


INR

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
NSE	Mar2010	45.0000	45.300	45.5000	45.8400	46.1000	Sideways to lower
MCX-SX	Mar2010	45.0000	45.300	45.5000	45.8400	46.1000	Sideways to lower

INDICATORS	This Week	1 Week ago	% CHANGE
LIBOR 1Mth	0.2300	0.2291	0.41
LIBOR 3Mth	0.2572	0.2536	1.40
MIBOR 1Mth	0.4100	0.4100	0.00
MIBOR 3Mth	0.6500	0.6500	0.00
U.S. 5Yr Bond Yield	2.4051	2.3382	2.86
U.S. 10Yr Bond Yield	3.7006	3.6796	0.57
India 5Yr Bond Yield	7.5890	7.5930	-0.05
India 10Yr Bond Yield	8.0140	7.9750	0.49
Reference Rate	45.4500	45.7800	-0.72
CBLO Rate	2.4500	3.0600	-19.93
Call Rate	3.2800	3.3500	-2.09

ASIAN CURRENCY PAIR	This Week	1 Week ago	% CHANGE
Chinese Yuan	6.8256	6.8264	-0.01
Hongkong Dollar	7.7572	7.7626	-0.07
Indian Rupee	45.4450	45.6150	-0.37
Indonesian Rupiah	9152.0000	9235.0000	-0.90
Myanmar Ringgit	3.3070	3.3640	-1.69
Philippines Peso	45.6600	46.0500	-0.85
Singapore Dollar	1.3942	1.4017	-0.54
S Korean Won	1128.2000	1140.3000	-1.06
Taiwan Dollar	31.7470	31.9180	-0.54
Thailand Baht	32.5400	32.6800	-0.43

Particular (in USD MIO)	This Week	Last Week	% Change
Foreign Current Asset	254072	253991	0.03
Special Drawing Rights	5047	5053	-0.12
Gold Reserves	17920	17920	0.00
Positions in IMF	1392	1393	-0.07
Total FOREX Reserves	278431	278357	0.03

REFERENCE RATE	This Week	Last Week	% Change
USDINR	45.4500	45.7800	-0.72
EURINR	62.2700	62.1500	0.19
GBPINR	68.4886	71.0467	-3.60
JPYINR 100	50.1400	51.2500	-2.17

FUNDAMENTAL REVIEW

The partially convertible currency gained in the prior week on account of strong capital flows in the stock market, up by more than 1%, while dollar index closing the week low by 0.47%. *The dollar sell-offs by the exporters* eyeing higher capital inflows, supplemented the rise.

Moreover, *the Indian central bank Governor Duvvuri Subbarao stated that;* the government plans to narrow down the budget deficit in the FY11; to set effective interest rates in India. Further more, lowering fiscal deficit would bring in credit demand, help to combat inflation and work out for a better monetary-policy management.

Statements by the Planning Commission deputy Chairman, Mr. Montek Singh Ahluwalia over the easing of food prices in the next two weeks, is likely to curb the excess inflation.

Foreign fund flows are the key drivers of rupee fluctuations. FII have been the net takers of \$2.6 billion worth of shares, since the middle of February, as against the last year's record inflows of \$17.5 billion.

The one-month offshore forwards premium ran stronger than that of on shore forwards, thereby suggesting a bullish near term outlook.

The 10-year government of India bonds fell with government proposing an additional spending plan for the economy. However this would in turn raise apprehensions that India might need to go for higher borrowing than actually required and stated by the government officials.

The government executed an FPO of the country's largest iron ore producer and state-run miner NMDC, to raise about \$3 billion in stake sale offer in 10-12 March.



TECHNICAL SNAPSHOT

The spot currency pair USD/INR extended its losses by continuing its previous week's trend and after making a low of 45.3438 it settled at 45.4450 levels. Market is trading below the 50 week EMA suggesting downside pressure in the near term. However, pair has breached the support levels at 45.6768 (50% retracement of the range 52.1800-39.1737) sustain below the same expected to drop further in the near term. Moreover, a stiff resistance is at 46 levels only on break above may change our view on bullish note. The momentum indicator RSI (14) weekly is trading at 0.34 levels and still having a potential to move down.



