



INR SPOT

11 July 2009

Exchange	Contract	Sup 2	Sup 1	Close	Res 1	Res 2	Recommendation
NSE	June 2009	47.50	48.30	48.90	49.30	50.00	Buy at 48.40 TP 49.70 SL 47.40
MCX-SX	June 2009	47.50	48.30	48.90	49.30	50.00	Buy at 48.40 TP 49.70 SL 47.40

INDICATORS	This Week	1 Week ago	% CHANGE
LIBOR 1Mth	0.2925	0.3013	-2.90
LIBOR 3Mth	0.5050	0.5588	-9.62
MIBOR 1Mth	0.6300	0.7000	-10.00
MIBOR 3Mth	1.0100	1.0600	-4.72
U.S. 5Yr Bond Yield	2.2173	2.4240	-8.53
U.S. 10Yr Bond Yield	3.3026	3.4985	-5.60
India 5Yr Bond Yield	6.4070	6.2730	2.14
India 10Yr Bond Yield	7.0270	6.8240	2.97
Reference Rate	48.6900	47.9900	1.46
CBLO Rate	2.7700	0.7200	284.72
Call Rate	3.2200	3.2500	-0.92

ASIAN/INR	This Week	1 Week ago	% CHANGE
Chinese Yuan	7.1720	7.0100	2.31
Hongkong Dollar	6.3230	6.1790	2.33
Indian Rupee	49.0050	47.8900	2.33
Indonesian Rupiah	0.48	0.47	2.45
Myanmar Ringgit	13.6972	13.5800	0.86
Philippines Peso	1.0149	0.9957	1.93
Singapore Dollar	33.5100	32.9526	1.69
S Korean Won	0.3821	0.3783	1.01
Taiwan Dollar	1.4830	1.4566	1.81
Thailand Baht	1.4387	1.4047	2.42

Particular (in USD MIO)	This Week	Last Week	Change
Foreign Current Asset	253432.00	253732.00	-300.00
Special Drawing Rights	1.00	1.00	0.00
Gold Reserves	9800.00	9604.00	196.00
Positions in IMF	1244.00	1247.00	-3.00
Total FOREX Reserves	264477.00	264584.00	-107.00

REFERENCE RATE	This Week	Last Week	% Change
USDINR	48.69	47.99	1.46
GBPINR	79.41	78.81	0.75
JPYINR 100	52.44	49.96	4.96

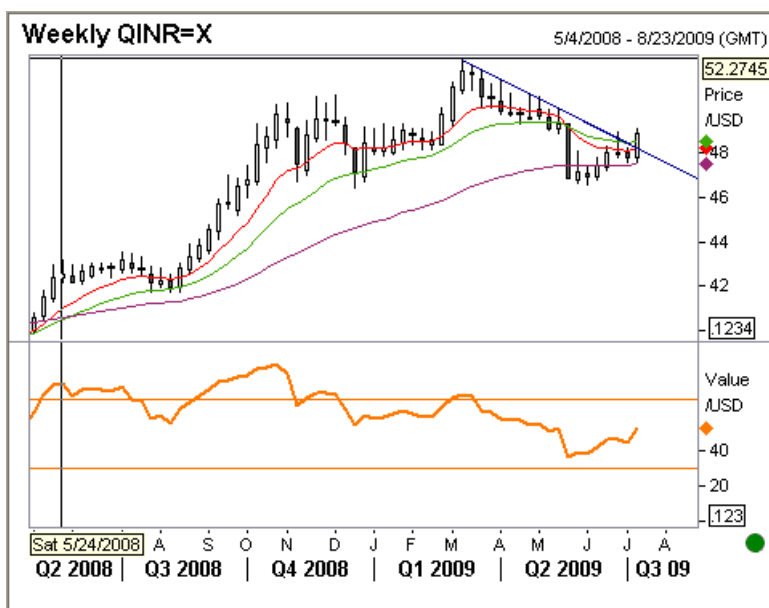
FUNDAMENTAL REVIEW

Currency maintained high momentum during the week, playing against the market sentiments and finally ending lower at 49.01 per dollar, depreciating 2.33%. Dollar held in green territory for the week and thus proved for depreciation. Sensex losing 9.45% supplemented the fall, with concerns raised on budget and its implications. Heavy selling was visible with exporters selling dollars and capital flows maintaining lows. Choppy trades in Sensex withdraw support from foreign investors who bring in currency flows. Foreigners have bought about \$1 billion of stocks so far this month, taking net inflows in 2009 to nearly \$6 billion, prime factor in the rupee's rise from its record low of 52.2 in March.

