



INR

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
NSE	Sep 2010	46.0100	46.6100	46.9400	47.3000	47.6100	Sideways to higher
MCX-SX	Sep 2010	46.0100	46.6100	46.9400	47.3000	47.6100	Sideways to higher

INDICATORS	LAST	1 week ago	% Change
LIBOR 1Mth	0.2644	0.2719	-2.76
LIBOR 3Mth	0.3292	0.3694	-10.87
MIBOR 1Mth	0.6300	0.6500	-3.08
MIBOR 3Mth	0.8900	0.9000	-1.11
U.S. 5Yr Bond Yield	1.4537	1.4516	0.14
U.S. 10Yr Bond Yield	2.6106	2.6716	-2.28
India 5Yr Bond Yield	7.6780	7.6800	-0.03
India 10Yr Bond Yield	7.9320	7.8600	0.92
Reference rate	46.5800	46.5800	0.00
CBLO rate	5.6227	4.4300	26.92
Call Rate	5.7200	5.1000	12.16

ASIAN/INR	LAST	1 week ago	% Change
Indian rupee	46.6750	46.7650	-0.19
Chinese Yuan	6.8740	6.8810	-0.10
Hongkong Dollar	6.0040	6.0170	-0.22
Indonesian Rupiah	0.5202	0.5209	-0.13
Myanmar Ringgit	14.8765	14.7640	0.76
Philippines Peso	1.0356	1.0322	0.33
Singapore Dollar	34.4173	34.3121	0.31
S Korean Won	0.3945	0.3951	-0.14
Taiwan Dollar	1.4625	1.4660	-0.24
Thailand Baht	1.4806	1.4660	1.00

Pair	LAST	1 week ago	% Change
USDINR	46.58	46.58	0.00
GBPINR	72.40	68.72	5.35
JPYINR 100	54.58	54.10	0.89
EURINR	59.66	60.05	-0.65

Foreign Reserves	LAST	1 week ago	% Change
Foreign Current Asset	256591.00	261079.00	-1.72
Special Drawing Rights	4985.00	5041.00	-1.11
Gold Reserves	19278.00	19278.00	0.00
Total FOREX Reserves	282791.00	287356.00	-1.59

FUNDAMENTAL REVIEW: The Indian rupee closed on appreciating note. It settled at 46.6750 levels, down by 9 paise or 0.2%. During the week it remained more or less in narrow range. It showed volatility and remained more in the range of 46.55 to 46.70 levels as mixed investor sentiment towards the dollar and Euro.

Last week, European debt crisis concern and negative Euro and US data made the currency market volatile. Moreover, JPY appreciated against US dollar as demand for safer currency assets increase. Investors were attracted towards Swiss franc, JPY and lesser extent for dollar. Moreover, there was news that Chinese government buying heavy bond which boosted the demand for Euro for a while. But later Japanese government supported the US which relived the pressure from the dollar.

On Friday, INR marginally appreciated against dollar tracked the weak global economic data of US and gloomy outlook for developed countries but later ECB member commented that Bank should provide unlimited liquidity. This statement made the dollar index to strengthen. The dollar index, - a gauge of greenback's movement against major global currencies up by 0.10 percent.

Foreign inflows are the key indicator for rupee movement. So far during the year 2010, rupee inflow increased nearly \$11.8 billion compared to \$17.5 billion in 2009, Increase in inflow helped rupee to appreciate against dollar. But, inconsistency in capital inflow not supported rupee to appreciate much. In cross currency trade rupee appreciated against the GBP and JPY while it pared its last week losses and close on flat note. Overall, global factors such as BOE report, ECB statement and debt concern issue of Europe countries, Weak US economic data, and BOJ intervention news drag the currency market.



TECHNICAL SNAPSHOT:

The spot Indian rupee traded sideways to lower in last week by reversing the previous week's gains. The crucial support level is at 46.3000 levels supported by weekly short term and medium term EMA. Sustained above is likely to remain upside for this week. The key level to watch on higher side is at 47.0500 levels. Only on breach of the same is possible to extend its uptrend till 47.4600 then 47.7100 levels. A mild correction is expected before upside ticks. Overall, we expect rupee to move in the band of 46.0000-47.2400 levels. Either side breakout would confirm the trend.

