



Global economic review

Economic performance:

The past week was mainly influenced by high commodity prices and the rate hikes done by the ECB. The ECB raised benchmark interest rates by 25 bps, the rates now stand at 1.25 percent. This step was mainly taken in response to the rising inflation in the Euro zone. The rising Crude oil and other commodity prices didn't help. The Equity markets closed flattish to weak on a weekly basis with the Dow Jones ended down by 0.3 percent. The Domestic equity markets ended up by 0.4 percent. China followed India, Korea and Philippines and raised their interest rates by 25 bps on fears of higher inflation slowing the growth rate. The Asian equity markets ended mainly mixed.

Major events:

- ECB raised benchmark interest rates by 25bps to 1.25 percent
- Asia Currencies Climbed for a Third consecutive week against the USD
- Gold and Silver hit new Highs
- China raised benchmark interest rates by 25bps
- Crude oil prices rallied on supply concerns from Libya and Middle East

INDICES	LAST	1 week ago	% Change
NIFTY	5833.75	5654.25	3.17
SENSEX	19445.22	18815.64	3.35
NASDAQ	2781.07	2743.06	1.39
DOW JONES INDUSTRIAL	12319.73	12220.59	0.81
SHANGHAI COMPOSITE	2928.11	2977.81	-1.67
NIKKIE 225	9755.10	9536.13	2.30
HANGSENG	23527.52	23158.67	1.59
FTSE Index	5908.76	5900.76	0.14

CROSS	LAST	1 week ago	% Change
USDINR	44.59	44.68	-0.20
EUROINR	63.39	63.30	0.14
GBPINR	71.47	71.59	-0.18
JPY (100) Futures	53.64	54.86	-2.22
MYR	14.74	14.76	-0.18
SGD	35.37	35.43	-0.17
DOLLAR INDEX	75.86	76.22	-0.47

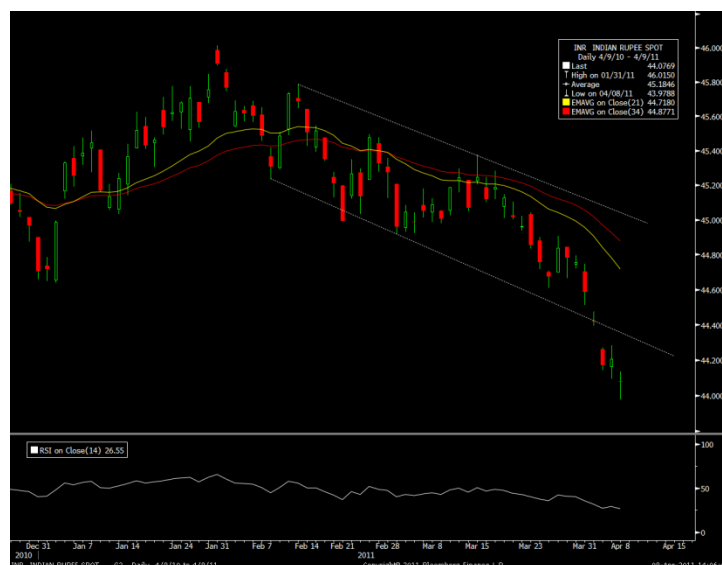
Dollar Index

Currency	S2	S1	Close	R1	R2	Recommendation
Dollar Index	74.54	74.80	75.06	75.25	75.70	SELL 75.35 TP 74.54 SL 75.70

TECHNICAL SNAPSHOT

The dollar index closed the week at 75.06 levels declining significantly from its weekly high of 76.15 levels. It witnessed a weekly low of 74.8380 levels. On a WoW basis it has declined by more than 1%. The dollar continues to slide as it still trades in the down sloping channel on the daily chart. We could expect it to continue to do so in the coming days as long as it is unable to breach the trend channel resistance at 75.75 levels. The relative strength index continues to tread week at 32 levels and could weaken further if the prices move further lower. A pullback closer to 75.25-75.34 levels could be expected which could be utilized as an opportunity to sell. Above which strong resistance is in the range of 75.75-75.80 levels. Support is at 74.83 and then 74.54 levels

Recommendation:- We could expect the dollar index to trade in a range of 74.50-75.35 levels for the week and recommend selling near the resistance levels.





