and CPI Flash Estimate is appeared to add gain negative trend for the Euro.

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



CURRENCY – GBP-INR (SEP)



Overview – GBPINR climbed to a record high at 103.07, and settled at 100.37 with 2.80% as expected hit both Target. On the weekly chart an indecisive candle stick (High wave) with the resistance level 88.6% of Fibonacci retracement is still representing for the buying opportunity. On the other hand, Pair took the support at 78.6% around 98.71. The Momentum indicator such as RSI currently trading 84.35 overbought zone which not providing clear direction. For this week, trend may remain volatile. In case the price able to moves in downside from the 98.90 and moves down below it on the closing basis level then trading in lower range is the may be possible for the 98.30-97.50 level. Risky traders can buy with Stop loss below 98.90 Target 100.90-101.50.LTP 100.37.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
26.08.13	All Day	Bank Holiday			-
28.08.13	3:30pm	CBI Realized Sales	20.00	17.00	Positive
	5:15pm	BOE Gov Carney Speaks			-
30.08.13	4:31am	GfK Consumer Confidence	-13.00	-16.00	Positive
	11:30am	Nationwide HPI m/m	0.60%	0.80%	Negative
	2:00pm	Net Lending to Individuals m/m	1.7B	1.5B	Positive
		Mortgage Approvals	59K	58K	Positive

Impact of Major Economic Events & Data –

The data series for the GBP starts from Wednesday with CBI Realized Sales data which appear to bring bullish sentiment for it. on the same day BOE Gov Carney Speaks may have strong impact for the sterling. Monday, Tuesday and Thursday British economy do not hold any significance for the pound. On Friday GfK Consumer Confidence, Net Lending to Individual and Mortgage Approvals will bring some positive sentiment while on the same day the monthly Nationwide HPI m/m data is assumed to bring correction for it.

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



CURRENCY – JPY-INR (SEP)



(In Rs.)	Target	SL
Sell 64.98	64.10-63.50	65.40

Overview – The JPYINR ended the week at 65.05, remained in volatile range over the week from a low of 64.22 to a high of 67.12. On the weekly chart a Shooting Star formation after five week bullish rally could be a sign that investors are a bit concerned about holding a long position in the JPYINR. Weekly pivot and support level is seen at 65.45, sustain trade above it pair may test 66.50-67 level. RSI 14 and SMA 9 are yet not providing any clear direction. For next week, we expected bearish trend in the JPYINR and recommend sell below 64.98.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
26.08.13	5:20am	CSPI y/y	0.40%	0.40%	Neutral
29.08.13	5:20am	Retail Sales y/y	0.00%	1.60%	Negative
30.08.13	4:45am	Manufacturing PMI	-	50.70	-
	5:00am	Household Spending y/y	0.40%	-0.40%	Positive
		Tokyo Core CPI y/y	0.40%	0.30%	Positive
		National Core CPI y/y	0.70%	0.40%	Positive
		Unemployment Rate	3.90%	3.90%	Neutral
	5:20am	Prelim Industrial Production m/m	3.90%	-3.10%	Positive
	10:30am	Housing Starts y/y	14.50%	15.30%	Negative

Impact of Major Economic Events & Data –

Next week Japan economy data series likely to start from Monday with CSP which expected to bring ranged bound sentiment for the Yen in the very start of the week. Tuesday and Wednesday do not hold any significance for the Yen. On Wednesday Retail Sales may add bearish sentiment for the Yen. Friday will come with basket of the series. Some among them which are Manufacturing PMI, Household Spending, National Core CPI, and Prelim Industrial Production m/m may have positive impact for it. On the same day Housing Starts is assumed to bring some negative sentiment for 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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