OUTLOOK

- ◆ *Week ahead, the host of new data releases from the US includes Existing home sales, Durables goods orders, New Home sales and Initial jobless claims data shows more or less negative for dollar. But On the other side, expectation of economic data from European countries also shows weaker outlook. Moreover, in last week the FED, ECB, BOE and BOJ were deciding not to withdraw stimulus depicts that economy is flattering. But Investors may attract towards list risky assets like dollar, JPY and Swiss franc. Thus, during the week demand for dollar may higher.*
- ◆ *Investors need to watch on the dollar index as it was continuously improving in the last two week with nearly 0.10 per cent gains for the said period. Investors will continue to remain risk-averse and chase safe haven investment avenues, given that global economic recovery is expected to be slower than expected. Thus, dollar index may slightly pressurize at the end of week due to GDP data.*
- ◆ *Indian rupee may opened on appreciate note on Monday tracking the weak US economic outlook and expectation of Weaken dollar index but later it may turned into depreciation as other global economy such as EUROPE, British and Japan competing on bad news.*
- ◆ *During the week, there might be higher demand for dollars by domestic importers as other currencies showed weakness during last week. Moreover, firm domestic indices are also not supporting much to appreciate INR. Overall, we are expecting rupee to trade on mixed note. **Technically, We expect rupee to trade sideways for this week***

CROSS	LAST	1 week ago	% Change
USDINR	46.68	46.77	-0.19
EUROINR	59.25	59.50	-0.42
GBPINR	72.50	72.78	-0.38
JPY (100) Futures	54.51	54.14	0.68
MYR	14.88	14.76	0.76
SGD	34.42	34.31	0.31

CROSS	LAST	1 week ago	% Change
INR SPOT	46.68	46.77	-0.19
MCX-SX Futures	46.74	46.87	-0.27
NSE Futures	46.74	46.85	-0.23
1 Month NDF	46.89	47.00	-0.23
1 Month FORW ²	46.89	46.97	-0.18
NIFTY	5530.65	5452.10	1.44
SENSEX	18401.82	18167.03	1.29



DOLLAR INDEX

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
Dollar Index	SPOT	81.40	82.30	83.057	83.80	84.600	Buy above 83.30 TP 84.6 SL 82.60



TECHNICAL SNAPSHOT:

Dollar index traded higher in last week by continuing its uptrend. However, closing of the previous week's candle renders indecisive movements for this week. Market is finding crucial support levels near 81.90 levels (45 weekly EMA). Sustained trade above is likely to remain higher. Likewise, on the higher side resistance is at 83.3000 levels. A convincing break above may prolong its momentum till 84 then 84.83 levels. In case market fails to breach the resistance at 83.3000 expected to trade in the band of 81.80-83.30 levels. The momentum indicator RSI (14) weekly is trading at 0.51 and suggesting neutral view.

OUTLOOK

We expect dollar index to trade sideways to higher and recommend buying above 83.30 levels.

CROSS	LAST	1 week ago	% Change
NASDAQ	2179.76	2173.48	0.29
DJIA	10213.62	10303.15	-0.87
S/P 500 INDEX	1071.69	1079.25	-0.70



EUR / USD- SPOT

Exchange	Contract	S 2	S 1	Close	R 1	R 2	Recommendation
EURO /USD	SPOT	1.2430	1.2670	12712	1.2913	1.3100	Sell at 1.2800 TP 1.2620 SL 1.2930

Particulars	This week	Last week	% change
MSCI Europe	82.59	84.19	-1.90%
Euro 1-Month	1.2711	1.2753	-0.33%
Euro 3-Month	1.2709	1.2750	-0.32%



OUTLOOK

Week ahead, the Euro may show volatility and trade on depreciation note. Last week, Euro strengthened against greenback due to weak economic data released by US but later it closed on depreciating note as sovereign debt concern. Euro may remain pressurize as WEBER comments suggest that Europe economy require further monetary support. Moreover, European countries are facing uneven recovery which pressurized the euro continuously. Overall, we are expecting Euro to depreciate against dollar yet investor should watch FED further moves and Economic data releases of EUROPE – US. **Technically, we expect Euro to trade lower and recommend selling at higher levels.**

FUNDAMENTAL REVIEW

- ◆ In the last week, the **Euro** weakened against Dollar, INR and Yen. Its depreciation was on account of investor moved from higher yielding assets and ECB member stated that European bank required to support for longer term than investor expectation. Thus, On the basis of ECB member statement Euro depreciated and touché d week low of \$1.2664 and settled at \$1.2712 down by 0.30%. But if we consider current situation Euro may perform better if US fail to take action against weak economic data, longer term we would see some correction in Euro. In the last week, increased in ZEW survey of Europe and improved current account also not supported Euro to strengthen against greenback. While on Friday demand for German bond increased which depicts that investor's are less confident for other European region.
- ◆ Thus, finally ECB declining to withdraw the stimulus package and maintain the interest rate at 1% due to lower inflation and growth. Moreover, investor are still confused to choose dollar or Euro as worries increase due to double dip recession and Fed quantitative easing caution. The problems for European countries are huge differences between their tax structure, policy and growth. Moreover, investor shifted towards Swiss Franc, JPY and lesser extent towards dollar which may pressurize euro in near terms.