USD/INR

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
USDINR – MCX-SX	Apr-11	43.78	44.00	44.2200	44.40	44.70	SELL 44.35 TP 44.00 SL 44.70
USDINR – NSE	Apr-11	43.76	43.98	44.2075	44.38	44.68	SELL 44.33 TP 43.98 SL 44.68

The Week Ahead:

- Strong Dollar inflows in the domestic equity markets to help rupee appreciate
- Higher Crude Oil prices to limit appreciation in the rupee
- Better Economic Data from the US to limit Rupee's gain

Fundamental Review

The past week saw the Rupee complete the best week in four months as overseas funds boosted holdings of the country's shares to take advantage of its economic growth outlook. The rupee closed at a six month high. The rupee advanced 1.2% this week to 44.08 from a previous weekly close of 44.58. The advance was mainly due to the huge inflow of dollars into the equity markets, where the FII pumped in \$1.6 billion for the week ended April 8. The government also raised Rs 12,000 crore (\$2.7 billion) in a sale of bonds on Friday. The central bank set a cut-off yield of 7.80% at the auction of the new 10-year paper. But these yields fell by 1 bps at the end of the day on concerns of rising commodity prices and its effect on inflation.

The one-month onshore forward premium was at 26.50 points, up from 25.25, the three-month premium at 80.50 points versus 77.25 and the one-year at 306.00 points from 288.00. The one-month offshore non-deliverable forward contracts were quoted at 44.22, stronger than the onshore spot rate. In the currency futures market, the most traded near-month dollar-rupee contracts on the National Stock Exchange, the MCX-SX and the United Stock Exchange were at 44.2200, 44.2275 and 44.2225 respectively, with the total volume at about \$7.5 billion.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Apr-11	45.4000	45.4000	44.1000	44.2100	-1.21%	11970346	12.36%	2750942	23.39%
May-11	44.8050	44.9225	44.3900	44.4875	-1.19%	456679	141.93%	627694	60.38%
Jul-11	45.0000	45.5375	44.6550	44.7675	-1.12%	62104	137.07%	126451	19.50%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Apr-11	44.5825	44.6500	44.1075	44.2075	-1.23%	9406622	34.22%	1129535	24.20%
May-11	44.8225	44.9200	44.3900	44.4900	-1.19%	571405	194.18%	244918	135.21%
Jun-11	45.1575	45.1775	44.6600	44.7675	-1.12%	138920	351.70%	71420	32.67%

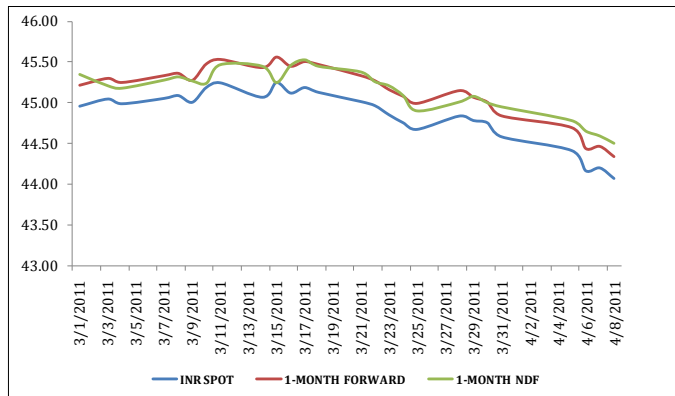
Outlook

We saw another weekly appreciation for the rupee. This close gave the Rupee its highest closing in six months; this level was last seen in October 2010 at the time of the Coal India IPO. Very strong flows into the Equity markets have also supported the rupee's gain with the FII pumping in \$1.6 billion in this week. On the Economic Data front the US data is expected to come in positive, the Initial as well as the Continuing jobless claims are expected to come in lower which is positive for the economy. There is not much major economic data to come from Germany and the Euro zone. The data which is coming is expected to come in slightly positive.

The rupee gained due to the weakening dollar and the regular inflows by the FII into domestic equity markets. For the beginning of the week the strong inflows are expected to continue in the domestic equity markets. The weakening Dollar Index due to a stronger Euro and Yen could help in the rupee's appreciation. These gains could be limited as stronger Economic data from the US and rising crude oil prices could help the Dollar get stronger. So overall it could trade in range for the coming week.



