

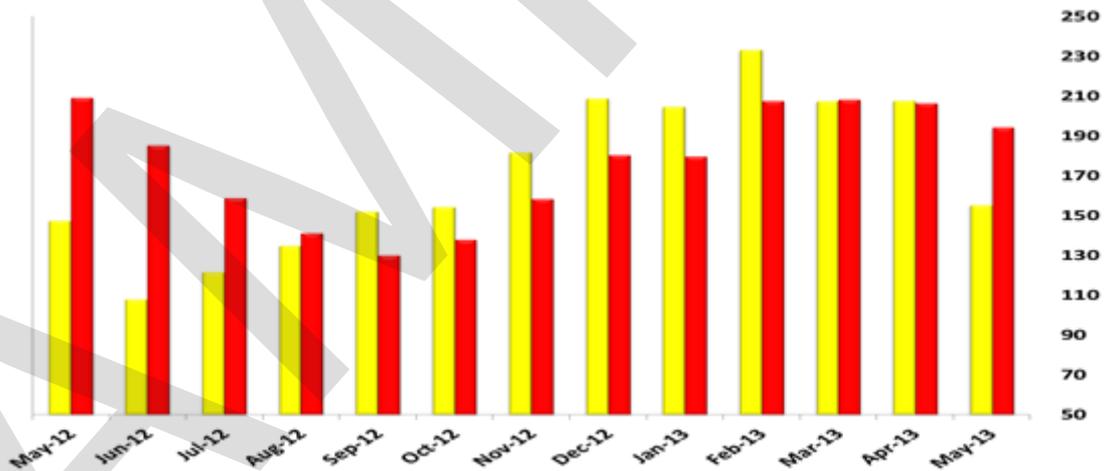
**USD/INR SPOT:** Last week we had reversed to longs from neutral once the pair failed to sustain below 56.38/39 levels on spot. We could see the pair test the resistance cluster between 57.30/50 levels on spot. Incase, the uptrend extends, then we could also see 58.00 on spot. Key support is around 56.65/70 and only a close below 56.65 would be the sign of reversal. Trend is up.

**EUR/INR SPOT:** Last week, we reversed to longs in EUR/INR once we saw the pair sustaining above the previous all time highs of 73.44 on spot. Immediate resistance is between 75.80/76.20 on spot and thereafter around 77.00 handle. Support is expected to be between 74.50/74.00 and then around 73.60/73.40 region. Trend remains bullish.

**GBP/INR SPOT:** Though our initial bias was to buy on dips in the pair around 84.80 levels on spot. However, due to the exception weakness in the Rupee, we had to chase momentum and which proved rewarding as the pair touched a high of 89.27 on spot. Buy on dips.

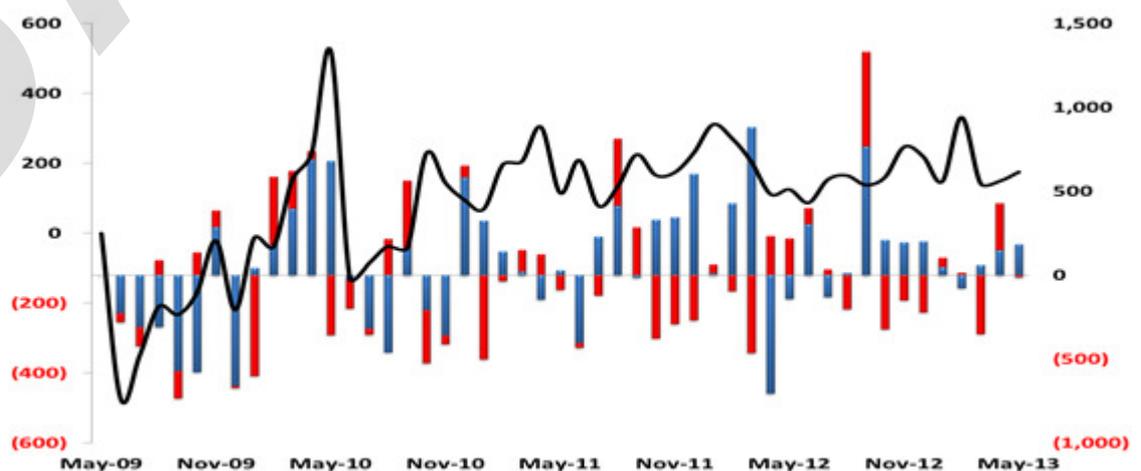
**JPY/INR SPOT:** Over the last couple of weeks we have been buyers on dips on the pair as we expected Yen to strengthen against both Dollar and Rupee. The pair has touched a major resistance of 60.00 and reversed. Hence, we would now look for a correction, that could see prices retrace back towards anywhere between 57.00 and 56.00 on spot. One could also look to sell rallies above 60.00 handle.

