


INR

Exchange	Contract	S 2	S 1	Close	R 1	R 2	Recommendation
NSE	June 2010	45.3000	45.7000	46.2025	46.8500	47.2000	Sell at 46.43 TP 45.7 SL 46.85
MCX-SX	June 2010	45.3000	45.7000	46.2025	46.8500	47.2000	Sell at 46.43 TP 45.7 SL 46.85

INDICATORS	This Week	1 Week ago	% CHANGE
LIBOR 1Mth	0.3473	0.3497	-0.67
LIBOR 3Mth	0.5382	0.5371	0.21
MIBOR 1Mth	0.4400	0.4400	0.00
MIBOR 3Mth	0.7300	0.7200	1.39
U.S. 5Yr Bond Yield	2.0114	2.0285	-0.84
U.S. 10Yr Bond Yield	3.2195	3.2346	-0.47
India 5Yr Bond Yield	7.4050	7.4010	0.05
India 10Yr Bond Yield	7.5910	7.6100	-0.25
Reference Rate	46.1400	46.8200	-1.45
CBLO Rate	4.8400	5.3300	-9.19
Call Rate	5.2800	5.2500	0.57

ASIAN CURRENCY PAIR	This Week	1 Week ago	% CHANGE
Chinese Yuan	6.8261	6.8330	-0.10
Hongkong Dollar	7.7825	7.7924	-0.13
Indian Rupee	46.1744	46.8450	-1.43
Indonesian Rupiah	9103.00	9200.00	-1.05
Myanmar Ringgit	3.2510	3.2845	-1.02
Philippines Peso	45.8990	46.6400	-1.59
Singapore Dollar	1.3848	1.4018	-1.21
S Korean Won	1202.65	1246.10	-3.49
Taiwan Dollar	32.1490	32.3700	-0.68
Thailand Baht	32.4100	32.4500	-0.12

Particular (in USD MIO)	This Week	Last Week	% Change
Foreign Current Asset	247241	245552	0.69
Special Drawing Rights	4821	4820	0.02
Gold Reserves	19423	19423	0.00
Positions in IMF	1298	1298	0.00
Total FOREX Reserves	272783	271093	0.62

REFERENCE RATE	This Week	Last Week	% Change
USDINR	46.1400	46.8200	-1.45
EURINR	57.1800	56.6600	0.92
GBPINR	68.4671	71.0467	-3.63
JPYINR 100	50.8200	51.1400	-0.63

FUNDAMENTAL REVIEW

The Indian rupee rallied to its highest level in a month on optimism that higher-than-estimated revenue from an auction of wireless connections to 3G telecom majors may help cut the huge debt and boost investment in the Asia's third-largest economy. However, the buying from foreign banks weakened the currency a bit—as stated by the foreign exchange dealer with state-run banks. Moreover, the short term gains in currency were curtailed by the Greece's credit rating cut to junk or non-investment grade by Moody Investor's Services, derailing economic recovery.

Foreign fund inflows are the main drivers of the Indian rupee, and further flows in the stocks affects the rupee as well. Investors are slowly trying to gain confidence in the Asian economic fundamentals and thus turning into net buyers from sellers. So far in June, foreigners have bought a net \$590 million worth of shares, after pulling out around \$2 billion in May. They are still net buyers of \$5.2 billion in 2010, as compares to US \$17.5 billion inflows in year 2009.

India's Inflation as measured by wholesale price index touched 10.16% for the May month, driven by an increase in prices across segments—manufacturing and food articles. WPI inflation was marginally lower at 9.59% in April, lower than the March figures of 9.9%.

The demand at auctions in Spain, Ireland and Belgium managed to ease debt concerns in the euro area, especially after S&P had downgraded Greece to junk. The euro rose to a three-week high versus the dollar, extending gains after a successful Spanish bond auction eased concerns over the Spain's public finances and banking system.



TECHNICAL SNAPSHOT

The Indian rupee fell sharply in last week by reversing the previous gains and after making a low of 45.9000 it settled at 46.0100 levels. Closing of the previous week's candle renders sideways to lower movements for this week. However, market is finding a crucial support at 45.8000 levels (23.6% retracement of the range 52-43.98 levels) sustain above the same likely to pick up its upside movement. Incase market breaches the same likely to drop further till 45.3000 then 45.000 levels. Weekly chart analysis suggests rupee is hovering in trend channel and witnessing a trend line resistance at 46.8000 levels sustain below likely to trade lower. The momentum indicator RSI (14) weekly is trading at 0.50 levels and showing a lower potential.