The wholesale price index for week ended 27 June further contracted at 1.55%, against expected of -1.47%. The deflationary pressure marks above the inflationary one and thus ends in negative territory.

Union Budget FY09-10 was presented, which failed to inculcate confidence on government's measure of fiscal consolidation, apprehending FII's. Suresh Tendulkar, economic adviser to Indian's Prime Minister Manmohan Singh, ponders on diversification foreign exchange reserves and holds fewer dollars. The 16 years high fiscal deficit of 6.8% of GDP for FY09-10 against prior revised of 6% also turned out to be a matter of concern. This would be highest since 1994. The global rating agencies Standard & Poor's (S&P) and Fitch rated India's debt BBB-, the lowest investment grade, putting across bleak outlook.

It is estimated that the government would rise as much as Rs. 4.51 trillion in 2009-10 from Rs. 3.62 trillion announced in an interim budget in February. The government bonds to fell sharply hurt by intensification in federal government's market-borrowing plan. The Reserve Bank of India auctioned Rs. 15,000 cr of government securities on July 10, against Rs 10,000 cr in the original borrowing calendar. This includes Rs. 6,000 cr of a new 10-year paper, which is likely to attract buyers as it is expected to be a new benchmark, lending it liquidity in trade. It lead to excess money supply and thus discounted the value of bonds.



TECHNICAL SNAPSHOT

The currency pair traded higher and after witnessing a high of 49.0600 it settled the week at 48.9000 levels. Market broke higher after few consolidation weeks. Moreover, it retreated back above the averages suggesting price trend to remain higher in the near term. The next immediate resistance can be seen at 49.20-49.30 range. IF market breaches above 49.30 may see pair moving towards 50.000 levels. Likewise, on the lower side the supports are at 48.0800 and then 47.4000 levels.

The reversal trend of averages with prices moving higher, suggesting the trend to remain higher in the near term.

OUTLOOK

Week ahead, the host of economic events waiting to hit the market include, Euro-Zone industrial production, U.S. Advance Retail Sales, Empire Manufacturing, Industrial Production, Housing Starts, Building Permits and minutes of FOMC meeting. Expectations suggest mixed economic outlook, thus dollar could grab some more strength. Amidst gloomy phase, we expect currency to depreciate further; however, pace could be low.

We expect currency pair to trade sideways to higher for the week ahead.

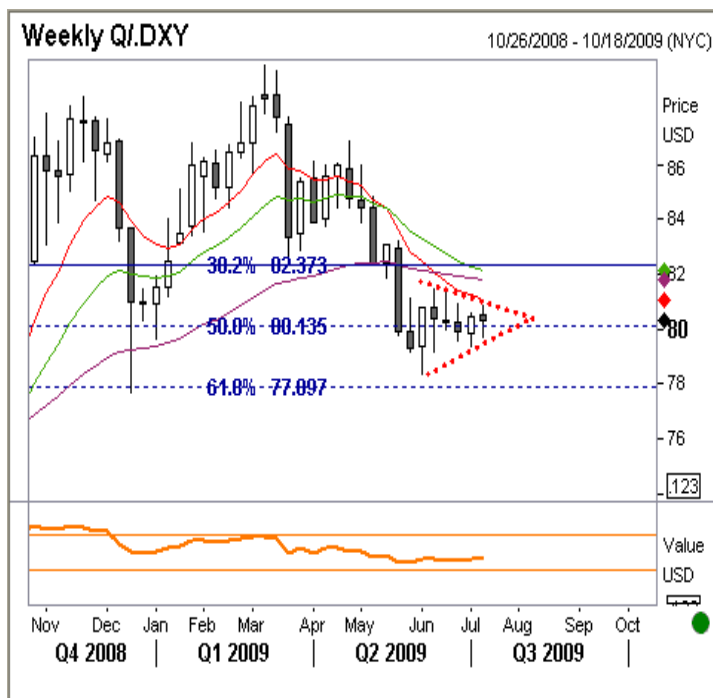
CROSS	This Week	1 Week ago	% CHANGE
USDINR	49.0050	47.8900	2.33
EUROINR	68.2893	66.9657	1.98
GBPINR	79.4363	78.2326	1.54
JPY (100)	52.9400	49.8700	6.16
MYR	13.6972	13.5800	0.86
SGD	33.5100	32.9526	1.69
ICE DX	80.4300	80.6650	-0.29

