

**Forex Update:**

The dollar was able to gain more than one percent this week, threatened to take out from the three week low, and settled at 63.15, as foreign banks bought dollars for their custodial clients, with the June-quarter current account deficit numbers which to release by RBI on Monday expected to provide direction to the currency. The Japanese yen dropped after Kyodo News reported, without citing anyone that Japan's government plans to pledge to "promptly" start a study on cutting the effective corporate tax rate. The Euro remained bullish due to weak DX closed at 1.3522. The pound also resumed its recent uptrend on worries about the budget and the weaker-than-expected consumer confidence data, but added a few points after Bank of England Governor Mark Carney told a U.K. newspaper he did not anticipate any further asset purchases by the central bank.

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

- The central bank lowered the minimum maturity requirement for banks borrowing exceeding 50% of the unimpaired tier-I capital to one year from the earlier requirement of three years.
- U.S. weekly initial jobless benefits last week fell to 305K, from 310K in the preceding week whose figure was revised up from 309K.
- U.S. GDP price index rose to annual rate of 0.6%, from 0.8% in the preceding quarter.
- U.K. current account balance rose to 13.0B, from 21.8B in the preceding month whose figure was revised up from -14.5B.
- India's foreign exchange reserves including gold and Special Drawing Rights were up by \$2,030.3 million to \$277.381 billion in week to Sept 20, Reserve Bank of India's Weekly Statistical Supplement showed.

**Negative:**

- Euro zone manufacturing purchasing managers' index fell to 51.1 in September from a final reading of 51.4 in August.
- Euro zone consumer confidence fell to an annual rate of -15.0, from -15.6 in the preceding month.

**Next Week Important Events & Data:**

- 30-Sep-13 – Manufacturing PMI of China, India Current account deficit.
- 02-Oct-13 –ECB Press Conference. Fed Chairman Bernanke Speaks.
- 03-Oct- 13 - Monetary Policy Statement and BOJ Press Conference.

**Previous Week % change in Currency Market (20<sup>th</sup> Sep – 27<sup>th</sup> Sep 2013)**

Currency (MCX-SX)	Open	High	Low	Close	% change
USD-INR	62.75	63.34	62.22	63.15	1.07
GBP-INR	100.60	101.85	99.85	101.60	1.51
EUR-INR	84.91	85.51	83.93	85.23	0.86
JPY –INR	63.19	64.27	63.03	64.13	2.02



## CURRENCY – USD-INR (Oct)



**Overview** - USD-INR moved back to the positive zone after very narrow trading range during the week, and settled at 63.15 with the gain of 1.07%. As expected pair meet our upside ranged 62.90-63.40. On the week chart, bullish harami candles stick is providing for further buy entry. However, India CAD data and the U.S. government will reach its borrowing limit, or debt ceiling, by Oct 1<sup>st</sup> to raise the country's debt ceiling this will have significant impact on it. Next week, 62.20 will stand as a very massive support level, sustain trade only below it correction to be expected till 61.80-61.50.

**Technical Strategy:** Buy around 62.60-62.65 Target 62.90-63.40-63.75 Strict Stop loss 62.30.

Sell below 62.20 Targets 61.80-61.50 SL 62.45.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
30.09.13	7:15pm	Chicago PMI	54.50	53.00	Positive
01.10.13	7:30pm	ISM Manufacturing PMI	55.30	55.70	Negative
02.10.13	5:45pm	ADP Non-Farm Employment Change	177K	176K	Positive
03.10.13	1:00am	Fed Chairman Bernanke Speaks	-	-	-
	6:00pm	Unemployment Claims	315K	305K	Negative
	7:30pm	ISM Non-Manufacturing PMI	57.20	58.60	Negative
		Factory Orders m/m	0.20%	-2.40%	Positive
	11:00pm	FOMC Member Powell Speaks	-	-	-
01.10.13	6:00pm	Non-Farm Employment Change	179K	169K	Positive

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

U.S. economic calendar starts the week from Monday with Chicago PMI indicating for positive move in start of the week. Foreseen ISM manufacturing data on Tuesday is expected to bring some amount of correction. On Wednesday, ADP Non-Farm Employment Change may add again bullish trend for the greenback. Thursday will be foremost important this week, as significant one Fed Chairman Bernanke Speaks may have strong impact on it, the foreseen weekly Unemployment Claims data and ISM Non-Manufacturing PMI is appeared to bring short bit correction. On the same day Factory Orders may have positive impact on it. At the end of the Week, bullish rally expected to come over Non-Farm Employment Change Sentiment data.