OUTLOOK

- ◆ **The coming week we expect a host of data release from the US, per se** net TIC flows, housing starts, building permits, FOMC rated decision, industrial production, current account balance, and few others. As per the Bloomberg economist survey, the overall data is posting a negative impact on economy and dollar
- ◆ **India is due to release the monthly Whole sale prices index (inflation) for February month**, expecting at 9.65% as compares to prior of 8.56%. Increase in inflation is again cuing the requirement of tightening of monetary policy, raising apprehensions among the market participants
- ◆ **The dollar premium on Indian front** is expected to rise further as the government gets drained by a huge corporate advance tax outflows before March 15. Rise in the forwards premium could also pressurize rupee in the short run
- ◆ **Week ahead, we expect rupee to trade in sidelines with dollar index. The repayment of advance corporate tax is a concern along with the financial year closure approaching. Rise in inflation would trigger some government intervention. However sustained capital flows and stock market gains are the supporting factors. Overall the view holds on appreciating side. Technically, we expect the currency pair USD/INR to trade down and recommend selling below 45.2844 levels**

CROSS	This Week	1 Week ago	% CHANGE
USDINR	45.4450	45.6150	-0.37
EUROINR	62.6008	61.9390	1.07
GBPINR	69.1031	69.0266	0.11
JPY (100)	50.1800	50.5100	-0.65
MYR	13.7413	13.5598	1.34
SGD	32.5960	32.5438	0.16
ICE DX	80.3620	80.7400	-0.47

INDICES	This Week	1 Week ago	% CHANGE
INR SPOT	45.4450	45.6150	-0.37
MCX-SX	45.4900	45.7150	-0.49
NSE	45.5000	45.7150	-0.47
1 Mth FORWARD	45.5000	45.5000	0.00
1 Mth NDF	45.5400	45.8000	-0.57
NIFTY	5137.00	5088.70	0.95
SENSEX	17166.62	16994.49	1.01



DOLLAR INDEX

Exchange	Contract	S 2	S 1	Close	R 1	R 2	Recommendation
Dollar Index	SPOT	78.86	79.40	79.833	80.250	81.342	Sideways to lower



TECHNICAL SNAPSHOT

Dollar index fell sharply by reversing the previous week's trend and after making a low of 79.692 it settled at 79.833 levels. However, market has posted a closing below the 38.2% retracement (80.073 levels) suggesting downside movements for the coming week. The next immediate support is at 79.559 convincing break below may lead the index to test 78.963 levels. Closing of the previous week's candle renders sideways to lower movements. The momentum indicator RSI (14) weekly is trading at 0.59 levels and showing a lower potential.

OUTLOOK

We expect Dollar index to trade lower. However, if market fails to breach the support at 79.559 levels may possible to bounce back.

Dollar Index Spot	THIS WEEK	LAST WEEK	% CHANGE
OPEN	80.4380	80.4170	0.03
LOW	79.6920	79.8190	-0.16
HIGH	80.8590	81.2910	-0.53
CLOSE	79.8330	80.4320	-0.74

INDICES	This Week	1 Week ago	% CHANGE
NASDAQ	2367.66	2326.35	1.78
DJIA	10624.69	10566.20	0.55
S/P 500 INDEX	1149.99	1138.70	0.99



EUR / USD- SPOT

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
EURO /USD	SPOT	1.3400	1.3650	1.3765	1.3800	1.4030	Sideways to higher bias

EUR SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	1.3619	1.3646	-0.20
LOW	1.3537	1.3436	0.75
HIGH	1.3796	1.3736	0.44
CLOSE	1.3769	1.3626	1.05

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
MXEM EMU INDEX	89.1300	88.3600	0.87
EUR1M BGN Curncy	1.3769	1.3625	1.05
EUR3M BGN Curncy	1.3768	1.3624	1.06



FUNDAMENTAL REVIEW

- ◆ The **European** currency rose considerably against the US dollar as economic numbers supported long with Government suggesting recovery to follow soon
- ◆ The HICP showed 0.4% increase over January, compared with estimated 0.3% but is still well down on its 0.8% in year start
- ◆ The Euro-zone industrial goods output rose 1.7% on the month, after December's 1.7% decline
- ◆ Comments from the European Commission underpinned those from the ECB's Trichet suggesting that Greece has done enough to convince the capital markets of its will to turn around its budget
- ◆ European Union policymaker's wants to continue with no bailouts for countries in financial trouble policy. They further said such a fund should protect only the interests of the entire Euro-zone and not any individual member of the bloc nations

