



INR

| Exchange | Contract | S 2 | S1 | Close | R 1 | R2 | Recommendation |
|----------|----------|---------|---------|---------|---------|---------|--------------------|
| NSE | May2010 | 44.0000 | 44.3700 | 44.4600 | 44.7800 | 45.1000 | Sideways to higher |
| MCX-SX | May2010 | 44.0000 | 44.3700 | 44.4600 | 44.7800 | 45.1000 | Sideways to higher |

| INDICATORS | This Week | 1 Week ago | % CHANGE |
|-----------------------|-----------|------------|----------|
| LIBOR 1Mth | 0.2800 | 0.2644 | 5.91 |
| LIBOR 3Mth | 0.3466 | 0.3206 | 8.09 |
| MIBOR 1Mth | 0.4100 | 0.4100 | 0.00 |
| MIBOR 3Mth | 0.6600 | 0.6400 | 3.13 |
| U.S. 5Yr Bond Yield | 2.4164 | 2.5881 | -6.63 |
| U.S. 10Yr Bond Yield | 3.6532 | 3.8092 | -4.10 |
| India 5Yr Bond Yield | 7.4370 | 7.5890 | -2.00 |
| India 10Yr Bond Yield | 8.0630 | 8.0590 | 0.05 |
| Reference Rate | 44.4400 | 44.5400 | -0.22 |
| CBLO Rate | 3.6900 | 3.3600 | 9.82 |
| Call Rate | 3.9000 | 3.5000 | 11.43 |

| ASIAN CURRENCY PAIR | This Week | 1 Week ago | % CHANGE |
|---------------------|-----------|------------|----------|
| Chinese Yuan | 6.8253 | 6.8274 | -0.03 |
| Hongkong Dollar | 7.7641 | 7.7629 | 0.02 |
| Indian Rupee | 44.3650 | 44.4363 | -0.16 |
| Indonesian Rupiah | 9010.00 | 9012.00 | -0.02 |
| Myanmar Ringgit | 3.1838 | 3.1916 | -0.24 |
| Philippines Peso | 44.4600 | 44.3300 | 0.29 |
| Singapore Dollar | 1.3707 | 1.3704 | 0.02 |
| S Korean Won | 1108.30 | 1108.85 | -0.05 |
| Taiwan Dollar | 31.3390 | 31.3320 | 0.02 |
| Thailand Baht | 32.4000 | 32.2100 | 0.59 |

| Particular (in USD MIO) | This Week | Last Week | % Change |
|--------------------------|-----------|-----------|----------|
| Foreign Current Asset | 255127 | 255691 | -0.22 |
| Special Drawing Rights | 4988 | 5026 | -0.76 |
| Gold Reserves | 17986 | 17986 | 0.00 |
| Positions in IMF | 1375 | 1386 | -0.79 |
| Total FOREX Reserves | 279476 | 280089 | -0.22 |

| REFERENCE RATE | This Week | Last Week | % Change |
|----------------|-----------|-----------|----------|
| USDINR | 44.4400 | 44.5400 | -0.22 |
| EURINR | 58.9400 | 58.9100 | 0.05 |
| GBPINR | 68.3132 | 71.0467 | -3.85 |
| JPYINR 100 | 47.2500 | 47.6700 | -0.88 |

FUNDAMENTAL REVIEW

The partially convertible currency moved quite unpredictable against the dollar index on account of global turmoil in the market--China raising reserve requirement, S&P cutting down the credit rating for Greece, Spain and Portugal and the US pressurizing China to revalue its currency. However, the currency overall strengthened against the dollar due to unremitting FII inflows and support from Equity markets.

The Indian rupee has appreciated by 4.80% in the first four months of 2010, FII inflows being the significant drivers for currency movement. The FII have made net purchase of close to \$6.2 billion for the year 2010, adding to the \$17.5 billion inflows in 2009. Rupee gained 4.70% in 2009.

However, demand for dollars from oil firms to meet month-end demand also limited a further rise in the rupee. Investors looked for dollar's movement vis-à-vis the overseas currencies for further trade directions.

The dollar index, a performance track against the majors, traded mostly strong as the overseas major's weakened. Concerns that the debt crisis in Greece will spread to other European economies condensed demand for riskier assets and augment demand for dollar.

