



## INR

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
NSE	Mar2010	45.0000	45.300	45.5275	45.7000	46.1000	Buy above 45.7 TP 46 SL 45.30
MCX-SX	Mar2010	45.0000	45.300	45.5275	45.7000	46.1000	Buy above 45.7 TP 46 SL 45.30

INDICATORS	This Week	1 Week ago	% CHANGE
LIBOR 1Mth	0.2451	0.2300	6.55
LIBOR 3Mth	0.2775	0.2572	7.90
MIBOR 1Mth	0.4000	0.4100	-2.44
MIBOR 3Mth	0.6400	0.6500	-1.54
U.S. 5Yr Bond Yield	2.4559	2.4051	2.11
U.S. 10Yr Bond Yield	3.6892	3.7006	-0.31
India 5Yr Bond Yield	7.5310	7.5890	-0.76
India 10Yr Bond Yield	7.8860	8.0140	-1.60
Reference Rate	45.4800	45.4500	0.07
CBLO Rate	2.9900	2.4500	22.04
Call Rate	3.3000	3.2800	0.61

ASIAN CURRENCY PAIR	This Week	1 Week ago	% CHANGE
Chinese Yuan	6.8266	6.8256	0.01
Hongkong Dollar	7.7593	7.7572	0.03
Indian Rupee	45.4966	45.4450	0.11
Indonesian Rupiah	9108.0000	9152.0000	-0.48
Myanmar Ringgit	3.3035	3.3070	-0.11
Philippines Peso	45.5350	45.6600	-0.27
Singapore Dollar	1.3986	1.3942	0.32
S Korean Won	1132.8000	1128.2000	0.41
Taiwan Dollar	31.7430	31.7470	-0.01
Thailand Baht	32.3100	32.5400	-0.71

Particular (in USD MIO)	This Week	Last Week	% Change
Foreign Current Asset	255321	254072	0.49
Special Drawing Rights	5069	5047	0.44
Gold Reserves	17920	17920	0.00
Positions in IMF	1398	1392	0.43
Total FOREX Reserves	279708	278431	0.46

REFERENCE RATE	This Week	Last Week	% Change
USDINR	45.4800	45.4500	0.07
EURINR	61.8900	62.2700	-0.61
GBPINR	69.0932	71.0467	-2.75
JPYINR 100	50.2800	50.1400	0.28

## FUNDAMENTAL REVIEW

**The Indian rupee depreciated slightly in the prior week** as the dollar index marched high against the majors. However the steady equity markets kept the losses checked. Heavy dollar sales by corporate supplemented the rise, while irregular dollar buying by the oil firms limited the rally.

**The Foreign Institutional Investors have been the net buyers of \$3.2 billion** of local shares in the year 2010 till March 12, as compares to \$17.5 billion of inflows in the year 2009.

**The benchmark wholesale-price index (India's inflation)** hastened to a 16-month high at 9.89% in February, following an 8.56% increase in January. The median forecast was for a 9.69% gain.

**Apprehended by the spurring inflationary concerns, RBI raised both the repo and reverse repo rates** by 25 basis points each. The repo rate now stands at 5.00%, and the reverse repo at 3.50%. However the CRR is maintained at the prior levels of 5.00%.

**Standard & Poor's raised the ratings for India** and also suggested the economic outlook to turn stable from negative earlier. They further said that the budget brings in hopes to better-off the country's fiscal position and the economy would remain on a strong growth path.

**Dollar index marched higher during the week**, as economic tensions kept the basket majors checked. The Finance Ministry's 2-day meeting in Brussels over Greece issue disclosed the fact that EU will not provide any financial aid to Greece ailing economy, while worries over general elections slips Pound. The U.S. Federal Reserve pledged to hold interest rates low at 0.25% for an "extended period", to sustain economic recovery.



## TECHNICAL SNAPSHOT

The spot currency pair USD/INR traded sideways last week by continuing the preceding trend and after making a high of 45.6750 it settled near to its opening levels with formation of "Doji". Closing of the previous weeks candle renders indecisive movements for the coming week. However, market is witnessing a stiff resistance at 45.7000 levels sustain below the same expected to resume its downtrend. Only a significant break above 45.7000 may change the existing trend.