OUTLOOK

- ◆ *The Fitch Ratings upgraded the outlook on India's long-term local currency issuer default rating to "stable" from "negative" pushed the currency higher. The credit rating stated that the positive impact from the telecoms auctions suggest that the Govt. Debt to GDP ratio would decline thereby ease the near-term pressure on currency*
- ◆ *The Indian government proposed to impose a capital gains tax on all stock transactions by domestic investors as well as the foreign participants-in an effort to boost the economic revenue and thus reduce the budget deficit from a 16-year high*
- ◆ *The central bank is expected to raise the repo and reverse repo rates by 25 basis points each in July, despite the gloomy global outlook*
- ◆ *As per the RBI deputy governor KC Chakrabarty, "RBI will take decisive monetary action if inflation does not ease within two months. Inflationary pressure is there and we have to wait, watch and move in a gradual manner"*
- ◆ *Week ahead, we expect rupee to trade on an appreciating note as the market factors look supportive along with weakness in dollar index to continue. **Technically speaking, we expect rupee to trade sideways to lower***

CROSS	This Week	1 Week ago	% CHANGE
USDINR	46.1744	46.8450	-1.43
EUROINR	57.0363	56.6565	0.67
GBPINR	68.2445	68.1624	0.12
JPY (100)	50.9200	51.1100	-0.37
MYR	14.2029	14.2625	-0.42
SGD	33.3445	33.4178	-0.22
Dollar Index	80.3620	87.5070	-8.17

INDICES	This Week	1 Week ago	% CHANGE
INR SPOT	46.1744	46.8450	-1.43
MCX-SX	46.3650	47.0500	-1.46
NSE	46.3575	47.0475	-1.47
1 Mth FORWARD	46.1293	46.9275	-1.70
1 Mth NDF	46.3900	47.0200	-1.34
NIFTY	5262.60	5119.35	2.80
SENSEX	17570.82	17064.95	2.96



DOLLAR INDEX

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
Dollar Index	SPOT	84.50	85.00	85.699	86.30	87.10	Sell at 86.4 TP 85 SL 87



TECHNICAL SNAPSHOT

Dollar index witnessed downtrend in last week by extending the previous trend and after making a low of 85.453 it settled at 85.699 levels. Overall index declined as much as 3% from the previous two weeks. Chart analysis suggests market to trade down for this week. However, the key level to watch is at 85.28 levels on breach and sustain below the same likely to extend its drop till 83.2 levels. Other hand dollar index is hovering in trend channel and witnessing a resistance at 87 levels sustains below likely to limit the gains. The momentum indicator RSI (14) weekly is trading at 0.63 levels and showing a lower potential.

OUTLOOK

We expect dollar index to trade lower and recommend selling.

Dollar Index Spot	THIS WEEK	LAST WEEK	% CHANGE
OPEN	86.9650	88.3330	-1.55
LOW	85.4530	86.9430	-1.71
HIGH	87.0200	88.7080	-1.90
CLOSE	85.6990	87.5070	-2.07

INDICES	This Week	1 Week ago	% CHANGE
NASDAQ	2309.80	2243.60	2.95
DJIA	10450.64	10211.07	2.35
S/P 500 INDEX	1117.51	1091.60	2.37



EUR / USD- SPOT

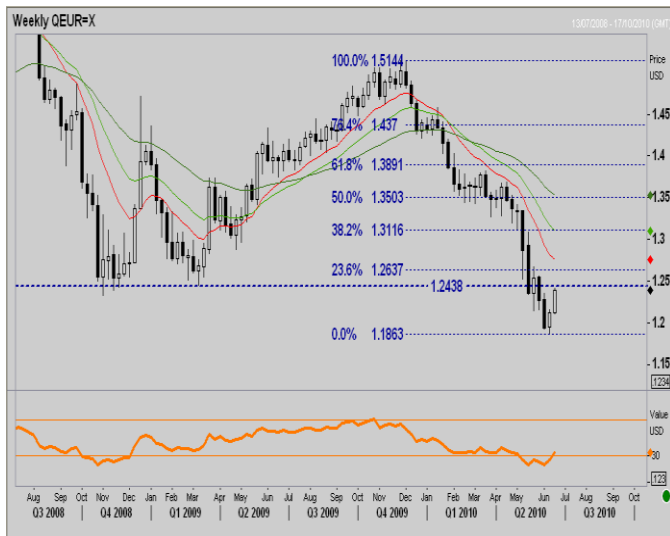
Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
EURO /USD	SPOT	1.1930	1.2160	1.2386	1.2540	1.2670	Sell at 1.2500 TP 1.2200 SL 1.2670

EUR SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	1.2107	1.1968	1.16
LOW	1.2103	1.1877	1.90
HIGH	1.2417	1.2153	2.17
CLOSE	1.2388	1.2112	2.28