TECHNICAL SNAPSHOT:

Euro initially trade upward and fell down later on at during the week. However, it took a Fibonacci retracement support at 23.6% on the recent downfall and also short term moving average support in the weekly chart. A small **Channel chart pattern with downside breakout** in the weekly chart is spotted signaling that the downward trend in the prices can resume for the next coming days. A Hammer candle stick formation last week again indicates the weakness in the trend. The momentum indicator RSI (14) is at 0.50. The prices if breached and sustained below the support level are expected to come down further.



GBP/USD- SPOT

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
GBP/USD	SPOT	1.5250	1.5400	1.5534	1.5710	1.5980	Sell at 1.5638 TP 1.5250 SL 1.5800

CROSS	LAST	1 week ago	% Change
FTSE 100 INDEX	5195.28	5275.44	-1.52
DAX INDEX	6005.16	6110.41	-1.72
GBP1M BGN CURRENCY	1.55	1.56	-0.37
GBP3M BGN CURRENCY	1.55	1.56	-0.37



FUNDAMENTAL REVIEW

- ◆ The **British pound** depreciated nearly 0.4% against dollar. It erased against dollar and yen during the week. On Wednesday, Monetary policy minutes kept the interest rate unchanged and paused the Asset purchase programme which supported sterling.
- ◆ Moreover, kept the interest rate unchanged supportive factor for sterling for longer term as BOE already downgraded the growth and inflation expectation. If interest rate increase than it will further ruined the growth of the countries. Better than expected result on retail sales and increased in factory orders suggesting that British economy improving.
- ◆ Countries retail sales rose nearly 1.1% and increase in corporate tax receipts cut borrowing public borrowing sharply data showed in Thursday report. Thus, positive economy data helped pound rallied against dollar but it unable to remain on \$1.5703 as the BOE reported further falls in business and mortgaged lending as well weakened broad money. Moreover, uncertainty in global economy changes investor appetite for lower yielding assets which drag the pound to close on weaker note.

TECHNICAL SNAPSHOT:

The pound traded down in last week by extending the previous week's losses. After making a high of 1.5703 it settled at 1.5534 levels. Market is still holding its **"Bearish Engulfing"** pattern suggests pound to remain lower for this week. Although, sterling traded lower but trading above the weekly short term and medium term EMA suggests upside bias. However, on the lower side crucial support is at 1.5400 levels on break below is likely to test 1.5252 levels. The stiff resistance is at 1.5703 levels sustain below it holds the bearishness.

OUTLOOK: Overall, we are expecting the pound to remain on bearish note. Last week, high retail sales increase the demand for dollar but during this week investors may shift to safer haven assets as Weak European outlook and expectation of further austerity measure implemented by the BOE. Overall, we are expecting pound to pressurize till the mid of the week but later it may pare it losses and close on flat note. **Technically we recommend selling at higher levels.**



USD/JPY-SPOT

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
USD/JPY	SPOT	82.70	84.60	85.62	86.90	88.30	Sell at 85.5 TP 84.3 SL 86.9

CROSS	LAST	1 week ago	% Change
NIKKEI INDEX	9179.38	9253.46	-0.80
JPY1M BGN CURRENCY	85.60	86.18	-0.67
JPY3M BGN CURRENCY	85.54	86.12	-0.68



FUNDAMENTAL REVIEW

- ◆ The *Japanese yen* closed on appreciate note against greenback. During the week, Yen touched week high at 84.90 levels as continuously weak economic data released by US shifted investor sentiment towards safer haven. Moreover, Yen also strengthened against Euro and GBP. It slightly depreciated against greenback because of Japan supported US bond market by buying overseas. Moreover, there was speculation that Japanese government would intervene into the market which erased yen appreciation. It opened at 85.39 levels, made high of 84.90 and settled at 85.62 levels.
- ◆ Japanese yen overvalued against euro and dollar which is concern for Japanese Government. While continuously appreciation in yen will heat the export business. Moreover, government would take action for monetary policy easing in the month of September. Japan economic situation improved as its GDP stop declining due to increase in Export. Moreover, Japan faced highest public debt in the world, which is more important issue for government this time.