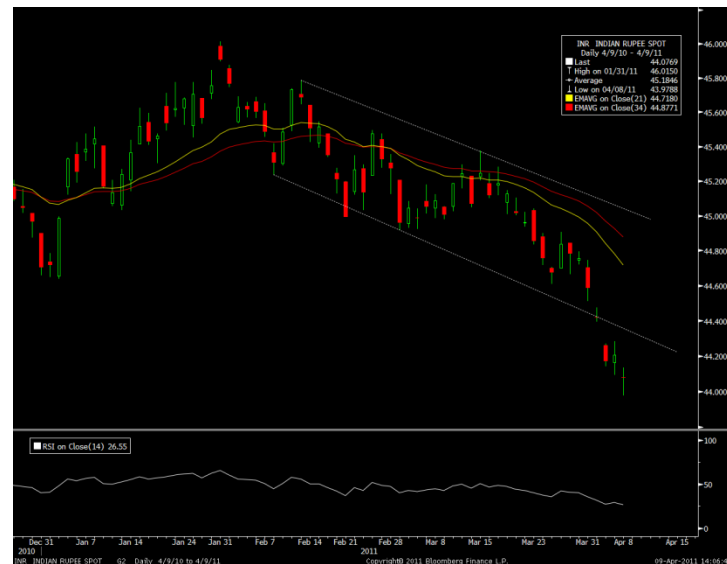
INDICATORS	LAST	1 week ago	% Change
LIBOR 1Mth	0.2265	0.2355	-3.82
LIBOR 3Mth	0.2853	0.2938	-2.89
MIBOR 1Mth	1.0800	1.0000	8.00
MIBOR 3Mth	1.2900	1.2600	2.38
U.S. 5Yr Bond Yield	2.3068	2.2633	1.92
U.S. 10Yr Bond Yield	3.5772	3.4795	2.81
India 10Yr Bond Yield	7.9420	7.9860	-0.55
Reference rate	44.0400	44.4500	-0.92
CBLO rate	1.5725	5.1076	-69.21
Call Rate	5.7500	6.7500	-14.81



No Major Economic data for week ahead

TECHNICAL SNAPSHOT

The spot rupee continued its journey southwards pushing prices further lower. Yet again it closed the week on a somber note at 44.06 levels to decline by 0.69%. It witnessed a high of 44.47 levels and a low of 43.95 levels. In doing so it has pierced past the lower Bollinger band of 44.27 levels suggesting the relentless selling. The rupee is also trading largely below all its short term daily moving averages, mainly being the 5 EMA which is at 44.23 levels breaching above which could be the first sign of a pullback in the offing. Considering the strong downtrend prevailing some downside from the current levels cannot be ruled out. However the daily chart suggests the rupee could be in the oversold territory as the Relative strength index has tested 26.97 levels and certainly it seems the rupee is due for a strong technical pullback to cool down the oversold condition in the short term. Even though the Average directional index shows a strong negative trend the DMI+ currently at 6.98 is trading much below DMI- which is at 30.6 levels.



Strong resistance is at 44.23 and then 44.47 levels. Support is at 43.88 and then 44.72 levels. Pivotal point for the week is at 44.16 levels.

We could expect the rupee to trade in a range of 43.80-44.50 levels for the week.



EUR/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
EURUSD	SPOT	1.4280	1.4370	1.4479	1.4590	1.4705	BUY 1.4370 TP 1.4605 SL 1.4270
EURINR – MCX-SX	Apr-11	62.95	63.30	63.68	64.10	64.45	BUY 63.53 TP 64.45 SL 63.10
EURINR – NSE	Apr-11	62.99	63.34	63.72	64.14	64.49	BUY 63.57 TP 64.50 SL 63.14

The Week Ahead:

- Portugal Debt woes to limit gains on the EURO
- Euro to trade in a range with positive bias
- Strong Economic data from US could limit Euro's gains