**India important data** – On 30<sup>th</sup> Sept RBI is to release India's current account deficit for Apr – June quarter, according to the poll CAD may be widen to \$22.8 bln, the first quarter of 2013-14, from \$18.1 bln a quarter ago, mainly on account of a rise in trade deficit.

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



## CURRENCY –EUR-INR (Oct)





## CURRENCY – GBP-INR (OCT)



(In Rs.)	Target	SL
Buy 100.80-100.75	101.60-102.10	99.95.

**Overview** – The pound resumed in its recent uptrend, and closed at 101.60 with 1.51% gain. Made a high of 101.85, as expected hit first upside Target while made a low 99.85, didn't broke the 99.40 as per the short view. Weekly candle stick is suggesting pair likely to extend prior bullish trend in next week. Immediate resistance is stand at 101.98 which coincide 100% of Fibonacci projection line. Downside momentum could mean a challenge of the recent massive support 99.50, In case the price able to moves below the immediate support on the closing basis level then trading in lower range is the may be possible for the 99.20-98.40.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
30.09.13	2:00pm	Net Lending to Individuals m/m	1.6B	1.3B	Positive
		M4 Money Supply m/m	0.70%	0.60%	Positive
01.10.13	2:00pm	Manufacturing PMI	57.50	57.20	Positive
02.10.13	2nd-4th	Halifax HPI m/m	0.60%	0.40%	Positive
	2:00pm	Construction PMI	60.10	59.10	Positive
03.10.13	2:00pm	Services PMI	60.40	60.50	Neutral
	Tentative	10-y Bond Auction	-	2.98 1.6	-

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

The data series for the GBP starts from Monday with Net Lending to Individuals and M4 Money Supply m/m which appears to bring bullish price actions. On Tuesday Foreseen Manufacturing PMI data may extend bullish trend. Construction PMI and Halifax HPI which take place on Wednesday is expected to be in favor for the Pound. At the end of the week, Services PMI data is appeared to have positive impact for the Sterling. On the same day 10 year bond auction may bring some amount of volatility for it.

**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 above 64.40	65.40-66.50	63.40.

Overview – The JPY-INR bounced back from the four week low, and closed at 64.13 with more than 2% gain, as predicated hit our first upside target 64.20-64.80. On the weekly chart a small bullish candle stick could be a sign for the upside rally at this point. Fibonacci projection at 61.8% is stand as immediate resistance 61.8% at 64.40 while the weekly support level is seen at 63.30. For next week, we expected upside rally remain continue in the JPYINR. In case, pair not manage to hold above it 64.40 and goes down below the 63.30 than bearish move being expected towards 62.20 levels.

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

Date	Time	Economic Indicators	Forecast	Previous	Possible Impact
30.09.13	4:45am	Manufacturing PMI	-	52.20	-
	5:20am	Prelim Industrial Production m/m	-0.20%	3.40%	Negative
		Retail Sales y/y	1.10%	-0.30%	Positive
	10:30am	Housing Starts y/y	12.90%	12.00%	Positive
01.10.13	5:00am	Household Spending y/y	0.20%	0.10%	Positive
		Unemployment Rate	3.80%	3.80%	Neutral
	5:20am	Tankan Manufacturing Index	7.00	4.00	Positive
		Tankan Non-Manufacturing Index	14.00	12.00	Positive
	9:15am	10-y Bond Auction	-	0.77 3.5	-
02.10.13	5:20am	Monetary Base y/y	45.30%	42.00%	Positive
04.10.13	Tentative	Monetary Policy Statement	-	-	-
	Tentative	BOJ Press Conference	-	-	-

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

This week, Japanese economy likely to start from Monday with Manufacturing PMI and Prelim Industrial Production which expected to bring negative sentiment for the Yen. On the same day Retail Sales and Housing starts is appeared to bring bullish sentiment for the Pair. On Tuesday Foreseen Household spending, Tankan Non-Manufacturing Index and Tankan Manufacturing Index data are to release which appears to bring positive sentiment for it. At the end of the week, Bank of Japan press conference and Monetary Policy statement will have strong impact on 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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