TECHNICAL SNAPSHOT

The Spot currency pair EURO/USD witnessed an upside rally after a long consolidation phase for the past three weeks and after making a high of \$1.3796 pair settled at \$1.3769 levels. However, market is witnessing a stiff resistance at \$1.3800 (50% retracement of the range \$1.5144-\$1.2457 levels). A significant break above the same may lead the pair to trade higher for the coming week. Moreover, if market fails to breach the \$1.3800 levels may possible to resume its consolidation phase. The momentum indicator RSI (14) weekly is trading at 0.39 levels and showing a high potential.

OUTLOOK

The ECB is also benefitting from the notion that perhaps the worst of the Greek deficit crisis has passed. **Technically, we expect EURO/USD pair to trade sideways to higher for the coming week. Recommend buying only on break of 1.3800 levels.**



GBP/USD- SPOT

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
GBP/USD	SPOT	1.4800	1.5040	1.5212	1.5330	1.5600	Sideways to higher

GBP SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	1.5135	1.5201	-0.43
LOW	1.4873	1.4784	0.60
HIGH	1.5218	1.5209	0.06
CLOSE	1.5204	1.5137	0.44

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
FTSE 100 INDX	5625.650	5599.760	0.462
DAX INDEX	5945.110	5877.360	1.153
GBP1M BGN Currency	1.520	1.521	-0.032
GBP3M BGN Currency	1.519	1.513	0.442



OUTLOOK

The British pound continues to recoup recent losses against the dollar over the optimistic view on the general elections expected in May. **Technically we expect GBP/USD to trade sideways to higher and recommend buying on break of \$1.5273 levels.**

FUNDAMENTAL REVIEW

- ◆ The **British pound** traded in broad range in past week, to end on marginal upside of 0.44%
- ◆ The industrial production was 0.6% up in January, as compares to December's 2.6% slump revised to a much smaller 1.0% decline
- ◆ The merchandise trade shrank unexpectedly; January posted a surplus of just Euro 8.7 Billion, its smallest since February 2009
- ◆ Exports fell 6.3% from revised Euro 16.6 Billion surplus in December, while the imports jump by 6.0%. Exports now stand just 0.2% higher on the year while imports are 1.4% weaker
- ◆ Inflation was revised in line with the expectations. Hence, the CPI rose 0.4% M/M; which in returned reduced the annual inflation rate to 0.6%
- ◆ A survey from the Bank of England showed Britain's expectations for inflation over the next 12 months rose to 2.5% in February

TECHNICAL SNAPSHOT

The spot currency pair GBP/USD initially traded down and after making a low of \$1.4873 it recovered from the lows and settled higher at \$1.5204 levels. However, the stiff resistance is at \$1.5273 levels (50% retracement of the range \$1.7043-\$1.3503 levels) only on breach and sustain above the same likely to extend its gains for the coming week. Moreover, pair is expected to move in the band of \$1.5273-\$1.4855 levels in the near term. Either side break out would confirm the trend. The momentum indicator RSI (14) is trading at 0.33 levels and expected to move higher.



USD/JPY-SPOT

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
USD/JPY	SPOT	88.00	89.30	90.46	91.50	93.00	Sideways to lower bias

JPY SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	90.3900	88.8300	1.76
LOW	89.6300	88.1400	1.69
HIGH	91.0900	90.5900	0.55
CLOSE	90.5600	90.2800	0.31

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
NIKKE INDEX	10777.49	10368.96	3.94
JPY1M BGN Currency	90.54	90.27	0.30
JPY3M BGN Currency	0.00	0.00	0.00