Fundamental Review

The Euro has gained against the USD as the rate hike by ECB weighed over the weaker fundamental and economic data that came out of the Euro zone. Even the Portuguese bailout demand could not restrict the gain of the Euro. The Euro rose to a 15-month high against the dollar on Friday, supported by expectations of more euro zone interest rate hikes, while US weaker economic data pushed the dollar lower across the board. The ECB raised benchmark rates by 25 bps which helped it hit a 15 month high against the USD. On a weekly basis the Euro gained 3.08% against the USD to finally close at 1.4468. The Euro gained against all the major currencies as it hit an 11 month high against the yen. It touched a level of 123.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Apr-11	63.3000	63.7350	63.1675	63.7050	0.32%	328893	17.44%	177877	12.21%
May-11	63.5350	64.0525	63.4850	64.0525	0.44%	24151	242.08%	27833	93.82%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Apr-11	63.4100	63.7300	63.1675	63.7200	0.30%	207469	33.09%	48999	-20.75%
May-11	63.7000	64.0500	63.4900	64.0450	0.34%	31375	94.67%	13319	-85.11%

Outlook

The Euro has recently been on broader uptrend despite weaker economic data and the bailout request by Portugal. The rally can be attributed to the rate hike by ECB, which raised rates by 25bps taking the present rate to 1.25%. On the Economic data front German data and the Euro zone are expected to come in positive. There is not much major data to come out of the Euro zone.

We expect the Euro to trade higher against most of the currencies. But the Portugal debt woes could cause concern on the upside for the euro. The gains could be limited against the USD as better than expected data from the US could help the dollar strengthen.

Economic data for week ahead

Date Time	Region	Event		Survey	Prior
04/12/2011 11:30	GE	Consumer Price Index (MoM)	MAR F	0.50%	0.50%
04/12/2011 14:30	GE	Zew Survey (Current Situation)	APR	85.2	85.4
04/12/2011 14:30	EC	ZEW Survey (Econ. Sentiment)	APR	--	31



04/12/2011 14:30	GE	ZEW Survey (Econ. Sentiment)	APR	10.6	14.1
04/13/2011 11:30	GE	Wholesale price Index (YoY)	MAR	10.70%	10.80%
04/13/2011 14:30	EC	Euro-Zone Ind. Prod. sa (MoM)	FEB	0.70%	0.30%
04/15/2011 14:30	EC	Euro-Zone CPI (MoM)	MAR	1.30%	0.40%
04/15/2011 14:30	EC	Euro-Zone Trade Balance sa	FEB	-3.6B	-3.3B

Technical analysis The Euro closed the week largely higher at 1.4479 levels piercing past its long term trend line resistance at 1.4280 levels that led to large scale buying. It added more than 1.74% to its prior weekly close of 1.4231 levels. It witnessed a high of 1.4482 and a low of 1.4149 levels. Considering the daily chart the Euro is currently trading at the upper end of the upward sloping channel suggesting small7resistance at the present levels. The Euro has also breached the upper Bollinger band level of 1.4415 levels suggesting the strong buying interest prevailing currently.



The pivotal point for the week is at 1.4370 levels which could act as short term support for the Euro as the current price trades much higher from the pivotal point. Breaching below which could find support at 1.4280 levels. Resistance is seen at 1.4605 levels. We could expect the Euro to trade in a range of 1.4280-1.4605 levels for the week and recommend buying near the support levels.

RECOMMENDATION: - BUY IN THE RANGE OF 1.4370 TARGETTING 1.4605 WITH SL BELOW 1.4270



GBP/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
GBPINR – MCX-SX	Apr-11	1.6180	1.6293	1.6381	1.6510	1.6635	BUY 1.6300 TP 1.6500 SL 1.6170
GBPINR – NSE	Apr-11	71.30	71.93	72.40	72.68	73.01	BUY 72.30 TP 73.01 SL 71.75
GBPUSD	SPOT	71.30	71.93	72.40	72.68	73.01	BUY 72.30 TP 73.01 SL 71.75

Fundamental Review

The Great Britain pound slipped after the Bank of England decided to keep the interest rates and the assets-purchase program unchanged. The BOE held its benchmark interest rates at 0.5 percent. Such move was expected by the market participants. The UK producer prices index climbed in March which gave support to the GBP in the latter part of the week.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Apr-11	71.9000	72.6400	71.2000	72.4050	0.57%	90482	42.25%	36483	-15.32%
May-11	73.9375	72.9975	72.2150	72.7925	-1.37%	3717	1113.04%	2989	204.69%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Apr-11	72.4850	72.6425	71.5500	72.4050	0.55%	67344	33.80%	7318	-10.79%
May-11	72.2800	73.2825	72.2050	72.7825	0.54%	3680	-26.63%	1528	258.69%
Jun-11	72.7500	73.4775	72.6300	73.1450	0.54%	380	283.84%	281	264.94%

