



INR

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
NSE	May2010	44.6000	44.9300	45.2225	45.7300	46.24000	Sideways
MCX-SX	May2010	44.6000	44.9300	45.2225	45.7300	46.24000	Sideways

INDICATORS	This Week	1 Week ago	% CHANGE
LIBOR 1Mth	0.3378	0.3488	-3.15
LIBOR 3Mth	0.4451	0.4281	3.95
MIBOR 1Mth	0.4200	#N/A N/A	#VALUE!
MIBOR 3Mth	0.6800	#N/A N/A	#VALUE!
U.S. 5Yr Bond Yield	2.1556	2.1635	-0.37
U.S. 10Yr Bond Yield	3.4534	3.4255	0.81
India 5Yr Bond Yield	7.2580	7.3060	-0.66
India 10Yr Bond Yield	7.5100	7.6300	-1.57
Reference Rate	45.1000	45.5800	-1.05
CBLO Rate	3.9500	#N/A N/A	#VALUE!
Call Rate	3.9000	3.7500	4.00

ASIAN CURRENCY PAIR	This Week	1 Week ago	% CHANGE
Chinese Yuan	6.8266	6.8258	0.01
Hongkong Dollar	7.7858	7.7827	0.04
Indian Rupee	45.2050	45.4775	-0.60
Indonesian Rupiah	9100.00	9216.00	-1.26
Myanmar Ringgit	3.1925	3.2735	-2.47
Philippines Peso	44.7670	45.5580	-1.74
Singapore Dollar	1.3880	1.3959	-0.57
S Korean Won	1130.93	1155.45	-2.12
Taiwan Dollar	31.6530	31.7090	-0.18
Thailand Baht	32.3700	32.2700	0.31

Particular (in USD MIO)	This Week	Last Week	% Change
Foreign Current Asset	251473	254773	-1.30
Special Drawing Rights	4907	4982	-1.51
Gold Reserves	18537	18537	0.00
Positions in IMF	1321	1341	-1.49
Total FOREX Reserves	276238	279633	-1.21

REFERENCE RATE	This Week	Last Week	% Change
USDINR	45.1000	45.5800	-1.05
EURINR	56.5700	57.8100	-2.14
GBPINR	65.6859	71.0467	-7.55
JPYINR 100	48.5900	49.5200	-1.88

FUNDAMENTAL REVIEW

The trade session in last week was quite choppy, as rupee lost initially against the dollar on account of loosing equity markets and strengthening of dollar index. However, it recoiled from the six-week low on account of anticipated central bank intervention, to prevent higher currency fluctuations. The market fell on the view that global risk aversion may have been imbibed too fast after the European Central Bank move to protect the fall in euro-zone economies.

Foreign capital flows in and out of the stock market are main drivers of the rupee's fortunes. The foreigners have bought US \$6.2 billion worth of shares so far in the year 2010, adding to record inflows of US \$17.5 billion in 2009.

India's Industrial Production for March lowered to 13.50%, below the expectations of 15.0% and 15.1% a month back. Lowering of industrial growth apprehends economic growth outlook for the nation.

India's wholesale price index rose 9.59% from a year earlier, a tad above the median forecast for a 9.5% rise and compared with March's pace of 9.9% This could probably be due to rise in the food price inflation for week ending May-1 to 16.76 against prior of 13.93%.

The U.S. Dollar Index, a six-currency gauge of the greenback's strength, roared high in the past week due to the prevailing Greece issues. Moreover, Euro was on track for big falls on the week as concerns that Greece's debt problems would spread to other euro-zone countries prompted investors to shed riskier assets. U.S. Treasury Secretary Timothy Geithner discussed efforts to get aid to debt-stricken Greece with the finance ministers from G7 group, but yield futile results.



TECHNICAL SNAPSHOT

The spot Indian rupee traded sideways to lower in the last week and after making a high of 45.3800 it settled lower at 45.2500 levels. Market is witnessing a crucial support level at 44.755 levels sustain above expected to resume its uptrend for this week. On the higher side resistance is at 45.7350 levels on breach and sustained trade above confirms uptrend. In case, market fails to breach the same likely to trade sideways. The momentum indicator RSI (14) weekly is trading at 0.43 levels and signaling a neutral view. We expect rupee to trade higher only on break of 45.7300 levels.

