



INR

Exchange	Contract	S 2	S 1	Close	R 1	R 2	Recommendation
NSE	June 2010	45.9800	46.4800	46.9300	47.4500	47.94000	Sideways to lower bias
MCX-SX	June 2010	45.9800	46.4800	46.9300	47.4500	47.94000	Sideways to lower bias

INDICATORS	This Week	1 Week ago	% CHANGE
LIBOR 1Mth	0.3497	0.3500	-0.09
LIBOR 3Mth	0.5371	0.5366	0.09
MIBOR 1Mth	0.4400	0.4300	2.33
MIBOR 3Mth	0.7200	0.7100	1.41
U.S. 5Yr Bond Yield	2.0285	1.9826	2.32
U.S. 10Yr Bond Yield	3.2346	3.2023	1.01
India 5Yr Bond Yield	7.4010	7.4000	0.01
India 10Yr Bond Yield	7.6100	7.5670	0.57
Reference Rate	46.8200	46.6700	0.32
CBL0 Rate	5.3300	4.2300	26.00
Call Rate	5.2500	5.2800	-0.57

ASIAN CURRENCY PAIR	This Week	1 Week ago	% CHANGE
Chinese Yuan	6.8330	6.8288	0.06
Hongkong Dollar	7.7924	7.7949	-0.03
Indian Rupee	46.8450	46.8450	0.00
Indonesian Rupiah	9200.00	9190.00	0.11
Myanmar Ringgit	3.2845	3.2750	0.29
Philippines Peso	46.6400	46.3000	0.73
Singapore Dollar	1.4018	1.4133	-0.81
S Korean Won	1246.10	1201.80	3.69
Taiwan Dollar	32.3700	32.1890	0.56
Thailand Baht	32.4500	32.6700	-0.67

Particular (in USD MIO)	This Week	Last Week	% Change
Foreign Current Asset	245552	247263	-0.69
Special Drawing Rights	4820	4861	-0.84
Gold Reserves	19423	18537	4.78
Positions in IMF	1298	1309	-0.84
Total FOREX Reserves	271093	271970	-0.32

REFERENCE RATE	This Week	Last Week	% Change
USDINR	46.8200	46.6700	0.32
EURINR	56.6600	56.8500	-0.33
GBPINR	68.9729	71.0467	-2.92
JPYINR 100	51.1400	50.3600	1.55

FUNDAMENTAL REVIEW

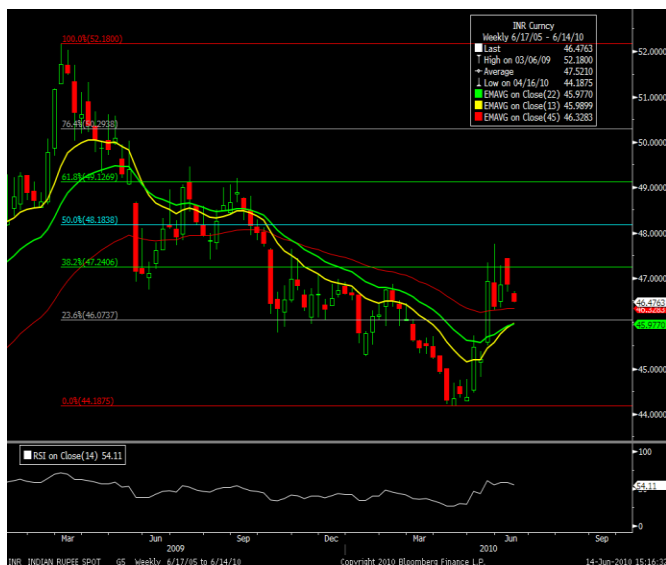
The Indian rupee witnessed a highly volatile week, while ended flat as the stock equity lost 0.31%, after dipping to 16,560 points and dollar also weakened lately. The Spot rupee hit an intra week high at 46.7075 and registered the lows at 47.4300, to settle nearing penultimate week's levels of 46.845.

The 30-share stock index, Sensex moved in range of 16,560-17,131, finally closing the week at 17,064, as compares to penultimate week's close of 17,117 points.

Foreign fund inflows are the main drivers of the Indian rupee, and further flows (in/out) in the stocks affects the rupee as well. The FII are liquidating their holdings due to global factors and this is weighing sentiments towards the rupee. Foreign funds have been net buyers of around \$166 million of equities this month, after withdrawing nearly \$2 billion in May as the euro zone's debt crisis heightened, pulling down the stock market by 3.5% and the rupee by 4.3%. The net inflows year-to-date are US \$4.8 billion. This is against the US \$17.5 billion inflows in year 2009.