Outlook

Data belonging to the UK will probably be in negative form. February Industrial and Manufacturing production are likely to increase, but the growth rate might be at a slower pace. The Bank of England decided to keep the interest rates and the assets-purchase program unchanged. The BOE held its benchmark interest rates at 0.5 percent. We expect the GBB to remain slightly subdued against major currencies owing to weaker economic data and the interest rates remaining the same.

Technical analysis:- The pound closed the week on a bullish note at 1.6381 levels gaining by more than 1.6750%

During the week it witnessed a high of 1.6427 levels and a low of 1.6090 levels. This has been its highest weekly closing for the past many weeks as it could not sustain near its weekly highs on earlier occasions. In doing so it has successfully closed above the trend line resistance level suggesting the stronghold of the bulls in the present conditions. The relative strength index on the weekly chart is currently trading at 54.00 levels and also pointing towards the upside.

Support is at 1.6293 and then 1.6190 levels.
Resistance is at 1.6510 and then 1.6636 levels.

RECOMMENDATION:- We recommend buying the pound closer to 1.6300 levels targeting 1.6500 with stop loss below 1.6170 levels





USD/JPY

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
JPYINR - MCX-SX	Apr-11	50.90	51.35	51.85	52.43	52.75	SIDEWAYS RANGE 51.40-52.40
JPYINR - NSE	Apr-11	50.90	51.35	51.85	52.43	52.75	SIDEWAYS RANGE 51.40-52.40
USD/JPY	SPOT	83.00	83.80	84.72	85.50	86.40	SIDEWAYS RANGE 84-85.50

The Week Ahead:

- BOE kept the rates unchanged hence hurting YEN
- Higher Crude oil prices to hurt YEN
- Another Earthquake disaster creates concern over recovery

Fundamental Review

The Japanese Yen continued to lose ground against most of its major counterparts throughout the week. For the third week in a row the Yen depreciated against the USD making a high of 85.51 and an overall depreciation of 1.23 percent on a weekly basis. Due to weaker economic data the Yen remained under pressure as the BOJ kept their rates unchanged. Another Earthquake hit the island on Wednesday night which added to the rising concerns over Japan's revival as an economy.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Apr-11	53.2000	53.2000	51.7700	51.8375	-4.19%	106449	24.01%	71369	43.37%
May-11	53.2000	53.3625	52.1175	52.1975	-4.03%	4534	292.21%	3453	266.56%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Apr-11	53.1400	53.1400	51.7675	51.8400	-4.18%	77926	-17.73%	11126	-12.82%
May-11	53.5550	53.5550	51.4500	52.1375	-4.15%	2882	140.37%	1618	94.00%
Jun-11	53.5875	53.5875	52.0825	52.5700	-4.50%	3	-95.08%	0.019607843	1.96%

Outlook

The Japanese Yen continued to depreciate in April, with the USDJPY advancing to a fresh yearly high of 85.51, and the low-yielding currency may face additional problems in the coming days as Central Bank curbed its outlook for future growth. Given the 7.4 magnitude earthquake that hit Japan earlier this week, it seems as though market participants are not expecting a huge wave of repatriation as the Bank of Japan increases its efforts to support the economy, this may continue to push the yen lower over the near-term. We expect the Yen to stay in arrange with some buying coming at lower levels.

Economic data for week ahead

Date Time	Region	Event	Survey	Prior
04/15/2011 10:00	JN	Industrial Production (MoM)	FEB F	-- 0.40%
04/15/2011 10:00	JN	Capacity Utilization (MoM)	FEB	-- 3.60%



Technical analysis The yen ended the week on a positive note to close at 84.72 levels. It gained by over 0.80% .Even though it could not sustain near the high of the week at 85.52 levels it still manages to trade above the 200 day exponential moving average level of 83.99. This has been a long term reversal point for the yen and as long as it trades above the 200 day exponential moving average level it is expected to trade with a positive bias. The weekly relative strength index is also trading up at 55.00 levels and is biased towards the upside. However considering the large upmove in the yen a pullback to the support levels cannot be ruled out.



