

**Forex Update:**

Last week, the dollar saw a sideways consolidation against the Rupee, settled with slightly gain of 0.32% as most of the investors stayed away to make a new position ahead of FOMC meeting amid jeopardy that Fed may hold the monthly bond purchases as they currently stand at \$85 billion. The euro sky rocked to new two-years high at 1.3806 as a decline in the U.S. dollar boosted demand for currency as concern that U.S. economic growth was negatively affected by the government shutdown continued to fuel bets the Federal Reserve would push its tapering plan into 2014. Pound also moved higher at 1.6247. The Japanese Yen strengthen against all of the major currencies except for the U.S. dollar and euro settled at 97.39.

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

- HSBC China Manufacturing Purchasing Managers' Index rose to 50.9 in October, compared with a final reading of 50.2 in September.
- India's foreign exchange reserves including gold and Special Drawing Rights rose by \$1,882.3 million to \$281.122 billion in week to Oct 18, Reserve Bank of India's Weekly Statistical Supplement.
- The UK's Prelim Gross Domestic Product rose to 0.8 percent in the quarter ended September from 0.7 percent in the previous quarter.
- Initial jobless claims in the US fell to 350,000 in the week ended on Oct 18, though the number is lower than previous week's 362,000 but it is higher than analyst estimate of 340,000 thousands.

**Negative:**

- U.S. trade deficit widened by 0.4% to \$38.8 billion in August from a deficit of \$38.6 billion in July, whose figure was revised down from a previously reported deficit of \$39.2 billion.
- Hong Kong Trade Balance fell to a seasonally adjusted -42.0B, from -39.6B in the preceding month.
- U.S. Non-farm payrolls rose by a seasonally adjusted 148,000 in September, below expectations for an increase of 180,000.
- U.S. existing home sales declined 1.9% to 5.29 million units in September from 5.39 million in August, whose figure was revised down from a previously reported 5.48 million units.

**Next Week Important Events & Data:**

- 29-Oct-13 – Second Quarter Review of RBI Monetary Policy for 2013-14.
- 30-Oct-13 – FOMC Statement and Federal Funds Rate
- 31-Oct -13 - Monetary Policy Statement of Japan & BOJ Press Conference.

**Previous Week % change in Currency Market (18<sup>th</sup> Oct – 25<sup>th</sup> Oct 2013)**

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	61.80	62.35	61.60	61.56	0.32
GBP-INR	100.11	100.95	99.85	100.32	0.40
EUR-INR	84.74	85.95	84.58	85.47	1.17
JPY –INR	63.17	64.10	63.00	63.68	0.82



## CURRENCY – USD-INR (Nov)



## TRADING STRATEGY FOR THE WEEK:

(In Rs.)	Target	SL
Sell 61.95-62	61.48-61.20-60.80	62.65.
And; Or		
Buy above 62.70	63.04-63.66	62.40.

**Overview** - USD-INR headed a week of sideways consolidation, after hitting a high 62.35 settled at 61.76 with minor gain of 0.32%. Weekly candle stick pattern is indicating there could either be a breakdown at 61.05, or else move from the highs up to the 62.10 then 62.33. This week, FOMC and RBI meeting will be prominent events for the Forex Market and jeopardy that Fed may hold the monthly bond purchases as they currently stand at \$85 billion and expectation of rate hike by RBI are assumed to bring a drastic selling pressure.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
28.10.13	6:45pm	Industrial Production m/m	0.50%	0.40%	Positive
	7:30pm	Pending Home Sales m/m	0.50%	-1.60%	Positive
29.10.13	6:00pm	Core Retail Sales m/m	0.40%	0.10%	Positive
		Retail Sales m/m	0.30%	0.20%	Positive
	7:30pm	CB Consumer Confidence	76.00	79.70	Negative
30.10.13	5:45pm	ADP Non-Farm Employment Change	151K	166K	Negative
	11:30pm	Federal Funds Rate & FOMC Statement	<0.25%	<0.25%	Neutral
31.10.13	6:00pm	Unemployment Claims	344K	350K	Positive
01.11.13	7:30pm	ISM Manufacturing PMI	55.3	56.2	Positive

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

U.S. economic calendar starts the week from Wednesday with Industrial Production and Pending Home Sales data which expected to bring positive sentiment for the greenback. On Tuesday foreseen Core Retail Sales and Retail Sales data appeared to extend bullish rally of the dollar. While on the same day CB Consumer Confidence may have negative impact on it. Wednesday will be foremost important day for the dollar, as everyone will focus on the FOMC meeting expectation are that the Fed will keep everything as is until their December meeting after they access the damage caused by the government shutdown. On Thursday the foreseen weekly Unemployment Claims data is appeared to extended bullish trend. At the end of the Week, ISM Manufacturing PMI is expected to favor in the dollar.

**India important data:** Second Quarter Review of Monetary Policy for 2013-14 on 29<sup>th</sup> Oct

Poll: RBI would lower the marginal standing facility by 25 bps and at the same time hike repo rate by 25 bps to maintain the corridor between the MSF and repo rate at 100 bps.

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



## CURRENCY –EUR-INR (Nov)



## TRADING STRATEGY FOR THE WEEK:

(In Rs.)	Target	SL
Buy on dip 84.90-84.95	85.80-86.40	84.45.
And; Or		
Sell below 84.40	83.80-83.30	84.75.