TECHNICAL SNAPSHOT:

The Yen continued its consolidation by closing lower compare to previous week. Closing of the previous week's candle renders indecisive movements. The resistance is at 86.50 levels. Sustained trade below is likely to remain lower for short term. A significant break below 84.60 is possible to extend its drop till 83.7 then 82.80 levels. The momentum indicator RSI (14) daily is trading at 0.36 levels and still has the potential to move lower. Only on break above 87 levels may reverse the trend.

OUTLOOK

Investors need to consider government's further action for (1) Quantitative Easing, (2) Yen strengthen. On Monday, government and BOJ governor discuss on current Japanese issue but if monetary easing programme halted by them would appreciate yen on risk aversion issue. Overall, we are expecting yen to appreciate; though there is some correction due in JPY. Technically, we expect yen to trade sideways to lower and recommend selling at high levels.



ECONOMIC DATA RELEASES

Date Time	Country	Event	Month	Survey	Prior
22-26 AUG	CH	Leading Index	JUL	--	102.84
08/23/2010 13:00	GE	PMI Manufacturing	AUG A	60.5	61.2
08/23/2010 13:00	GE	PMI Services	AUG A	56.3	56.5
08/23/2010 13:30	EC	PMI Composite	AUG A	56.3	56.7
08/23/2010 13:30	EC	PMI Manufacturing	AUG A	56.1	56.7
08/23/2010 13:30	EC	PMI Services	AUG A	55.4	55.8
08/23/2010 18:00	US	Chicago Fed Nat Activity Index	JUL	-0.1	-0.63
08/23/2010 19:30	EC	Euro-Zone Consumer Confidence	AUG A	-14	-14
08/24/2010 11:30	GE	GDP s.a. (QOQ)	2Q F	2.20%	2.20%
08/24/2010 11:30	GE	GDP wda (YoY)	2Q F	3.70%	1.60%
08/24/2010 11:30	GE	Private Consumption	2Q F	0.40%	-0.80%
08/24/2010 11:30	GE	Government Spending	2Q F	0.50%	1.10%
08/24/2010 11:30	GE	Domestic Demand	2Q F	1.50%	1.40%
08/24/2010 11:30	GE	Imports	2Q F	7.50%	6.10%
08/24/2010 11:30	GE	Exports	2Q F	7.90%	2.60%
08/24/2010 11:30	GE	Construction Investment	2Q	7.30%	-3.80%
08/24/2010 11:30	GE	Capital Investment	2Q F	3.80%	-1.60%
08/24/2010 14:30	EC	Industrial New Orders SA (MoM)	JUN	1.50%	3.80%
08/24/2010 14:30	EC	Industrial New Orders SA (YoY)	JUN	24.00%	22.70%
08/24/2010 19:30	US	Existing Home Sales	JUL	4.68M	5.37M
08/24/2010 19:30	US	Existing Home Sales MoM	JUL	-12.90%	-5.10%
08/24/2010 19:30	US	Richmond Fed Manufact. Index	AUG	8	16
08/25/2010 02:30	US	ABC Consumer Confidence	22-Aug	-46	-45
08/25/2010 18:00	US	Durable Goods Orders	JUL	3.00%	-1.00%
08/25/2010 19:30	US	New Home Sales	JUL	330K	330K
08/25/2010 19:30	US	New Home Sales MoM	JUL	0.00%	23.60%



Date Time	Country	Event		Survey	Prior
08/25/2010 19:30	US	House Price Index MoM	JUN	0.10%	0.50%
08/26/2010 18:00	US	Initial Jobless Claims	21-Aug	491K	500K
08/26/2010 18:00	US	Continuing Claims	14-Aug	4500K	4478K
08/27/2010 11:30	GE	Import Price Index (MoM)	JUL	-0.40%	0.90%
08/27/2010 18:00	US	GDP QoQ (Annualized)	2Q S	1.40%	2.40%
08/27/2010 18:00	US	Personal Consumption	2Q S	1.60%	1.60%
08/27/2010 18:00	US	GDP Price Index	2Q S	1.80%	1.80%
08/27/2010 18:00	US	Core PCE QoQ	2Q S	1.10%	1.10%
08/27/2010	GE	Consumer Price Index (MoM)	AUG P	0.00%	0.30%
08/27/2010 19:25	US	U. of Michigan Confidence	AUG F	69.6	69.6



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