Support is at 84.23 (8 day exponential moving average) and then 83.11(20 day exponential moving average).Resistance is at 85.52(recent high) and then 86.40 levels

RECOMMENDATION:- We could expect the yen to trade in a range of 83.90-85.50 levels for the week

Major economic events for the week

4/10/2011 7:30	CH	Trade Balance (USD)	MAR	\$3.35B	-\$7.30B
04/10/2011 07:30	CH	Exports YoY%	MAR	23.40%	2.40%
04/10/2011 07:30	CH	Imports YoY%	MAR	20.60%	19.40%
04/12/2011 11:30	GE	Consumer Price Index (MoM)	MAR F	0.50%	0.50%
04/12/2011 14:00	UK	CPI (MoM)	MAR	0.60%	0.70%
04/12/2011 14:00	UK	Retail Price Index	MAR	232.8	231.3
04/12/2011	GE	Zew Survey (Current	APR	85.2	85.4



14:30		Situation)			
04/12/2011 14:30	EC	ZEW Survey (Econ. Sentiment)	APR	--	31
04/12/2011 14:30	GE	ZEW Survey (Econ. Sentiment)	APR	10.6	14.1
04/12/2011 18:00	US	Import Price Index (MoM)	MAR	2.00%	1.40%
04/12/2011 18:00	US	Trade Balance	FEB	\$44.3B	-\$46.3B
04/13/2011 11:30	GE	Wholesale price Index (YoY)	MAR	10.70%	10.80%
04/13/2011 14:30	EC	Euro-Zone Ind. Prod. sa (MoM)	FEB	0.70%	0.30%
04/13/2011 18:00	US	Advance Retail Sales	MAR	0.50%	1.00%
04/13/2011 19:30	US	Business Inventories	FEB	0.80%	0.90%
04/14/2011 18:00	US	Initial Jobless Claims	9-Apr	380k	382K
04/14/2011 18:00	US	Continuing Claims	2-Apr	3703k	3723K
04/14/2011 18:00	US	Producer Price Index (MoM)	MAR	1.10%	1.60%
04/15/2011 07:30	CH	Industrial Production QoQ	MAR	--	--
04/15/2011 07:30	CH	Retail Sales (QoQ)	MAR	--	--
04/15/2011 07:30	CH	Real GDP YoY	1Q	9.40%	9.80%
04/15/2011 07:30	CH	Consumer Price Index (YoY)	MAR	5.20%	4.90%
04/15/2011 07:30	CH	Producer Price Index (YoY)	MAR	7.20%	7.20%



04/15/2011 07:30	CH	Industrial Production (YoY)	MAR	14.00%	14.90%
04/15/2011 10:00	JN	Industrial Production (MoM)	FEB F	--	0.40%
04/15/2011 10:00	JN	Capacity Utilization (MoM)	FEB	--	3.60%
04/15/2011 14:30	EC	Euro-Zone CPI (MoM)	MAR	1.30%	0.40%
04/15/2011 14:30	EC	Euro-Zone Trade Balance sa	FEB	-3.6B	-3.3B
04/15/2011 18:00	US	Consumer Price Index (MoM)	MAR	0.50%	0.50%
04/15/2011 18:00	US	Empire Manufacturing	APR	17.8	17.5
04/15/2011 18:30	US	Total Net TIC Flows	FEB	--	\$32.5B
04/15/2011 18:30	US	Net Long-term TIC Flows	FEB	--	\$51.5B
04/15/2011 18:45	US	Industrial Production	MAR	0.50%	-0.10%
04/15/2011 18:45	US	Capacity Utilization	MAR	77.40%	76.30%
4/15/2011 19:25	US	U. of Michigan Confidence	APR P	69	67.5
4/10/2011 7:30	CH	Trade Balance (USD)	MAR	\$3.35B	-\$7.30B
04/10/2011 07:30	CH	Exports YoY%	MAR	23.40%	2.40%
04/10/2011 07:30	CH	Imports YoY%	MAR	20.60%	19.40%
04/12/2011 11:30	GE	Consumer Price Index (MoM)	MAR F	0.50%	0.50%



Currency Weekly



A C o m p r e h e n s i v e R e p o r t

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