INDICES	This Week	1 Week ago	% CHANGE
INR SPOT	49.01	47.89	2.33
MCX-SX	49.03	48.01	2.11
NSE	49.03	48.01	2.11
1 Mth FORWARD	49.06	47.98	2.25
1 Mth NDF	49.08	48.03	2.19
NIFTY	4003.90	4424.25	-9.50
SENSEX	13504.22	14913.05	-9.45



DOLLAR INDEX

Particular	Contract	Sup 2	Sup 1	Close	Res 1	Res 2	Recommendation
Dx Index	Spot Prices ICE	77.8000	79.1500	80.308	81.000	82.0000	Sell at 81.00 TP 78.70 SL 83.5000



TECHNICAL SNAPSHOT

US Dollar Index traded mixed and moved in a narrow range of 80.892 to 79.692 with settling the week at 80.308 levels. Market has been consolidating for the past 7 weeks within a triangle pattern and waiting for a break out confirmation. As per the technical principles, market should break lower as it is a symmetrical triangle with bearish trend. Hence, the triangle lower support is at 79.150. On break of the same index may trade lower having next support at 77.897 levels (61.8% retracement of recent rally from 70.698 to 89.624 ranges). On the contrary, if market fails to breach the support levels we may see a higher correction. The resistance is seen at 81.000 and then 81.5000 levels. The momentum indicator weekly RSI-14 is trading at 0.43 suggesting a sideways trend for the index.

OUTLOOK

We expect Dollar Index to trade sideways but the formation of symmetrical triangle inclining to down trend.

DX SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	80.4570	79.8910	0.71
LOW	79.6920	79.3500	0.43
HIGH	80.8920	80.5780	0.39
CLOSE	80.2330	80.3820	-0.19



EUR / USD- SPOT

Particular	Contract	Sup 2	Sup 1	Close	Res 1	Res 2	Recommendation
EUR /USD	SPOT	1.3625	1.3700	1.3935	1.4050	1.4200	Sideways

EUR SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	1.3993	1.3480	3.81
LOW	1.3793	1.3424	2.75
HIGH	1.4169	1.4051	0.84
CLOSE	1.4158	1.3998	1.14

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
MXEM EMU INDEX	75.7500	74.4300	1.77
EUR1M BGN Currency	1.3964	1.4155	-1.35
EUR3M BGN Currency	9768.0100	9522.5000	2.58



OUTLOOK

If market maintains above \$1.3830 then may see euro moving higher against greenback.

FUNDAMENTAL REVIEW

- ❖ Struggling with dollar over market sentiments and economic indicators, euro slipped marginally by 0.31% ending at 1.3936.
- ❖ The economic data that jolted the market include Euro-Zone GDP (QoQ), Exports and Imports.
- ❖ As expected, Euro-zone economic activity shrank an unrevised quarterly 2.5 percent over the first three months of the year. However, the annual rate of contraction was nudged steeper at 4.9 percent. Exports fell a slightly larger quarterly 8.8 percent prior 8.1 percent and with imports revised to show a 7.6 percent drop compared with 7.2 percent last time.
- ❖ Next week a plethora of important data waits to hit the market, major being industrial production, merchandise trade, and harmonized index of consumer prices (HICP).
- ❖ Amidst, weak economic outlook and dollar to gain strength against majors we expect a sliding trend in euro, dollar would be the turn around factor.