The European Central Bank officials opposing the speculation of spill over to other countries in the euro region, was of little help. German Chancellor Angela Merkel denied releasing Greek bailout funds until the country shows it's got a "sustainable, credible" plan to cut its budget deficit.



TECHNICAL SNAPSHOT

The spot Indian rupee initially it made a weekly high of 44.7500 levels later it resumed its downtrend and settled lower at 44.3500 levels. Prices are trading extremely sideways for the past four week's and hovering in the band of 44.0500-44.7800 levels. Initial bias remains sideways for this week. However, the immediate support is at 44.0500 levels on break below likely to extend its drop till 43.7000 then 43.4500 levels. In case, if market fails to breach the same expected to resume its consolidation phase. The momentum indicator RSI (14) weekly is trading at 0.28 levels (Oversold zone) and expected to bounce back. Overall, we expect prices to trade sideways.

OUTLOOK

- ◆ Dollar index is expected to nudge higher due to better-than-expected economic data releases from the US and safe haven demand for dollar to subdue the appeal for currency denominated commodities
- ◆ The weekly food inflation is suggesting signs of recovery as the concerns of higher food prices subdue with "normal monsoons" been predicted by the MeT. The food inflation for week ending 17-April came at 12.69% compares 12.45% in penultimate week
- ◆ India is due to release percentage change in import and exports for the March month. Rise in exports and lowering imports are suitable conditions for an economy, which people look forward to
- ◆ Week ahead, we expect rupee to trade range bound against the dollar index, as the equity markets are shaken by the change in Chinese reserve requirement—third time in the year. Easing food inflation is a positive factor, while ailing equity markets could restrict higher FII inflows in the future. Moreover, the safe haven image of dollar could hamper the rupee appreciation in the short run—at least till the euro-zone debt issues gets resolved. Technically, we expect Indian rupee to trade in the range of 44.0000-44.7800 levels. Either side breakout would confirm the trend

| CROSS | This Week | 1 Week ago | % CHANGE |
|--------------|-----------|------------|----------|
| USDINR | 44.3650 | 44.4363 | -0.16 |
| EUROINR | 58.8570 | 59.3895 | -0.90 |
| GBPINR | 67.7493 | 68.3283 | -0.85 |
| JPY (100) | 47.2600 | 47.3000 | -0.08 |
| MYR | 13.9326 | 13.9228 | 0.07 |
| SGD | 32.3679 | 32.4258 | -0.18 |
| Dollar Index | 80.3620 | 81.3520 | -1.22 |

| INDICES | This Week | 1 Week ago | % CHANGE |
|---------------|-----------|------------|----------|
| INR SPOT | 44.3650 | 44.4363 | -0.16 |
| MCX-SX | 44.4575 | 44.5800 | -0.27 |
| NSE | 44.4600 | 44.5775 | -0.26 |
| 1 Mth FORWARD | 44.5475 | 44.4787 | 0.15 |
| 1 Mth NDF | 44.4900 | 44.6200 | -0.29 |
| NIFTY | 5278.00 | 5304.10 | -0.49 |
| SENSEX | 17558.71 | 17694.20 | -0.77 |



DOLLAR INDEX

| Exchange | Contract | S 2 | S1 | Close | R 1 | R2 | Recommendation |
|--------------|----------|-------|--------|--------|--------|--------|--------------------|
| Dollar Index | SPOT | 80.90 | 81.160 | 81.866 | 82.240 | 82.720 | Sideways to higher |



TECHNICAL SNAPSHOT

Dollar index witnessed an upside rally in the last week by extending its previous gains and after making a high of 82.714 it settled at 81.893 levels. Market is likely to see a mild lower correction before resuming its uptrend. The crucial support is at 81.40 levels (trend line) sustain above the same expected to resume its uptrend for this week. Trading above the weekly short term (10, 20) EMA suggesting an upside movements to be continued in the near term. The immediate resistance is at 82.240 levels on breach and sustained trade above likely to gain till 83 then 83.40 levels. The momentum indicator RSI (14) weekly is trading at 0.65 levels and still having a potential to move higher. However, if market breaches the support at 81.40 levels a lower correction cannot be ruled out.