OUTLOOK

- ◆ *Asia's third-largest economy is targeting close to 15% export growth this year, but the trade official warned that it might face some uncertainty in the FY2010-11, because of the debt crisis unfolding in Europe, a key export junction for India*
- ◆ *The Finance Minister, Mr. Pranab Mukherjee, believes India's economic growth would surpass the IMF's projections in 2010 and 2011. In its latest World Economic Outlook, the IMF had projected India's growth at 8.8% in 2010 and 8.4% in 2011*
- ◆ *Fundamentally, the Indian rupee look forward for appreciation as the gains in FII's instilled confidence among investors to hold nation's assets and thus draw benefits from a relative better growing economy. Rupee has appreciated by 3.2% so far in 2010 as compares to 4.67% in year 2009*
- ◆ *Week ahead, Rupee is expecting sideways trend against the dollar as the financial markets are very vulnerable to news from the Euro-zone and thus move accordingly. Rise in dollar index above 85 levels and continuing uptrend is pressurizing rupee to wade low despite supportive inherent fundamentals. Technically speaking, we expect Indian rupee to trade in the range of 45.7300-44.750 levels. Either side breakout would confirm the trend*

CROSS	This Week	1 Week ago	% CHANGE
USDINR	45.2050	45.4775	-0.60
EUROINR	55.9815	58.1190	-3.68
GBPINR	65.8460	67.4595	-2.39
JPY (100)	48.9600	49.7500	-1.59
MYR	14.1598	13.8926	1.92
SGD	32.5696	32.5805	-0.03
Dollar Index	80.3620	84.4500	-4.84

INDICES	This Week	1 Week ago	% CHANGE
INR SPOT	45.2050	45.4775	-0.60
MCX-SX	45.2150	45.5500	-0.74
NSE	45.2225	45.5525	-0.72
1 Mth FORWARD	45.6350	45.7425	-0.24
1 Mth NDF	45.2800	45.6200	-0.75
NIFTY	5093.50	5018.05	1.50
SENSEX	16994.60	16769.11	1.34



DOLLAR INDEX

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
Dollar Index	SPOT	84.30	85.300	86.095	86.87	87.700	Buy at 85.3 TP 87 SL 84.2



TECHNICAL SNAPSHOT

Dollar index witnessed uptrend by extending the previous gains and after making a high of 86.287 it settled at 86.269 levels. Overall, market gained as much as 6.2% from the past five weeks. Market has given a trend channel breakout and closing above the same suggesting upside movements. Initially a mild lower correction is expected before resuming its uptrend. However, the key levels is at 85.300 levels sustain above likely to push the index on higher side. In case, market breaches the support at 85.30 expected to test 84.80 then 83.80 levels. On the higher side resistances are at 86.87 then 87.20 levels. The momentum indicator RSI (14) weekly is trading at 0.78 levels and expected to see a mild lower correction before resuming its uptrend.

OUTLOOK

We expect dollar index to trade higher and recommend buying near 85.300 levels; if market fails to breach the same.

Dollar Index Spot	THIS WEEK	LAST WEEK	% CHANGE
OPEN	83.8310	81.8000	2.48
LOW	82.9090	81.8340	1.31
HIGH	86.2900	85.2680	1.20
CLOSE	86.0950	84.4500	1.95

INDICES	This Week	1 Week ago	% CHANGE
NASDAQ	2346.85	2265.64	3.58
DJIA	10620.16	10380.43	2.31
S/P 500 INDEX	1135.68	1110.88	2.23



EUR / USD- SPOT

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
EURO /USD	SPOT	1.2000	1.2130	1.2362	1.2720	1.3000	Sell at 1.2700 TP 1.2300 SL 1.2950

EUR SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	1.2877	1.3303	-3.20
LOW	1.2354	1.2529	-1.40
HIGH	1.3094	1.3361	-2.00
CLOSE	1.2358	1.2755	-3.11

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
MXEM EMU INDEX	82.5400	78.5200	5.12
EUR1M BGN Curncy	1.2360	1.2758	-3.12
EUR3M BGN Curncy	1.2366	1.2764	-3.12