Coming on to the macro economic data numbers, the food and prices inflation for the week ending May-29th, climbed to 17.10% from the previous weeks figures of 16.89%. Moreover, the industrial production for April month came 17.60%-- way above the expectations of 14.30% and prior of 13.50%.

Dollar index soothes after nudging high to above 88 levels, losing 0.82% past week as Euro recovered some grounds and closed 1.21% higher against the dollar.



TECHNICAL SNAPSHOT

The spot Indian rupee fell sharply in the last week by reversing the previous week's gain and after making a high of 47.4300 it settled at 46.8450 levels. Market has posted a lower closing below the 38.2% retracement (47.2406) levels suggest rupee to see a mild lower correction till 46.0700 (23.6% retracement). However, the key levels to watch is at 46.3000 levels (Previous swing low) sustain above the same expected to resume its uptrend. Trading above the weekly short term (10, 20) EMA suggest rupee to remain upside for medium term. The momentum indicator RSI (14) weekly is trading at 0.54 levels and showing a lower potential. Moreover, we expect rupee to trade in the band of 46-47.24 levels.

OUTLOOK

- ◆ The data release from the US includes Empire manufacturing, Net long term TIC inflows, housing starts, building permits, industrial production, capacity utilisation, current account balance, CPI, Initial Jobless Claims, and Continuing Claims. As per the Bloomberg expectations, most of the data releases are off-putting in the market as the housing starts decline with rise in continuing claims and current account balance. However, the growth in building permits and slight fall in Initial jobless claims might be of help
- ◆ The performance of the stock market would also be crucial for direction as foreign fund flows influence the rupee's fortunes. Recouping FII inflows would instill further gains in stock market
- ◆ The inflation data due on Monday would be the key for providing cues on whether the central bank would be prompted to hike rates ahead of its July 27 monetary policy. However, rising food inflation is a trigger to expect the WPI crossing the double digit mark for the past month
- ◆ Week ahead, Rupee is expecting some respite from the beatings by the Greenback. Improving monsoon conditions and steady equity would render support, along with slight weakness expected in the dollar. **Technically speaking, we expect rupee to trade sideways to lower. However, if market fails to breach the support at 46 levels possible to bounce back**

CROSS	This Week	1 Week ago	% CHANGE
USDINR	46.8450	46.8450	0.00
EUROINR	56.6565	56.3633	0.52
GBPINR	68.1624	68.0479	0.17
JPY (100)	51.1100	51.2100	-0.20
MYR	14.2625	14.3038	-0.29
SGD	33.4178	33.1459	0.82
Dollar Index	80.3620	88.2330	-8.92

INDICES	This Week	1 Week ago	% CHANGE
INR SPOT	46.8450	46.8450	0.00
MCX-SX	47.0500	47.0325	0.04
NSE	47.0475	47.0900	-0.09
1 Mth FORWARD	46.9275	47.4450	-1.09
1 Mth NDF	47.0200	46.8700	0.32
NIFTY	5119.35	5135.50	-0.31
SENSEX	17064.95	17117.69	-0.31



DOLLAR INDEX

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
Dollar Index	SPOT	85.23	86.35	87.507	88.17	88710	Sideways to lower



TECHNICAL SNAPSHOT

Dollar index witnessed a downfall in last week by reversing the previous two week's gain and after making a high of 88.708 it settled at 87.507 levels. Closing of the previous week's candle resembles "Hanging man" pattern (reversal in nature) suggest index to see a lower correction before resuming its uptrend. The crucial support is at 23.6% retracement (85.277) levels of the range 88.708-74.170 sustain above the same expected to push the index on higher side. The momentum indicator RSI (14) weekly is at 0.75 levels and showing a lower potential. The immediate support is at 86.158 levels on breach of the same likely to test 85.277 levels. Likewise, on the higher side resistances are at 87.47 then 88.708 levels.

OUTLOOK

We expect dollar index to trade lower and recommend selling for this week.