FUNDAMENTAL REVIEW

- ◆ The **Japanese yen** depreciated W/W basis despite rising to 89.63 while lowering to 91.90 mid week
- ◆ The growing speculation that the Bank of Japan would take further monetary easing measures pressurized yen to trade low
- ◆ The JPY has been supported by repatriation flows by Japanese corporate before the financial year closings
- ◆ The economy grew less than initially estimated as Q4 GDP was revised to +0.9% Q/Q as compares to expectations of +1.1%
- ◆ The quantum of Japanese buying foreign bonds and stocks as well as the foreigners buying Japanese bonds and stocks increased for the prior week suggesting rebuilt of confidence in the economic recovery
- ◆ Industrial Production rose to 2.70% in January from prior of 2.50% along with capacity utilization rising to 3.90% compares prior fo 1.40%



TECHNICAL SNAPSHOT

The spot currency pair USD/JPY traded marginally sideways to higher by extending the previous weeks high and after making a high of 91.09 it settled at 90.56 levels. Closing of the previous week's candle renders indecisive movements for the coming week. Moreover, pair is in consolidation phase and moving in the range of 92-88 for the past eight weeks, which is likely to continue the same trend for this week. Market is witnessing a stiff resistance (trend line) at 92 levels sustain below the same likely to push the pair on downside.

OUTLOOK

The Japanese Yen's current market pricing do not represent the true inherent fundamentals and might be necessary to take aggressive action against a strong JPY. **Technically we expect USD/JPY to trade sideways for the coming week.**



Economic data releases

Date	Time	Region	Event	Period	Survey	Prior
03/15/2010	12:00	IN	Monthly Wholesale Prices YoY%	FEB	9.65%	8.56%
03/15/2010	15:30	EC	Euro zone Employment (QoQ)	4Q	--	-0.50%
03/15/2010	18:00	US	Empire Manufacturing	MAR	22	24.91
03/15/2010	18:30	US	Net Long-term TIC Flows	JAN	\$47.5B	\$63.3B
03/15/2010	18:30	US	Total Net TIC Flows	JAN	--	\$60.9B
03/15/2010	18:45	US	Industrial Production	FEB	0.00%	0.90%
03/15/2010	18:45	US	Capacity Utilization	FEB	72.50%	72.60%
03/16/2010	15:30	EC	Euro-Zone CPI (MoM)	FEB	0.30%	-0.80%
03/16/2010	15:30	EC	ZEW Survey (Econ. Sentiment)	MAR	38.5	40.2
03/16/2010	18:00	US	Import Price Index (MoM)	FEB	-0.20%	1.40%
03/16/2010	18:00	US	Import Price Index (YoY)	FEB	11.30%	11.50%
03/16/2010	18:00	US	Housing Starts	FEB	570K	591K
03/16/2010	18:00	US	Housing Starts MOM%	FEB	-3.60%	2.80%
03/16/2010	18:00	US	Building Permits	FEB	601K	621K
03/16/2010	18:00	US	Building Permits MOM%	FEB	-3.40%	-4.90%
03/16/2010	23:45	US	FOMC Rate Decision	17-Mar	0.25%	0.25%
03/17/2010	02:30	US	ABC Consumer Confidence	15-Mar	--	-49
03/17/2010	15:30	EC	Construction Output SA MoM	JAN	--	0.50%
03/17/2010	18:00	US	Producer Price Index (MoM)	FEB	-0.20%	1.40%
03/18/2010	12:00	IN	Primary Articles WPI YoY	6-Mar	--	15.08%
03/18/2010	12:00	IN	Fuel Power Light WPI YoY	6-Mar	--	11.38%
03/18/2010	14:30	EC	ECB Euro-Zone Current Account SA	JAN	--	1.9B
03/18/2010	14:30	EC	Euro-Zone Current Account nsa	JAN	--	9.4B
03/18/2010	15:30	EC	Euro-Zone Trade Balance	JAN	-4.0B	4.4B
03/18/2010	18:00	US	Consumer Price Index (MoM)	FEB	0.10%	0.20%
03/18/2010	18:00	US	Initial Jobless Claims	14-Mar	455K	462K
03/18/2010	18:00	US	Current Account Balance	4Q	-\$119.8B	-\$108.0B
03/18/2010	18:00	US	Continuing Claims	7-Mar	4515K	4558K
03/18/2010	19:30	US	Philadelphia Fed.	MAR	18	17.6
03/18/2010	19:30	US	Leading Indicators	FEB	0.10%	0.30%



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