TECHNICAL SNAPSHOT

The currency pair traded mixed and moved in the range of \$1.4072 to \$1.3830 with settling the week at \$1.3935 levels. Market closed with a Doji pattern indicating an indecisive direction for the prices. Market closed just above the crucial support levels suggesting pair still has potential to move higher. Now, if market sustains above the support levels may see currency pair moving higher. On the higher side the resistance is seen at \$1.4150 and then \$1.4201 levels. If market breaches \$1.4201 it is likely to test \$1.4337 (recent high). The RSI-14 is trading at 0.55 suggesting a sideways trend with a higher bias for the week.



GBP/USD- SPOT

Pair	Contract	Sup 2	Sup 1	Close	Res 1	Res 2	Recommendation
GBP/USD	June 2009	1.5750	1.5900	1.6198	1.6350	1.6500	-----

GBP SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	1.6320	1.6527	-1.25
LOW	1.5985	1.6303	-1.95
HIGH	1.6380	1.6743	-2.17
CLOSE	1.6211	1.6333	-0.75

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
FTSE 100 INDX	4438.5600	4417.9400	0.47
DAX INDEX	5077.0300	4940.8200	2.76
GBP1M BGN Curncy	1.5980	1.6196	-1.33
GBP3M BGN Curncy	9768.0100	9522.5000	2.58

FUNDAMENTAL REVIEW

- ❖ Cable also jolted last week with dollar maintaining momentum gains and thereby extending pressure on pound to tad lower. The pound lost 0.75% last week, closing at 1.6211.
- ❖ A basket of data shake the market including Industrial Production, Manufacturing output, merchandise trade, producers price index and BOE announcement of Interest rates.
- ❖ A surprising drop was witnessed in industrial production of -0.6% against expected of 0.2%. Over the latest three months, total industrial production fell 1.8%.
- ❖ As expected, the Bank of England's monetary policy committee left its key interest rate at 0.5 percent for the fifth month.
- ❖ The important data releases to be watched for include, Consumer Price Index and ILO unemployment rate.
- ❖ Data expected seems weak next week suggesting lower trade and a slight depreciation in cable.

TECHNICAL SNAPSHOT

The currency pair traded sideways and moved in a narrow range of \$1.5982 to \$1.6380 with settling the week at \$1.6198. Market has been moving in a rising trend channel and trading just above the 50-week EMA levels. IF market sustains above \$1.5900 may see currency pair moving higher. ON the higher side the resistances are at \$1.6380 (last weeks high) and break of the same it may test \$1.6500 levels However, if market breaches previous weeks low of \$1.5980 then market may test \$1.5800 levels. Any break out below \$1.5800-1.5750 may confirm a down trend. The momentum indicator weekly RSI-14 is trading at 0.58 levels.



OUTLOOK

We expect currency pair to trade sideways and if market fails to break the support of \$1.5750-15800 range, may see pound trading higher against US dollar.



USD/JPY-SPOT

Pair	Contract	Sup 2	Sup 1	Close	Res 1	Res 2	Recommendation
USD/JPY	June 2009	88.11	90.8000	92.5100	94.0000	94.9500	Sell at 93.5000 TP 89.0000 SL 94.8000

GBP SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	94.4400	95.1900	-0.79
LOW	94.4300	93.8600	0.61
HIGH	97.2400	96.7000	0.56
CLOSE	95.3400	94.7800	0.59

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
NIKKEI INDEX	9793.4700	9522.5000	2.85
JPY1M BGN Currency	98.6100	95.3100	3.46
JPY3M BGN Currency	98.6100	95.3100	3.46

FUNDAMENTAL REVIEW

- ❖ Japanese Yen beat the dollar's pressures and raised high by gaining close to 3.64%, ending the week 92.54.
- ❖ The data releases during the last week that jerked the prices include, Producers Price Index, current account total and trade balance.
- ❖ The current account increased substantially to 1,301.8B Yen against prior of 630.5B Yen, more than double the previous levels. The trade balance for May rose by 110% to 387.3B Yen as compared to prior of 184.3B Yen.
- ❖ June producers price index dropped 0.3 percent on the month and sank as expected 6.6 percent when compared with last year.
- ❖ Week ahead, we expect the Bank of Japan Interest rate announcement and tertiary index. The rate is expected to remain steady at 0.10%.
- ❖ After gaining appreciation last week, we expect yen to continue its journey while dollar would be a limiting factor.