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
MXEM EMU INDEX	85.4000	82.6100	3.38
EUR1M BGN Curncy	1.2391	1.2115	2.28
EUR3M BGN Curncy	1.2397	1.2122	2.27

FUNDAMENTAL REVIEW

- ◆ The **European** currency rallied against the dollar, suggesting correction from 4-year low versus the dollar as firm Spanish bond sale undermined worries about the country's fragile economy. Spain raised 5.2 billion Euros in a debt auction, indicating that investors have raised their risk tolerance for higher-yielding currencies
- ◆ The goods producing sector rose larger than expected to 0.8% monthly rises in output in April -- following an upwardly revised 1.5% increase in March
- ◆ The seasonally adjusted trade surplus widened out to Euro 1.4B in April from a revised flat reading in March, down from the originally reported Euro 0.6B excess. The exports dropped 2.4% on the month, only to be outpaced by a 3.5% decline in imports
- ◆ Annual inflation in the Euro-zone was confirmed at 1.6% in May-- equating with an expected 0.1% monthly rise in the HICP. This is the 12-month rate at its fastest pace since December 2008



TECHNICAL SNAPSHOT

The spot EURO witnessed an upside movements in last week by extending the previous week's gain and after making a high of 1.2416 it settled at \$1.2386 levels. Initial bias remains downside. As per the Fibonacci principle market is witnessing a resistance at \$1.2640 levels (23.6% of the range 1.5144-1.1863 levels) sustain below the same possible to resume its downtrend. The momentum indicator RSI (14) weekly is trading at 0.32 levels and likely to bounce back from the oversold zone suggests currency to see initial higher movements. However, only on breach of the resistance at \$1.2637 levels confirm uptrend for short term. Incase sustain below expected to fall.

OUTLOOK

The EU leaders agreed to disclose the banks performance on the stress tests, show the investors that the economies financial system can withstand financial turmoil. So Euro might see some gains. **Technically, we expect EURO to see a mild higher correction and recommend selling at higher levels.**



GBP/USD- SPOT

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
GBP/USD	SPOT	1.4540	1.4640	1.4826	1.4960	1.5100	Sideways to lower

GBP SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	1.4582	1.4453	0.89
LOW	1.4535	1.4347	1.31
HIGH	1.4886	1.4759	0.86
CLOSE	1.4824	1.4552	1.87

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
FTSE 100 INDX	5250.84	5163.68	1.688
DAX INDEX	6216.98	6047.83	2.797
GBP1M BGN Currency	1.482	1.476	0.437
GBP3M BGN Currency	1.483	1.455	1.863

FUNDAMENTAL REVIEW

- ◆ The **British pound** gained against the dollar after reports of better data releases came from the economy
- ◆ BoE Governor commented that price would increase by wage inflation, rapid increases in money spending, and excess of demand over supply capacity of the economy, and the UK economy exhibits none of these traits
- ◆ As expected, CPI remained well above its 2% target in May. However, a 0.2% monthly increase in the CPI and a 3.4% annual rate were lower than the market forecasts
- ◆ The ZEW current conditions raised to -7.9, its 13th consecutive monthly increase, expectations slumped a hefty 17.1 points to 28.7. This was the steepest monthly drop since October 2008 and the eighth monthly decline in the last nine months
- ◆ Retail sales rose a stronger than expected 0.6% on the month. At 2.2% annual growth in volumes was broadly in line with market forecasts

TECHNICAL SNAPSHOT

The pound traded higher by gaining as much as 1.7% from the previous close and after making a high of \$1.4886 it settled at \$1.4826 levels. Although, sterling traded higher in the last week but trading below the weekly short term (10, 20) EMA suggests currency to remain lower. Market is finding a resistance at 1.4864 levels (23.6% retracement of the range \$1.6883-1.4241) levels supported by trend line resistance sustain below likely to push the currency on lower side. The resistances are at \$1.4970 then \$1.5150 levels. On the lower side supports are at \$1.4700 then \$1.4580 levels.



OUTLOOK

The pound sterling might continue to gain for the week ahead as well on account of newly formed government bringing in reforms to reduce fiscal deficit. Technically we expect currency to trade sideways to higher bias.