OUTLOOK

We expect dollar index to move higher and recommend buying near support levels.

| Dollar Index Spot | THIS WEEK | LAST WEEK | % CHANGE |
|-------------------|-----------|-----------|----------|
| OPEN | 81.4530 | 80.8760 | 0.71 |
| LOW | 81.1680 | 80.7610 | 0.50 |
| HIGH | 82.7140 | 82.0740 | 0.78 |
| CLOSE | 81.8660 | 81.3520 | 0.63 |

| INDICES | This Week | 1 Week ago | % CHANGE |
|---------------|-----------|------------|----------|
| NASDAQ | 2461.19 | 2530.15 | -2.73 |
| DJIA | 11008.61 | 11204.28 | -1.75 |
| S/P 500 INDEX | 1186.69 | 1217.28 | -2.51 |



EUR / USD- SPOT

| Exchange | Contract | S 2 | S1 | Close | R 1 | R2 | Recommendation |
|-----------|----------|--------|--------|--------|--------|--------|------------------------|
| EURO /USD | SPOT | 1.3090 | 1.3190 | 1.3294 | 1.3420 | 1.3550 | Sideways to lower bias |

| EUR SPOT | THIS WEEK | LAST WEEK | % CHANGE |
|----------|-----------|-----------|----------|
| OPEN | 1.3360 | 1.3501 | -1.04 |
| LOW | 1.3115 | 1.3202 | -0.66 |
| HIGH | 1.3416 | 1.3523 | -0.79 |
| CLOSE | 1.3294 | 1.3384 | -0.67 |

| PARTICULARS | THIS WEEK | LAST WEEK | % CHANGE |
|------------------|-----------|-----------|----------|
| MXEM EMU INDEX | 87.8000 | 90.5800 | -3.07 |
| EUR1M BGN Curncy | 1.3295 | 1.3385 | -0.67 |
| EUR3M BGN Curncy | 1.3297 | 1.3386 | -0.66 |



FUNDAMENTAL REVIEW

- ◆ The **European** currency rose in initial part of the week following positive comments from EU officials which to reduce fears over the aid package offered to Greece, but lately the credit rating cut came a surprise blow to the market
- ◆ Euro Zone debt crisis could spread after downgrades of Greece and Portugal's credit ratings by S&P
- ◆ German lawmakers reported that the Greece bailout package could total EUR 120 Billions over 3 years after meeting with IMF officials
- ◆ The single currency was hurt by a surge in Greek government bond yields--driving their spreads over German benchmarks to new records --a day after ratings agency Standard & Poor's cut Greek debt to junk level and downgraded Portugal

TECHNICAL SNAPSHOT

The single currency EURO dropped as low as \$1.3112 in the last week later it recovered and settled at \$1.3296 levels. Closing of the previous week's candle suggesting an upside movements for this week. However, market is finding a stiff resistance at \$1.348 (61.8% retracement of the fall \$1.5161-\$1.2441 levels) only on breach of the same expected to gain further. In case, if market fails to breach the same likely to trade in the band of \$1.348-\$1.3080 levels. The momentum indicator RSI (14) weekly is trading at 0.32 levels (Oversold zone) and showing a higher potential. We expect prices to gain further only on breach and sustained trade above \$1,348 levels.

OUTLOOK

The European common currency should remain under pressure given a lack of clarity on the Euro Zone outlook and whether there will be more contagion to other member countries. **Technically, we expect recommend buying above \$1.348 for a possible target of \$1.3600 then \$1.3800 levels.**



GBP/USD- SPOT

| Exchange | Contract | S 2 | S1 | Close | R 1 | R2 | Recommendation |
|----------|----------|--------|--------|--------|--------|--------|-------------------|
| GBP/USD | SPOT | 1.5100 | 1.5120 | 1.5274 | 1.5335 | 1.5500 | Sideways to lower |

| GBP SPOT | THIS WEEK | LAST WEEK | % CHANGE |
|----------|-----------|-----------|----------|
| OPEN | 1.5371 | 1.5378 | -0.05 |
| LOW | 1.5126 | 1.5192 | -0.43 |
| HIGH | 1.5498 | 1.5473 | 0.16 |
| CLOSE | 1.5274 | 1.5377 | -0.67 |

| PARTICULARS | THIS WEEK | LAST WEEK | % CHANGE |
|--------------------|-----------|-----------|----------|
| FTSE 100 INDX | 5553.29 | 5723.65 | -2.976 |
| DAX INDEX | 6135.70 | 6259.53 | -1.978 |
| GBP1M BGN Currency | 1.527 | 1.547 | -1.288 |
| GBP3M BGN Currency | 1.527 | 1.537 | -0.664 |