Dollar Index Spot	THIS WEEK	LAST WEEK	% CHANGE
OPEN	88.3330	86.7390	1.84
LOW	86.9430	86.1580	0.91
HIGH	88.7080	88.3400	0.42
CLOSE	87.5070	88.2330	-0.82

INDICES	This Week	1 Week ago	% CHANGE
NASDAQ	2243.60	2219.17	1.10
DJIA	10211.07	9931.97	2.81
S/P 500 INDEX	1091.60	1064.88	2.51

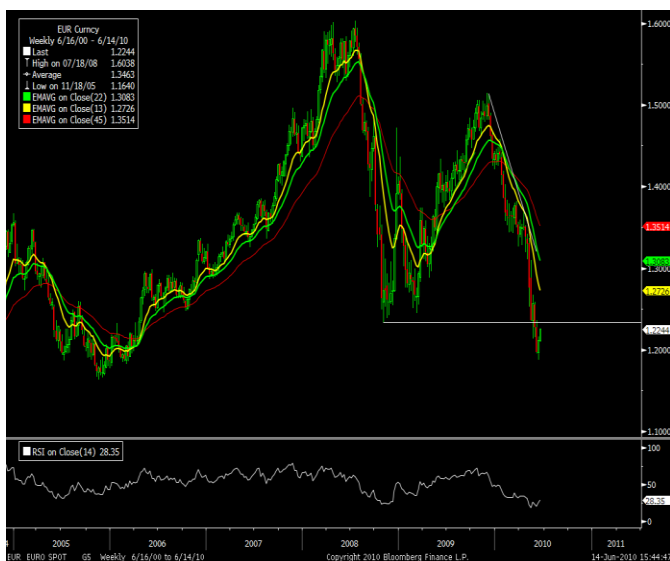


EUR / USD- SPOT

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
EURO /USD	SPOT	1.1730	1.2015	1.2112	1.2330	1.2580	Sell at 1.2330 TP 1.1900 SL 1.2460

EUR SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	1.1968	1.2267	-2.44
LOW	1.1877	1.1956	-0.66
HIGH	1.2153	1.2353	-1.62
CLOSE	1.2112	1.1967	1.21

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
MXEM EMU INDEX	82.6100	80.1600	3.06
EUR1M BGN Currency	1.2115	1.1970	1.21
EUR3M BGN Currency	1.2122	1.1978	1.20



FUNDAMENTAL REVIEW

- ◆ The **European** currency was on a continuous losing against the greenback while recovered lately owing to options-related demand—that triggers investors to buy the Euro currency to protect their option positions. However, gains were limited due to the uncertain economic recovery globally
- ◆ Fed officials, Mr. Ben Bernanke claimed that the U.S. is committed to ensuring the survival of the euro. Trichet announced that the ECB would buy back Europe bonds if necessary, this came less than 24 hours after a previous announcement stated they would not intervene in the bond market
- ◆ The ECB kept rates at 1%, but this came with no surprise as it came with line of forecasts. The change in ECB strategy helped to boost the EUR against its major counterparts
- ◆ Most market participants believe the euro will stay under selling pressure for the long term on concerns that debt problems in some euro zone countries are spreading.

TECHNICAL SNAPSHOT

Despite, two week's fall spot Euro witnessed an uptrend in last week and after making a high of \$1.2153 it settled at \$1.2112 levels. Market is witnessing a stiff resistance at \$1.2330 (Previous swing low) sustain below the same likely to resume its downtrend. Closing for the previous week's candle renders sideways to higher movements for this week. Indicator analysis support euro prices to recover initially. However, if market fails to breach the resistance at \$1.2330 levels expected to trade down. The momentum indicator RSI (14) weekly is trading at 0.27 levels (Oversold zone) and expected to see a mild higher correction.

OUTLOOK

The statements from the financial leaders would be a worth watch as they could be quite constructive for the currency market even more than news events. Technically, we expect EURO to see a mild higher correction before resuming its downtrend and recommend selling at higher levels



GBP/USD- SPOT

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
GBP/USD	SPOT	1.4000	1.4340	1.4552	1.4780	1.5050	Sideways

GBP SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	1.4453	1.4464	-0.08
LOW	1.4347	1.4375	-0.19
HIGH	1.4759	1.4771	-0.08
CLOSE	1.4552	1.4454	0.68