## OUTLOOK

- ◆ **The coming week we expect a host of data release from the US, per se Existing Home Sales, New Home Sales, Durable Goods Orders, Initial Jobless Claims, Continuing Claims, Personal Consumption among others.** As per the Bloomberg data expectations, the data is inclined slightly towards the positive side. Conversely the actual will lead the way. Improvement in housing sector indicate demand for the industrial metals to grow
- ◆ **The dollar premium on Indian front** is expected to rise with the month end approaching. The oil importers and refiner enter into heavy dollar buying to clear of the bill payments and thus rise the demand for forwards contract
- ◆ **The soaring food prices** are weighing on the overall Wholesale Price Index (Inflation) and thus speculating concerns over tightening of monetary policy by the government
- ◆ **Week ahead, we expect rupee to trade sideways to dollar index. The upcoming month end dollar demand might pressurize the forwards premium, while equities moving steady would hold the momentum. Retreating capital flows from the FII's supplement the gains. Technically, we expect the currency pair USD/INR to trade indecisive and recommend selling if market sustain below 45.7000 levels**

CROSS	This Week	1 Week ago	% CHANGE
USDINR	45.4966	45.4450	0.11
EUROINR	61.5287	62.6008	-1.71
GBPINR	68.3350	69.1031	-1.11
JPY (100)	50.2700	50.1800	0.18
MYR	13.7723	13.7413	0.23
SGD	32.5295	32.5960	-0.20
ICE DX	80.3620	80.0750	0.36

INDICES	This Week	1 Week ago	% CHANGE
INR SPOT	45.4966	45.4450	0.11
MCX-SX	45.5375	45.4900	0.10
NSE	45.5400	45.5000	0.09
1 Mth FORWARD	45.4934	45.5000	-0.01
1 Mth NDF	45.6400	45.5400	0.22
NIFTY	5262.80	5137.00	2.45
SENSEX	17578.23	17166.62	2.40



## DOLLAR INDEX

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
Dollar Index	SPOT	78.86	79.50	80.724	81.342	82.000	Buy at 80.2 TP 81.3 SL 79.5



### TECHNICAL SNAPSHOT

Dollar index extended gains last week by reversing the preceding weeks fall and after making a high of 80.889 it settled at 80.724 levels. Market is trading extremely sideways for the past six weeks in the band of 81.3-79.5 levels, which is likely to continue the same trend for the coming week. A significant break above 81.342 may lead the index to gain further in the near term. However, if market fails to breach 81.342 expected to resume its consolidation phase. Trading above the weekly short term (10, 20) and medium term (50) EMA renders sideways to higher movements in the near term. The momentum indicator RSI (14) weekly is trading at 0.63 levels and still having a potential to move higher.

### OUTLOOK

*We expect Dollar index to trade sideways to higher.*

Dollar Index Spot	THIS WEEK	LAST WEEK	% CHANGE
OPEN	79.8160	80.4380	-0.77
LOW	79.5070	79.6920	-0.23
HIGH	80.8890	80.8590	0.04
CLOSE	80.7240	79.8330	1.12

INDICES	This Week	1 Week ago	% CHANGE
NASDAQ	2374.41	2367.66	0.29
DJIA	10741.98	10624.69	1.10
S/P 500 INDEX	1159.90	1149.99	0.86



## EUR / USD- SPOT

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
EURO /USD	SPOT	1.3260	1.3430	1.3527	1.3675	1.3800	Sell at 1.3650 TP 1.3300 SL 1.3800

EUR SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	1.3768	1.3619	1.09
LOW	1.3503	1.3537	-0.25
HIGH	1.3818	1.3796	0.16
CLOSE	1.3530	1.3769	-1.74

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
MXEM EMU INDEX	89.2200	89.1300	0.10
EUR1M BGN Curncy	1.3530	1.3769	-1.73
EUR3M BGN Curncy	1.3530	1.3768	-1.73