**Overview**– the EUR-INR remains bullish well above the 85.35 level as expected win out the upside range 84.10 and 84.80, and finally settled with the gain of 1.17%. Weekly chart is indicating that the pair may extended its recent positive trend in the week as sentiment appears to be shifting to the upside on the back of weaker dollar index which is continued trading below 79 levels because of the uncertainty over Fed meeting which scheduled in mid of the week. Weekly support is seen at 84.40, a fall through could take it to the next support level of 83.80-83.30 on the upside, pair is expected to find its first resistance at 86.15 and a sustain trade above could take it to the next resistance level of 86.80.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
29.10.13	12:30pm	GfK German Consumer Climate	7.30	7.10	Positive
30.10.13	All Day	German Prelim CPI m/m	-	0.00%	-
	1:30pm	Spanish Flash GDP q/q	0.10%	-0.10%	Positive
	2:25pm	German Unemployment Change	1K	25K	Positive
	Tentative	Italian 10-y Bond Auction	-	-	-
	Tentative	German 10-y Bond Auction	-	1.79 1.3	-
31.10.13	12:30pm	German Retail Sales m/m	0.50%	-0.20%	Positive
	1:15pm	French Consumer Spending m/m	0.20%	-0.40%	Positive
	3:30pm	CPI Flash Estimate y/y	1.10%	1.10%	Neutral
		Unemployment Rate	12.00%	12.00%	Neutral

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

The economic data expected from Europe likely to start from Tuesday with GfK German Consumer Climate which expected to in favor for the Euro. Wednesday will come with basket of the series all among them which are German, Unemployment change; Spanish Flash GDP may extend bullish rally. On the same day German and Italian bond auction may bring volatility. Thursday will come German Retail Sales and French Consumer Spending data which may in favor for the Euro. On the same day foreseen CPI Flash Estimate and Unemployment Rate which may play neutral roll for the Euro.

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



## CURRENCY – GBP-INR (Nov)



## TRADING STRATEGY FOR THE WEEK:

(In Rs.)	Target	SL
Buy above 101.35	101.80-102.50	99.70.
And; Or		
Sell below 99.60	99.20-98.30	101.35.

**Overview** – The pound held a bullish week, settled 99.92 with gain of 0.40% (Sep). Made a high 100.32, as expected in the last outlook pair was able to set on our Target 98.98-99.80. On the Weekly chart, GBP-INR formed a small bullish candle stick while Momentum indicator RSI is currently trading at 64.60. Next week, we could see a tentative volatility in the pair, as some profit booking might take place at this lofty level. GBP-INR will find the immediate support at 99.60 a fall below this level could take it to the next support level of 99.20 then 98.30 on the upside, pair is expected to find its first resistance at 101.30 and a sustain trade above could take it to the next resistance level of 101.80.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
28.10.13	4:30pm	CBI Realized Sales	33.00	34.00	Negative
	6:50pm	MPC Member Dale Speaks	-	-	-
29.10.13	3:00pm	Net Lending to Individuals m/m	2.5B	1.6B	Positive
		M4 Money Supply m/m	0.60%	0.70%	Negative
		Mortgage Approvals	65K	62K	Positive
31.10.13	5:35am	GfK Consumer Confidence	-8.00	-10.00	Positive
	12:30pm	Nationwide HPI m/m	0.70%	0.90%	Negative
01.11.13	3:00pm	Manufacturing PMI	56.50	56.70	Negative

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

The data series for the GBP starts from Monday with CBI Realized Sales which expected to bring negative sentiment for the Pound. On the same day MPC Member Dale Speaks is appears to bring volatile price action. On Tuesday Net Lending to Individuals and Mortgage Approvals is expected in favor for the GBP. On the same day Monday supply data might bring correction for it. Wednesday do not hold any significance for the Pound. Foreseen GfK Consumer Confidence data may bring again positive sentiment for the currency. However, Nationwide HPI will take place as a negative sentiment. At the end of the week Pound may react negative on Manufacturing PMI data.

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



## CURRENCY – JPY-INR (Nov)



(In Rs.)	Target	SL
Buy on dip 62.90	63.60-64.10	62.40.

Overview – JPY-INR start backed from the seventh week low, this week, as expected last week win out our upside Target 63.10 and 63.90 and closed the gain more than 0.80%. Japan inflation figures has gave a mixed signal about the effectiveness of Japan Prime Minister economic revitalization strategy that aims to reverse two decades of stagnation and falling prices. Technically, pair showing a bullish morning doji star candle stick, which assumed to extended bullish rally. Weekly support level is seen at 61.90 while resistance at 64.80 for next week, traders can make long position on dip. 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 &amp; Events Schedule (For Week) will Impact - JPYINR

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
29.10.13	5:00am	Household Spending y/y	0.70%	-1.60%	Positive
		Unemployment Rate	4.00%	4.10%	Positive
	5:20am	Retail Sales y/y	1.90%	1.10%	Positive
30.10.13	5:20am	Prelim Industrial Production m/m	1.80%	-0.90%	Positive
31.10.13	4:45am	Manufacturing PMI	-	52.50	-
	Tentative	Monetary Policy Statement	-	-	-
	10:30am	Housing Starts y/y	12.60%	8.80%	Positive
	11:30am	BOJ Outlook Report	-	-	-
	Tentative	BOJ Press Conference	-	-	-

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

This week, Japanese economy calendar will start from Tuesday Unemployment Rate and Household Spending which expected to bring positive sentiment for the Yen. On the same day Retail Sales may extend bullish rally for the Yen. Foreseen Prelim Industrial Production may in favor for it. Thursdays will be foremost important in the week, as Yen may react strongly on the Bank of Japan Monetary Policy Statement and Press conference. On the same day Housing Starts may add again positive sentiment 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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