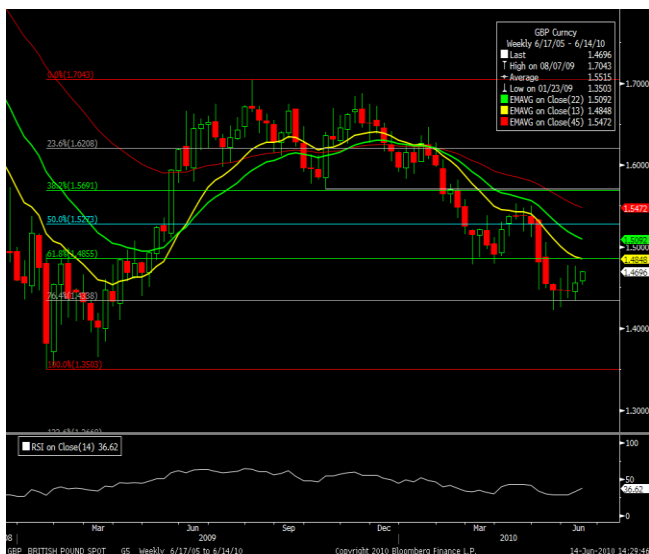
PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
FTSE 100 INDX	5163.68	5126.00	0.735
DAX INDEX	6047.83	5938.88	1.835
GBP1M BGN Currency	1.455	1.477	-1.487
GBP3M BGN Currency	1.455	1.446	0.678

FUNDAMENTAL REVIEW

- ◆ The **British pound** stayed quite volatile for the week as the currency faced constant thrashings from the Euro debt crisis, while improving economic data supported
- ◆ The sterling weakened on the dollar followed by comments made by the Fitch ratings agency. The ratings agency highlighted Britain's need to cut government debt which stands at around 11% of GDP
- ◆ German factory orders improved to 2.80% as compares to expected negative growth of 0.40% against prior of 5%
- ◆ Industrial production for April month rose to 0.90% beating the expectations of 0.70% but lower than prior of 4%
- ◆ As expected the consumer price index remains unchanged at 010% for the May month as well
- ◆ Trade balance for April month lowered to 13.4B when compared to expected of 15.0B and prior of 17.2B

TECHNICAL SNAPSHOT

The British pound traded extremely sideways and after making a low of \$1.4347 it settled at \$1.4552 levels. Market is in consolidation phase for the past four weeks and is likely to continue the same trend for this week. Market is witnessing a crucial support at \$1.4338 levels (76.4% retracement of the range \$1.3503-\$1.7043) sustain above the same likely to trade higher for the coming week. The momentum indicator RSI (14) weekly is trading at 0.36 levels and showing a high potential. Although, market is trading below the weekly short term (10, 20); it still has the potential to move higher for this week.



OUTLOOK

The pound sterling is stuck in the gains from economic data releases and the effects of Euro debt crisis. We expect sideways movement for the week ahead. Technically we expect GBP to trade in the band of \$1.4855-\$1.4338 levels. Either side breakout would confirm the trend.

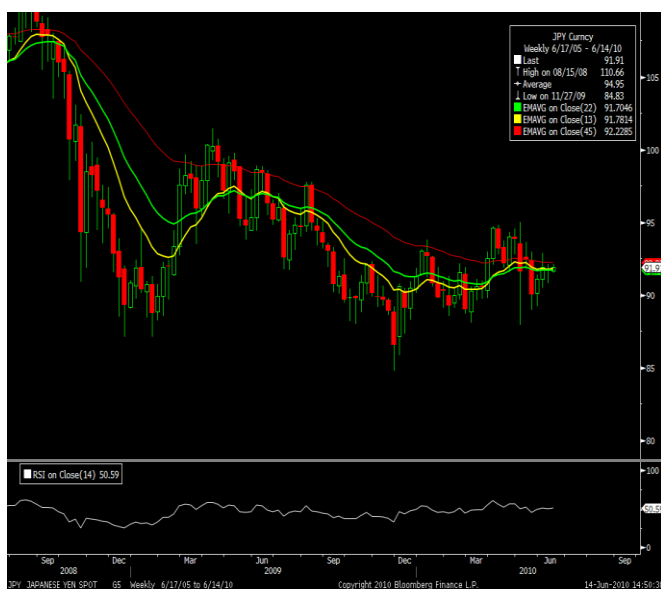


USD/JPY-SPOT

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
USD/JPY	SPOT	88.8	90.5	91.65	93	94.30	Sell at 92.5 TP 90 SL 94

JPY SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	91.8000	91.1000	0.77
LOW	90.8400	90.5400	0.33
HIGH	92.0800	92.8900	-0.87
CLOSE	91.6500	91.9000	-0.27

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
NIKKEI INDEX	9764.73	9901.19	-1.38
JPY1M BGN Curncy	91.61	91.86	-0.27
JPY3M BGN Curncy	0.00	0.00	0.00