FUNDAMENTAL REVIEW

- ◆ The **British pound** ended the prior week on marginal depreciation after falling to 1.51 levels mid-week
- ◆ Sterling fell against the US dollar as the risk of fall out from Greece's deepening crisis put the focus back on the UK's fiscal problems
- ◆ Consumer prices undershot expectations in April when it posted a 0.1% decline from March. The surprise fall shaded the annual inflation rate by a tick to 1.0%
- ◆ Possibility that no political party will win a majority at next week's election, feared investors that the incoming government may struggle to take tough measures to cut the UK's deficit, which is expected to come close to 12% of gross domestic product
- ◆ The German unemployment rate for April month, lowered to 7.80% as compared to expectations and prior 8.00%, along with unemployment change lowering to -68K as compares to -31K in prior month and survey of -10K



TECHNICAL SNAPSHOT

The pound witnessed sideways to lower trading in the last week and after making a low of \$1.5124 it settled at \$1.5296 levels. Prices are in a consolidation phase for the past four weeks and unable to breach the high of \$1.5575 levels. Market is likely to continue the same trend for this week and expected to hover in the band of \$1.5575-\$1.5127 levels. Supporting to the above analysis market is still holding its downtrend until if it breaches the trend line (yellow dotted line) resistance at \$1.5575. Overall, market is expected to be in downtrend for this week.

OUTLOOK

The UK elections coming in less than two weeks may add some volatility to the pair. A hung parliament in the UK is looking likely, which could leave sterling susceptible on the downside. **Technically we expect pound to trade sideways to lower. However, if market breaches the resistance at \$1.5575 levels possible to reverse the trend.**



USD/JPY-SPOT

| Exchange | Contract | S 2 | S1 | Close | R 1 | R2 | Recommendation |
|----------|----------|------|------|-------|------|------|--------------------------------|
| USD/JPY | SPOT | 91.6 | 92.8 | 93.85 | 94.7 | 96.3 | Buy above 94.7 TP 96.3 SL 93.8 |

| JPY SPOT | THIS WEEK | LAST WEEK | % CHANGE |
|----------|-----------|-----------|----------|
| OPEN | 93.9900 | 92.0700 | 2.09 |
| LOW | 92.8200 | 91.6000 | 1.33 |
| HIGH | 94.5800 | 94.3200 | 0.28 |
| CLOSE | 93.8500 | 93.9700 | -0.13 |

| PARTICULARS | THIS WEEK | LAST WEEK | % CHANGE |
|------------------|-----------|-----------|----------|
| NIKIE INDEX | 11213.45 | 10914.46 | 2.74 |
| JPY1M BGN Curncy | 93.82 | 93.95 | -0.13 |
| JPY3M BGN Curncy | 0.00 | 0.00 | 0.00 |



OUTLOOK

The Japanese Yen is expected some more pressure from the Euro-nations to continue for the coming week, along with the scheduled BoJ Monetary Policy Meeting Minutes for April. **Technically we expect yen to trade higher and recommend buying above 94.70 levels.**

FUNDAMENTAL REVIEW

- ◆ The *Japanese yen* ended the week on slight appreciation due to supportive economic data releases while Euro debt crisis checked higher gains
- ◆ The Japanese yen weakened against the US dollar in mid-week despite positive economic news on hopes of the IMF propping up debt ridden Greece with more funding than initially stated
- ◆ March retail sales were up 4.7% Y/Y after rising 4.2% in February- the third straight month that sales posted an increase. This was good news for Japan's economy as it continues to try to escape deflation
- ◆ The industrial production for March month fell 0.30% against the expected rise of 0.80%, while prior being at -0.70%
- ◆ Japanese buying foreign stocks for the week ending 23 April increased to 64.4 billion Yuan while foreigners buying Japanese stocks stood at -34.9 billion Yuan