FUNDAMENTAL REVIEW

- ◆ The **European** currency trailed to 14-months low in past week as the investors anticipated that the relief package planned by the European Union and International Monetary Fund is not sufficient, along with structural problems to plague in Euro-zone
- ◆ Euro zone ministers agreed to a nearly \$1 trillion aid package to tackle the debt crisis in euro-zone from spreading to other member states. The package consists of 440 billion Euros in guarantees plus 60 billion Euros in the form of a stabilization fund and an extra 250 billion Euros from the International monetary fund
- ◆ The euro is expected to remain under pressure in volatile trading session ahead, as the anticipated rise interest rate hikes from the European Central Bank would yet take some more time and the relief package issues on Greece crisis to remain a cause of concern

TECHNICAL SNAPSHOT

As earlier said single currency EURO fell sharply in last week by extending the previous losses and after making a low of \$1.2352 it settled at \$1.2360 levels. Initial bias remains on higher side. Market traded down form the past two weeks by declining as much as 7.2%. Market is likely to see a mild higher correction before resuming its downtrend. However, the crucial support is at \$1.2338 levels (Previous swing low) on breach and sustain below expected to confirm downtrend in the near term. For next, if market fails to breach the support at \$1.2338 levels likely to trade sideways to higher bias. The momentum indicator RSI (14) weekly is trading at 0.19 levels (Oversold zone) and likely to bounce back.

OUTLOOK

Although the emergency loan comes as a blessing to the Greek fiscal crisis and should help to curtail the contagion effect to other EU nations, but the measures taken is actually a cause for loosening of monetary policy. As such, the EUR should continue to trade lower versus the major currencies. **Technically, we expect EURO to trade in the band of 1.2338-1.2860 levels. Either side breakout would confirm the trend.**



GBP/USD- SPOT

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
GBP/USD	SPOT	1.4200	1.4000	1.4533	1.4800	1.5030	Sell at 1.4710 TP 1.4200 SL 1.4900

GBP SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	1.4870	1.5324	-2.96
LOW	1.4497	1.4477	0.14
HIGH	1.5054	1.5335	-1.83
CLOSE	1.4536	1.4804	-1.81

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
FTSE 100 INDX	5262.85	5123.02	2.729
DAX INDEX	6056.71	5715.09	5.978
GBP1M BGN Currency	1.453	1.533	-5.208
GBP3M BGN Currency	1.453	1.480	-1.822

FUNDAMENTAL REVIEW

- ◆ The **British pound** was hard-hit by the blows from European economies and rise in dollar index—curbing the gains in Pound
- ◆ The seasonally adjusted trade surplus widened to Euro 13.3B in March from an unrevised Euro 12.1B. Annual growth of exports now stands at 23.3% while imports were up 18.3% Y/Y
- ◆ The final estimate of April consumer prices dropped 0.1% M/M, reducing the annual rate of inflation from 1.1% in March to 1.0%
- ◆ The industrial production rose 2.0% M/M and Y/Y while the key manufacturing sector posted a 2.3% monthly gain in output, boosting its annual growth to 3.3%
- ◆ Following a stronger revised 0.2% gain in Q4-2009, the economy expanded by 0.2% in Q1-2010. The unadjusted figures showed annual growth accelerating to 1.7% from minus 1.5%
- ◆ The improving economic data numbers and steadiness in the equity markets have prevented further fall in the currency

TECHNICAL SNAPSHOT

The pound extended its downtrend by continuing the previous week's fall and after making a high of \$1.5053 it settled lower at \$1.4533. Market is still holding its bearish trend. However, the next immediate support is at \$1.4475 levels on breach and sustain below expected to drop till \$1.4300 then \$1.4210 levels. Closing of the previous week's candle renders sideways to lower movements. Trading below the weekly short term (10, 20) EMA suggesting a downside pressure to be continued. The momentum indicator RSI (14) weekly is trading at 0.32 levels and still having a potential to move down. The stiff resistance is at \$1.4770 levels sustain trade below likely to push the sterling on lower side.