### OUTLOOK

The European Central Bank member Stark demanded for credit default swaps in order to improve their fiscal finances. The Greece issue remaining would further pose downside risk in Euro. **Technically, we expect EURO/USD pair to trade lower and recommend selling below 1.3485**

### FUNDAMENTAL REVIEW

- ◆ The **European** currency fall against the dollar as the Greece crisis crumpled investment in the European nations, expecting issue to carry contagion effect in other nations as well
- ◆ The merchandised trade balance was in deficit by Euro 8.9 Billion for 2010 beginning as compares with a Euro 12.1 Billion shortfall in year 2009
- ◆ The exports posted a 5.0% increase while imports were up only 1.0% Y/Y. The exports recovered with increasing confidence in Euro-zone industry regarding the outlook for global demand
- ◆ The optimism of Greece receiving aid from Euro-zone members was low. Greece further warned that it cannot achieve promised deficit cuts if its borrowing costs remain so high and may have to call in the IMF
- ◆ The euro-zone consumer price index expand 0.3% while the consumer prices were also up 0.9% y/y
- ◆ The ZEW economic sentiment survey fell to 37.9 in February from the prior reading of 40.2

### TECHNICAL SNAPSHOT

The Spot currency pair EURO/USD fell sharply last week by reversing the preceding trend and after making a low of \$1.3499, it settled at \$1.3527 levels. Market is in consolidation phase for the past six weeks and likely to continue the same trend if it fails to breach \$1.3485 levels. A convincing break below \$1.3485(61.8% retracement of the range \$1.5153-\$1.2454 levels) may lead the pair to drop further in the near term. The momentum indicator RSI (14) weekly is trading at 0.34 levels and still having a potential to move down. Trading below the weekly short term (10, 20) and medium term (50) EMA renders downside pressure.



## GBP/USD- SPOT

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
GBP/USD	SPOT	1.4600	1.4780	1.5013	1.5140	1.5380	Sell at 1.5078 TP 1.4800 SL 1.5230

GBP SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	1.5200	1.5135	0.43
LOW	1.4979	1.4873	0.71
HIGH	1.5382	1.5218	1.08
CLOSE	1.5013	1.5204	-1.26

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
FTSE 100 INDX	5650.120	5625.650	0.435
DAX INDEX	5982.430	5945.110	0.628
GBP1M BGN Currency	1.501	1.521	-1.343
GBP3M BGN Currency	1.501	1.519	-1.247



### OUTLOOK

The Cable continues to suffer from political uncertainty ahead of the upcoming mandatory General Election. The new government expected to form, may not be able to form a majority government if he wins, and this could lead to a weaker pound. **Technically we expect GBP/USD to trade sideways to lower and recommend selling near resistance levels.**

### FUNDAMENTAL REVIEW

- ◆ The **British pound** weakened last week due to ongoing concerns and feeble data releases
- ◆ The ZEW survey of economic sentiment indicates that analysts are little more cautious about prospects for the German economy. Hence the index slipped 0.7 points to 44.4, somewhat stronger than the anticipated but still its sixth consecutive fall
- ◆ The public sector net borrowing in February was GBP 12.361 billion, below economists' forecast of GBP 14.75 billion
- ◆ Mid week, the British pound strengthened to a near three-week high vs. the dollar as data showed the jobless claims fell by 32,000 in February, the largest decline since 1997
- ◆ The BoE minutes showed policymakers unanimously voted to keep monetary policy unchanged at 1%
- ◆ Bank of England Monetary Policy Committee member Barker reported the U.K. economy could retreat to recession again, adding the economic recovery will continue to be "bumpy and fragile"

### TECHNICAL SNAPSHOT

The spot currency pair GBP/USD initially traded higher and after witnessing a high of \$1.5380, due to market instability to sustain at higher levels made pair to settle down at \$1.5013 levels. Closing of the previous weeks candle renders sideways to lower movements. However, market is witnessing a stiff resistance at \$1.5271 (50% retracement of the range \$1.7055-\$1.3487) levels sustain below the same likely to push the pair on lower note. The crucial support is at \$1.485 levels if market fails to breach the same likely to move sideways.