TECHNICAL SNAPSHOT

The spot yen prices traded extremely sideways in the last week and after making a high of 94.60 it settled lower at 93.82 levels. Closing of the previous weeks candle renders indecisive movements for the coming week. The formation of **"Bullish engulfing"** pattern is still holding its uptrend. However, market is witnessing a stiff resistance at 9.70 levels on break above likely to extend its gains till 96 levels. Trading above the weekly short term (10, 20) EMA suggesting an upside movements to be continued for this week. The crucial support to watch is at 91.58 levels sustain above the same likely to push the price on higher side.



Economic data releases

| Date | Time | Region | Event | Period | Survey | Prior |
|------------|-------|--------|------------------------------|--------|---------|----------|
| 05/03/2010 | 13:30 | EC | PMI Manufacturing | APR F | 57.5 | 57.5 |
| 05/03/2010 | | IN | Exports YoY% | MAR | -- | 34.80% |
| 05/03/2010 | | IN | Imports YoY% | MAR | -- | 66.40% |
| 05/03/2010 | 18:00 | US | Personal Income | MAR | 0.30% | 0.00% |
| 05/03/2010 | 18:00 | US | Personal Spending | MAR | 0.60% | 0.30% |
| 05/03/2010 | 19:30 | US | ISM Manufacturing | APR | 60 | 59.6 |
| 05/03/2010 | 19:30 | US | ISM Prices Paid | APR | 75 | 75 |
| 05/03/2010 | 19:30 | US | Construction Spending MoM | MAR | -0.30% | -1.30% |
| 05/04/2010 | 02:30 | US | Domestic Vehicle Sales | APR | 8.80M | 9.05M |
| 05/04/2010 | 02:30 | US | Total Vehicle Sales | APR | 11.40M | 11.77M |
| 05/04/2010 | 14:30 | EC | Euro-Zone PPI (MoM) | MAR | 0.70% | 0.10% |
| 05/04/2010 | 19:30 | US | Factory Orders | MAR | -0.10% | 0.60% |
| 05/04/2010 | 19:30 | US | Pending Home Sales MoM | MAR | 4.00% | 8.20% |
| 05/04/2010 | 19:30 | US | Pending Home Sales YoY | MAR | -- | 17.30% |
| 05/05/2010 | 13:30 | EC | PMI Services | APR F | 55.5 | 55.5 |
| 05/05/2010 | 13:30 | EC | PMI Composite | APR F | 57.3 | 57.3 |
| 05/05/2010 | 14:30 | EC | Euro-Zone Retail Sales (MoM) | MAR | 0.10% | -0.60% |
| 05/05/2010 | 17:45 | US | ADP Employment Change | APR | 28K | -23K |
| 05/05/2010 | 19:30 | US | ISM Non-Manf. Composite | APR | 56 | 55.4 |
| 05/06/2010 | 12:00 | IN | Primary Articles WPI YoY | 24-Apr | -- | 13.55% |
| 05/06/2010 | 12:00 | IN | Fuel Power Light WPI YoY | 24-Apr | -- | 12.69% |
| 05/06/2010 | 17:15 | EC | ECB Announces Interest Rates | 6-May | 1.00% | 1.00% |
| 05/06/2010 | 18:00 | US | Nonfarm Productivity | 1Q P | 2.50% | 6.90% |
| 05/06/2010 | 18:00 | US | Initial Jobless Claims | 1-May | 440K | 448K |
| 05/06/2010 | 18:00 | US | Continuing Claims | 24-Apr | 4600K | 4645K |
| 05/07/2010 | 18:00 | US | Unemployment Rate | APR | 9.70% | 9.70% |
| 05/07/2010 | 18:00 | US | Change in Nonfarm Payrolls | APR | 200K | 162K |
| 05/07/2010 | 18:00 | US | Change in Manufact. Payrolls | APR | 15K | 17K |
| 05/08/2010 | 00:30 | US | Consumer Credit | MAR | -\$3.4B | -\$11.5B |



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