OUTLOOK

Germany is better placed than its counterparts; comparing with the other nations in the Euro-zone basket. However, the rising concerns about the structural products in Euro-zone and the insufficiency in relief aid would further add to the existing problems. **Technically we expect pound to trade lower and recommend selling if market fails to breach the resistance at 1.4770 levels.**



USD/JPY-SPOT

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
USD/JPY	SPOT	89.3	90.8	92.46	93.7	95	Sideways

JPY SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	92.5900	93.5400	-1.02
LOW	91.7800	87.9500	4.35
HIGH	93.6400	94.9900	-1.42
CLOSE	92.4700	91.5900	0.96

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
NIKIE INDEX	10643.28	10364.59	2.69
JPY1M BGN Curncy	92.44	91.55	0.98
JPY3M BGN Curncy	0.00	0.00	0.00



OUTLOOK

A lack of data for the Japan will leave the Yen taking direction from the events occurring in the European economies. Currently market sentiments are fragile and more geared towards risk aversion. This could hurt the Yen in the short term, while it would hold the alternate investment image as well. **Technically we recommend selling below 91.6 for a possible target of 90.8 then 89.3 levels.**

FUNDAMENTAL REVIEW

- ◆ The *Japanese yen* strengthened during the week, while retreated lately due to euro issues surmounting causing delays in global economic recovery
- ◆ The Japanese Yen try to maintain its safe haven image as other financial markets tread waters. Investors rush to safer investments avenues as Dollar, Japanese Yen and Gold to safeguard their risk
- ◆ The Bank of Japan's monetary policy board held a policy meet on Monday to re-open its temporary U.S. dollar swap agreement with the Federal Reserve in view of injecting dollar liquidity into financial markets
- ◆ The meeting was a collaborative effort of the BoJ along with the Banks of Canada and England, the European Central Bank, Federal Reserve, and the Swiss National Bank, amid international efforts to contain the impact of the Greek debt crisis
- ◆ The BoJ also voted unanimously to maintain the target for the overnight lending rate among commercial banks at 0.1%

TECHNICAL SNAPSHOT

The spot Yen prices traded marginally sideways to lower and after making a high of 93.64 it settled at 92.46 levels. Closing of the previous week's candle resembles "Doji" pattern suggesting indecisive movements for this week. The crucial support is at 91.60 levels on break below expected to drop till 90.8 then 89.3 levels. Likewise, on the higher side resistances are at 93.6 then 95 levels. We expect market to trade indecisive for this week and recommend selling below 91.60 levels.



Economic data releases

Date	Time	Region	Event	Period	Survey	Prior
05/17/2010	18:00	US	Empire Manufacturing	MAY	30	31.86
05/17/2010	18:30	US	Net Long-term TIC Flows	MAR	\$50.0B	\$47.1B
05/17/2010	18:30	US	Total Net TIC Flows	MAR	--	\$9.0B
05/18/2010	14:30	EC	Euro-Zone CPI (MoM)	APR	0.40%	0.90%
05/18/2010	14:30	EC	ZEW Survey (Econ. Sentiment)	MAY	38	46
05/18/2010	14:30	EC	Euro-Zone Trade Balance	MAR	5.0B	2.6B
05/18/2010	14:30	EC	Euro-Zone Trade Balance sa	MAR	4.4B	3.3B
05/18/2010	18:00	US	Producer Price Index (MoM)	APR	0.10%	0.70%
05/18/2010	18:00	US	Housing Starts	APR	650K	626K
05/18/2010	18:00	US	Housing Starts MOM%	APR	3.80%	1.60%
05/18/2010	18:00	US	Building Permits	APR	680K	685K
05/18/2010	18:00	US	Building Permits MOM%	APR	0.00%	7.50%
05/19/2010	14:30	EC	Construction Output SA MoM	MAR	--	-3.30%
05/19/2010	18:00	US	Consumer Price Index (MoM)	APR	0.10%	0.10%
05/19/2010	23:30	US	Minutes of FOMC Meeting	19-May		
05/20/2010	12:00	IN	Primary Articles WPI YoY	8-May	--	16.76%
05/20/2010	12:00	IN	Fuel Power Light WPI YoY	8-May	--	12.33%
05/20/2010	18:00	US	Initial Jobless Claims	15-May	440K	444K
05/20/2010	18:00	US	Continuing Claims	8-May	4610K	4627K
05/20/2010	19:30	US	Philadelphia Fed.	MAY	21.6	20.2
05/20/2010	19:30	US	Leading Indicators	APR	0.20%	1.40%
05/20/2010	19:30	EC	Euro-Zone Consumer Confidence	MAY A	-16	-15
05/21/2010	13:30	EC	ECB Euro-Zone Current Account SA	MAR	--	-3.9B
05/21/2010	13:30	EC	Euro-Zone Current Account nsa	MAR	--	-5.2B



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