## USD/JPY-SPOT

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
USD/JPY	SPOT	88.00	89.30	90.53	91.30	93.00	Sideways

JPY SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	90.6400	90.3900	0.28
LOW	89.7600	89.6300	0.15
HIGH	90.9700	91.0900	-0.13
CLOSE	90.5400	90.5600	-0.02

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
NIKKEI INDEX	10864.30	10751.26	1.05
JPY1M BGN Curncy	90.52	90.54	-0.03
JPY3M BGN Curncy	0.00	0.00	0.00

### FUNDAMENTAL REVIEW

- ◆ The **Japanese yen** moved sideways against the dollar index, while ended the week on marginal appreciation
- ◆ A survey showed Japanese companies have become far less gloomy about economic conditions than three months ago
- ◆ The Bank of Japan loosened monetary policies and doubled the scale of the money supply tools it adopted in December, aimed at curbing a yen rise
- ◆ In the mid week, the Japanese firm's repatriated funds ahead of the fiscal year-end on March 31. So this factor also lead to some sudden upsides in the currency
- ◆ Now when India has increased its key benchmark rates, expectedly Japan is also to follow the queue
- ◆ This week the mintues of Japanese monetary policy meet would be crucial to watch for



### TECHNICAL SNAPSHOT

The spot currency pair USD/JPY witnessed extremely sideways movements last week and after making a low of 89.74 levels, it closed at 90.53. Moreover, market is trading below weekly medium term (50) EMA suggesting downside movements. Nevertheless, trend is still on bearish side until market holds the 92 resistance. However, we expect pair to move in the band of 92-88 levels for coming week. Either side break out would confirm the trend.

### 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
03/22/2010	20:30	EC	Euro-Zone Consumer Confidence	MAR A	-17	-17
03/23/2010	19:30	US	Existing Home Sales	FEB	4.98M	5.05M
03/23/2010	19:30	US	Existing Home Sales MoM	FEB	-1.40%	-7.20%
03/24/2010	02:30	US	ABC Consumer Confidence	22-Mar	--	-43
03/24/2010	14:00	GE	PMI Manufacturing	MAR A	56.8	57.2
03/24/2010	14:00	GE	PMI Services	MAR A	52.1	51.9
03/24/2010	14:30	EC	PMI Services	MAR A	52	51.8
03/24/2010	14:30	EC	PMI Manufacturing	MAR A	54	54.2
03/24/2010	14:30	EC	PMI Composite	MAR A	53.8	53.7
03/24/2010	15:30	EC	Industrial New Orders SA (MoM)	JAN	1.80%	0.80%
03/24/2010	15:30	EC	Industrial New Orders SA (YoY)	JAN	13.90%	9.50%
03/24/2010	18:00	US	Durable Goods Orders	FEB	0.50%	3.00%
03/24/2010	19:30	US	New Home Sales	FEB	315K	309K
03/24/2010	19:30	US	New Home Sales MoM	FEB	1.90%	-11.20%
03/25/2010	12:00	IN	Primary Articles WPI YoY	13-Mar	--	14.16%
03/25/2010	12:00	IN	Fuel Power Light WPI YoY	13-Mar	--	12.68%
03/25/2010	18:00	US	Initial Jobless Claims	21-Mar	450K	457K
03/25/2010	18:00	US	Continuing Claims	14-Mar	4560K	4579K
03/26/2010	07:30	CH	Industrial Profits YTD YoY	FEB	--	7.80%
03/26/2010	18:00	US	GDP QoQ (Annualized)	4Q T	5.90%	5.90%
03/26/2010	18:00	US	Personal Consumption	4Q T	1.70%	1.70%
03/26/2010	18:00	US	GDP Price Index	4Q T	0.40%	0.40%
03/26/2010	18:00	US	Core PCE QoQ	4Q T	1.60%	1.60%
03/26/2010	19:25	US	U. of Michigan Confidence	MAR F	73	72.5



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