**US JOBS DATA ('000) : 3-MONTH AVERAGE OF MONTHLY CHANGE IN NFP (YELLOW) & 6-MONTH AVERAGE OF MONTHLY CHANGE IN NFP (RED)**



US jobs run rate is slowing like last year

**US JOBS DATA ('000): MONTHLY CHANGE IN NFP (BLACK LINE-LHS), MONTHLY CHANGE IN PART-TIME WORKERS (RED BAR-RHS) & MONTHLY CHANGE IN FULL-TIME WORKERS (BLUE BAR-RHS)**



A 3 or 6 month average offers a better idea of a trend and though on absolute basis they are still pointing to impressive job growth but trend appears to slowing like what happened last year.

WEEKLY CHART OF SPOT DOLLAR/RUPEE



Trend remains upward for USD/INR

In our last weekly piece we turned neutral on the pair. We said that if the pair sustains below 56.38/39, previous week's low then chances of a reversal would grow. Over the last week the pair did manage to slip below 56.38 and print a low of 56.31 but the half-life of the move was extremely short, may be a few minutes at best, but that refusal to sustain below 56.38/39 alerted to the fact that the uptrend could be having more steam than we imagined. Hence, we had to reverse our stance on USD/INR from neutral to bullish. The pair has closed just a stone throw away from the all-time highs of 57.32. A number of Fibonacci measurements converge in the area between 57.30 and 57.50, which in our opinion would be a near-term, which if surmounted, USD bulls can charge for 58.20/30 levels. An extension beyond 58.30 can take prices towards 58.70-59.05 area. Support is layered between 57.00 and 56.60. Only a sustained trading below 56.60 would be the sign of a near-term reversal in the bull trend in USD against INR.

WEEKLY CHART OF SPOT EURO/DOLLAR



Range bound

Ever since the early part of the 2011, EUR/USD has not been able to sustain above the 200 WMA. The pair is once again getting close to the same average, which also happens to right around the falling trend line connecting Q1 2011 and Q1 2013 peaks. Hence, we would expect more willing sellers than buyers if prices reach those levels. One can argue that the recent coiling in the EUR/USD could be in sync with the tribulations surrounding the US Fed. Hence, once they offer clarity on their next path, a break down or a break out can occur. We would say that is possible but without such an event, we would play a range that is between 200 WMA and 1.28.

DAILY CHART OF SPOT GBP/DOLLAR



Play the range

Last we wrote that we would be playing for a range between 1.54 and 1.50. However, we go much more than we had bargained as the pair did not stop much longer around the 1.54 resistance. GBP/USD zoomed to clear the May highs of 1.5604 and score a fresh high of 1.5690. The pair had close to channel resistance and the 200 SMA around the 1.57 handle. We would be looking to sell in case the pair rallies beyond 200 SMA into the resistance cluster between 1.5770 and 1.5825, the 100% projection of the rally from 1.4829 to 1.5604 from 1.5010, also the 61.8% retracement point of the Jan-Feb decline and also the belly of the double top that formed during the Q4 2012. We expect the pair to trade within a range of 1.53 and 1.58 over the near-term.

DAILY CHART OF SPOT DOLLAR/YEN



Wait for a sharp dip in Yen to buy

Over the last two weeks we have been buying the dips in Yen/INR which is inversely related to the USD/JPY. In fact, last week we wrote that the pair has closed below the support line of a possible ending diagonal, which means a decline towards 97.00 can occur. We got more than that, as prices touched a low of 95.00. However, the decline seems to have run its course for the time being. Though it is too early to say that the uptrend has resumed as we expect another leg down to materialise once the current bounce back in the pair is over. We could see prices scale as much as levels of 99.00 or even close to 100, before turning lower and once again travelling into the 94.00-95.00 support zone. Resistances are expected around 98.30, 98.60/80 and then around 99.00/99.20 and 100.

## KEY ECONOMIC EVENTS FOR THE WEEK:

**Monday:** JPY Current Account; JPY Final GDP; French Industrial Production; FOMC Member Bullard Speaks

**Tuesday:** JPY BSI Manufacturing Index; AUD Home Loans; NAB Business Confidence; JPY Monetary Policy Statement; BOJ Press Conference; German Constitutional Court Ruling; UK Manufacturing Production; UK NIESR GDP Estimate

**Wednesday:** JPY Core Machinery Orders; Indian CPI; Indian IIP; German Constitutional Court Ruling; UK Claimant Count Change; UK Unemployment Rate; EUR Industrial Production; MPC Member Fisher Speaks; US Federal Budget Balance

**Thursday:** AUD Employment Change; AUD Unemployment Rate; Indian External Trade; ECB Monthly Bulletin; MPC Member Tucker Speaks; US Retail Sales; US Unemployment Claims; US Business Inventories

**Friday:** JPY Monetary Policy Meeting Minutes; Indian WPI; US Current Account; US Industrial Production; US Prelim UoM Consumer Sentiment

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