OUTLOOK

The Japanese Yen will continue to decline in case investors remain confident about the European economy and global recovery. The Yen would rise if fear take's over again. **Technically we expect the Japanese Yen to trade sideways to lower and recommend selling near 93 levels.**

FUNDAMENTAL REVIEW

- ◆ The *Japanese yen* maintained strength against most major currencies as uncertainty in global recovery reinforces the yen as a safe-haven for risk adverse investors
- ◆ Japan's new prime minister stated that overcoming deflation was an urgent issue and warned the country could risk default if it neglects its growing public debt and loses the market's trust
- ◆ Q1-2010 GDP improved to 1.20% beating the expectations of 1.00% rise while equating the Q4-2009 rate
- ◆ Japanese buying foreign stocks and bonds while foreigners buying Japanese stocks and bonds also increased at a modest pace suggesting safe haven image to continue
- ◆ Later in the week, the consumer confidence for May month accelerated to 42.7 from prior of 42.1

TECHNICAL SNAPSHOT

The Japanese currency Yen traded extremely indecisive in the last week and after making a low of 90.84 it settled at 91.65 levels. Closing of the previous week's candle renders indecisive movements for this week. Trading below the weekly short term (10, 20) and medium term (50) EMA suggests currency to remain under pressure. The immediate resistance is at 93 levels only on breach and sustain above the same is expected to extend its gains for this week. Incase market fails to breach the resistance at 93; Yen is likely to trade sideways to lower. Overall, we expect yen to trade in the band of 93-90.4 levels. Either side breakout would confirm the trend.



ECONOMIC DATA RELEASES

Date	Time	Region	Event	Period	Survey	Prior
06/14/2010	14:30	EC	Euro-Zone Ind. Prod. sa (MoM)	APR	0.50%	1.30%
06/15/2010	11:30	EC	EU 25 New Car Registrations	MAY	--	-7.40%
06/15/2010	14:30	EC	ZEW Survey (Econ. Sentiment)	JUN	39	37.6
06/15/2010	14:30	EC	Euro-Zone Trade Balance	APR	2.8B	4.5B
06/15/2010	14:30	EC	Euro-Zone Trade Balance sa	APR	1.5B	0.6B
06/15/2010	14:30	EC	Euro-zone Employment (QoQ)	1Q	--	-0.20%
06/15/2010	14:30	GE	ZEW Survey (Econ. Sentiment)	JUN	42	45.8
06/15/2010	14:30	GE	ZEW Survey (Current Situation)	JUN	-15	-21.6
06/15/2010	18:00	US	Import Price Index (MoM)	MAY	-1.30%	0.90%
06/15/2010	18:00	US	Empire Manufacturing	JUN	20	19.11
06/15/2010	18:30	US	Net Long-term TIC Flows	APR	\$30.0B	\$140.5B
06/15/2010	18:30	US	Total Net TIC Flows	APR	--	\$10.5B
06/16/2010	14:30	EC	Euro-Zone CPI (MoM)	MAY	0.10%	0.50%
06/16/2010	14:30	EC	Euro-Zone CPI (YoY)	MAY F	1.60%	1.60%
06/16/2010	18:00	US	Producer Price Index (MoM)	MAY	-0.50%	-0.10%
06/16/2010	18:00	US	Housing Starts	MAY	648K	672K
06/16/2010	18:00	US	Housing Starts MOM%	MAY	-3.70%	5.80%
06/16/2010	18:00	US	Building Permits	MAY	625K	606K
06/16/2010	18:00	US	Building Permits MOM%	MAY	2.50%	-11.50%
06/16/2010	18:45	US	Industrial Production	MAY	0.80%	0.80%
06/16/2010	18:45	US	Capacity Utilization	MAY	74.50%	73.70%
06/17/2010	18:00	US	Consumer Price Index (MoM)	MAY	-0.20%	-0.10%
06/17/2010	18:00	US	Initial Jobless Claims	12-Jun	450K	456K
06/17/2010	18:00	US	Continuing Claims	5-Jun	4560K	4462K
06/17/2010	18:00	US	Current Account Balance	1Q	-\$121.8B	-\$115.6B
06/17/2010	19:30	US	Philadelphia Fed.	JUN	20	21.4
06/17/2010	19:30	US	Leading Indicators	MAY	0.40%	-0.10%
06/18/2010	11:30	GE	Producer Prices (MoM)	MAY	0.10%	0.80%



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