USD/JPY-SPOT

Exchange	Contract	S 2	S1	Close	R 1	R2	Recommendation
USD/JPY	SPOT	88.0	89.90	90.67	92	93.50	Sell at 91.5 TP 89 SL 93.2

JPY SPOT	THIS WEEK	LAST WEEK	% CHANGE
OPEN	91.6600	91.8000	-0.15
LOW	90.4400	90.8400	-0.44
HIGH	92.1200	92.0800	0.04
CLOSE	90.7100	91.6500	-1.03

PARTICULARS	THIS WEEK	LAST WEEK	% CHANGE
NIKKEI INDEX	10109.86	9705.25	4.17
JPY1M BGN Curncy	90.67	91.61	-1.02
JPY3M BGN Curncy	0.00	0.00	0.00



OUTLOOK

The Japanese Prime Minister bring in reforms to cut the debt –the largest in the world as the failure of it might challenge country's sovereignty. Yen is expected to gain next week. . Technically we expect yen to trade lower and recommend selling near.

FUNDAMENTAL REVIEW

- ◆ The *Japanese yen* rose against most major currencies followed by resurfacing concerns over the euro debt crisis and reports showing a slower recovery in the US economy. Negative reports abroad have increased the demand for the yen as a safe haven currency
- ◆ The Bank of Japan kept their key interest rate at 0.1% where it has been since December 2008
- ◆ The policy board announced the terms under which the central bank will fund up to Yen 3 trillion to commercial banks. Eligible banks will be able to roll over 1 year loans three times, an amount of Yen 150 billion. The BoJ will be starting the new lending facility by the end of August, while banks must apply before March 2012
- ◆ The BoJ is working with the government to promote growth and is implementing new measures when other central banks are working on exit strategies-- a strong indication that they are off from raising interest rates

TECHNICAL SNAPSHOT

The Yen spot witnessed a downfall in the last week by reversing the previous gains and after making a high of 92.11 it settled at 90.67 levels. Market has breached the support at 91.50 levels and closing below the same suggests yen to fall further. Trading below the weekly short term (10, 20) EMA suggests currency to remain under pressure. Closing of the previous week's candle renders lower movements for this week. The momentum indicator RSI (14) weekly is trading at 0.46 levels and showing a lower potential.



ECONOMIC DATA RELEASES

Date	Time	Region	Event	Period	Survey	Prior
06/21/2010	17:29	IN	Intel and North East Council Announce MoU	23-Apr		
06/21/2010	17:30	IN	Anand Sharma Attends Global India Business Meeting	23-Apr		
06/22/2010	12:00	IN	Techno fab Engineering Ltd. Holds Press Conference for IPO	23-Apr		
06/22/2010	12:00	IN	HP India Hosts Press Conference on IT Innovation and Economics	23-Apr		
06/22/2010	13:30	EC	ECB Euro-Zone Current Account SA	APR	--	1.7B
06/22/2010	13:30	EC	Euro-Zone Current Account nsa	APR	--	1.3B
06/22/2010	15:30	IN	Bhupendra Singh Hooda Addresses Global India Business Meeting	23-Apr		
06/22/2010	19:30	US	Existing Home Sales	MAY	6.15M	5.77M
06/22/2010	19:30	US	Existing Home Sales MoM	MAY	6.50%	7.60%
06/22/2010	19:30	US	House Price Index MoM	APR	0.30%	0.30%
06/22/2010	19:30	US	Richmond Fed Manufact. Index	JUN	20	26
06/22/2010	19:30	EC	Euro-Zone Consumer Confidence	JUN A	-19	-18
06/23/2010	02:30	US	ABC Consumer Confidence	20-Jun	--	-45
06/23/2010	13:30	EC	PMI Services	JUN A	55.9	56.2
06/23/2010	13:30	EC	PMI Manufacturing	JUN A	55.3	55.8
06/23/2010	13:30	EC	PMI Composite	JUN A	55.8	56.4
06/23/2010	19:30	US	New Home Sales	MAY	410K	504K
06/23/2010	19:30	US	New Home Sales MoM	MAY	-18.70%	14.80%
06/23/2010	23:45	US	FOMC Rate Decision	23-Jun	0.25%	0.25%
06/24/2010	12:00	IN	Primary Articles WPI YoY	12-Jun	--	16.86%
06/24/2010	12:00	IN	Fuel Power Light WPI YoY	12-Jun	--	13.18%
06/24/2010	14:30	EC	Industrial New Orders SA (MoM)	APR	1.60%	5.20%
06/24/2010	18:00	US	Durable Goods Orders	MAY	-1.30%	2.90%
06/24/2010	18:00	US	Initial Jobless Claims	19-Jun	460K	472K
06/24/2010	18:00	US	Continuing Claims	12-Jun	4560K	4571K
06/25/2010	18:00	US	GDP QoQ (Annualized)	1Q T	3.00%	3.00%
06/25/2010	18:00	US	Personal Consumption	1Q T	3.50%	3.50%
06/25/2010	19:25	US	U. of Michigan Confidence	JUN F	75.5	75.5



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