TECHNICAL SNAPSHOT

The currency pair traded lower and after making a low of 91.75 it settled the week at 92.51 levels. Market is expected to come down further with a mild higher correction. The immediate resistance can be seen at 93.80-94.25 levels. IF market sustains below the same may see prices trading lower and the next immediate supports can be seen at 90.88 (swing low). ON break of the same market may test 87.11 levels. Market has been declining continuously as the averages are trading higher from the prices and the overall trend is bearish. Moreover, the weekly RSI-14 has turned down and currently trading at 0.40 levels suggesting further down trend for the prices.



OUTLOOK

We expect currency pair to decline further and the crucial supports are at 90.88 and then 87.11 levels. However, a small higher correction can not be ruled out. We recommend taking short positions for the pair.



Economic Data Release						
Date	Time	Region	Event	Period	Survey	Prior
07/14/2009	14:30	EC	ZEW Survey (Econ. Sentiment)	JUL	44	42.7
07/14/2009	14:30	EC	Euro-Zone Ind. Prod. sa (MoM)	MAY	1.50%	-1.90%
07/14/2009	14:30	EC	Euro-Zone Ind. Prod. wda (YoY)	MAY	-17.50%	-21.60%
07/14/2009	14:30	GE	ZEW Survey (Econ. Sentiment)	JUL	47.8	44.8
07/14/2009	14:30	GE	Zew Survey (Current Situation)	JUL	-88	-89.7
07/14/2009	18:00	US	Producer Price Index (MoM)	JUN	0.90%	0.20%
07/14/2009	18:00	US	Producer Price Index (YoY)	JUN	-5.20%	-5.00%
07/14/2009	18:00	US	Advance Retail Sales	JUN	0.40%	0.50%
07/14/2009	19:30	US	Business Inventories	MAY	-0.80%	-1.10%
07/15/2009	02:30	US	ABC Consumer Confidence	13-Jul	-	-52
07/15/2009	14:30	EC	Euro-Zone CPI (MoM)	JUN	0.20%	0.10%
07/15/2009	18:00	US	Consumer Price Index (MoM)	JUN	0.60%	0.10%
07/15/2009	18:00	US	CPI Ex Food & Energy (MoM)	JUN	0.10%	0.10%
07/15/2009	18:00	US	Consumer Price Index (YoY)	JUN	-1.50%	-1.30%
07/15/2009	18:00	US	Empire Manufacturing	JUL	-5	-9.41
07/15/2009	18:45	US	Industrial Production	JUN	-0.60%	-1.10%
07/15/2009	23:30	US	Minutes of June 24 FOMC Meeting	15-Jul		
07/16/2009	07:30	CH	Real GDP YoY	2Q	7.80%	6.10%
07/16/2009	07:30	CH	Producer Price Index (YoY)	JUN	-7.40%	-7.20%
07/16/2009	07:30	CH	Consumer Price Index (YoY)	JUN	-1.30%	-1.40%
07/16/2009	07:30	CH	Retail Sales (YoY)	JUN	15.30%	15.20%
07/16/2009	07:30	CH	Industrial Production (YoY)	JUN	9.50%	8.90%
07/16/2009	18:00	US	Initial Jobless Claims	12-Jul	554K	565K
07/16/2009	18:00	US	Continuing Claims	5-Jul	6850K	6883K
07/16/2009	18:30	US	Net Long-term TIC Flows	MAY	\$25.0B	\$11.2B
07/16/2009	18:30	US	Total Net TIC Flows	MAY	-\$11.2B	-\$53.2B
07/16/2009	19:30	US	Philadelphia Fed.	JUL	-5	-2.2
07/17/2009	14:30	EC	Euro-Zone Trade Balance	MAY	0.0B	2.7B
07/17/2009	14:30	EC	Euro-Zone Trade Balance sa	MAY	0.8B	-0.3B
07/17/2009	18:00	US	Housing Starts	JUN	528K	532K
07/17/2009	18:00	US	Building Permits	JUN	524K	518K



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