



## Global economic review

### Economic performance:

The past week saw the USD hit a 3 year low against major currencies; as the FOMC decided to keep the rates unchanged at 0.25%. This decision came of no surprise as the US Fed in its previous statements made it clear that they would not be willing to hike interest rates. This left the investors dumping the USD for other currencies; as higher interest rates in these countries would give them higher yielding assets. The Dollar Index was evident of this weakness as it hit fresh 21 month lows of 72.83. The Euro has rallied to 18 month highs. The Equity markets however based better than expected corporate earnings from the US and Europe rose to nearly 33 month highs as Dow closed at 12806 up 2.4 percent WoW. The Asian currencies as well as Equities ended almost flat with slight gains in some of them. The rupee gave a flat closing down by 0.07 percent Wow

### Major events:

- Gold and Silver hit new Highs; Silver hits new 36 year high
- Euro gains most against USD; after FOMC keeps rates unchanged
- Major Global Equity markets posted Weekly gain
- Crude oil prices rallied on supply concerns from Libya and Middle East

CROSS	LAST	1 week ago	% Change
USDINR	44.22	44.37	-0.33
EUROINR	65.75	64.80	1.46
GBPINR	73.87	73.28	0.81
JPY (100) Futures	54.45	54.20	0.46
MYR	14.93	14.75	1.21
SGD	36.12	35.92	0.54
DOLLAR INDEX	72.93	74.11	-1.59

INDICES	LAST	1 week ago	% Change
NIFTY	5749.50	5884.70	-2.30
SENSEX	19135.96	19602.23	-2.38
NASDAQ	2873.54	2820.16	1.89
DOW JONES INDUSTRIAL	12810.54	12505.99	2.44
SHANGHAI COMPOSITE	2911.51	3026.67	-3.80
NIKKEI 225	#N/A N/A	9685.77	#VALUE!
HANGSENG	23720.81	24138.31	-1.73
FTSE Index	#N/A N/A	6018.30	#VALUE!

### Dollar Index

Currency	S2	S1	Close	R1	R2	Recommendation
Dollar Index	71.86	72.40	72.93	73.36	73.80	SIDEWAYS RANGE 72.50-73.70

### TECHNICAL SNAPSHOT

The dollar continued to chase its prevailing trend of trending lower. This has been the fifth consecutive week that the dollar has declined to hit a major low this week at 72.8340 levels. It declined by more than 1.58% over the prior week to close at 72.93 levels. During the week it witnessed a high of 74.33 levels but drifted significantly lower from those levels. On the daily chart it is clearly seen that the dollar has broken down out of its down sloping channel support and hence such a tremendous selling. The relative strength index on the daily chart is extremely oversold at the current scenario as it is trading at 22.58 levels. And considering this fact a minor pullback to resistance can be expected from here.

The weekly pivotal point is at 73.36 levels which could act as a resistance in the short term as the current price of the dollar trades below the pivotal point. However breaching which could head higher to the next resistance at 73.80 levels. Trading below 73.36 could continue to trade lower with supports at 72.40 and then 71.86 levels. We could expect the dollar to trade in a range of 72.50-73.70 levels for the week





## USD/INR

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
USDINR – MCX-SX	May-11	44.10	44.39	44.47	44.63	44.83	SELL 44.61 TP 44.30/44.15 SL 44.85
USDINR – NSE	May-11	44.10	44.39	44.47	44.63	44.83	SELL 44.61 TP 44.30/44.15 SL 44.85

### The Week Ahead:

- Euro's continued gain against USD to help rupee appreciate
- Higher Crude Oil prices to limit appreciation in the rupee
- Monetary Policy to decide further trend of the rupee

### Fundamental Review

The rupee strengthened to a near three-week high, supported by global dollar weakness and inflows of the greenback through robust overseas corporate borrowings, but its rise was limited by defense-related payments. The rupee ended at 44.21 per dollar. It posted a weekly gain of 0.36 percent. The government bond yields ended slightly higher after trading in a narrow band, as the market priced in expectations of at least a quarter point increase in key rates by the central bank next week but was still uncertain about the quantum of the hike. The yield on the 7.8%, 2021 bond and the 8.08%, 2022 bond both ended up 2 basis points each at 8.13% and 8.3%, respectively

The one-month onshore forward premium was at 26.50 basis points (bps) versus 25.50 bps at previous close. The three-month was steady at 82 bps and the one-year was at 317.75 bps compared with 311.50 bps. The one-month offshore non-deliverable forward contracts were quoted at 44.46, weaker 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 44.4600, 44.4650, 44.4625 respectively, with total volume at \$6.27 billion

### MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
May-11	44.7050	44.9150	44.4575	44.4650	-0.44%	8708643	1099.51%	2487045	170.27%
Jun-11	45.0000	45.1850	44.7325	44.7400	-0.46%	261198	83.94%	428318	89.18%
Jul-11	45.2250	45.4400	45.0100	45.0175	-0.41%	30114	172.75%	79189	58.07%

### NSE

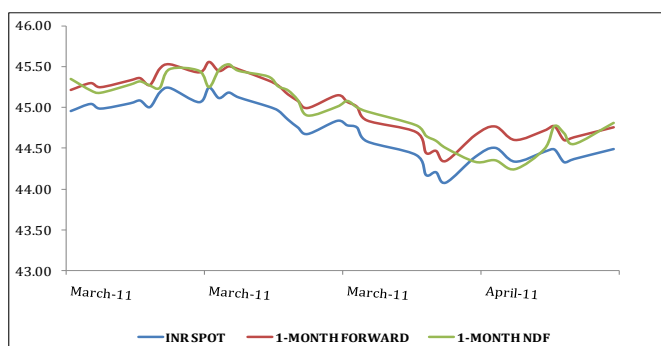
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
May-11	44.7475	44.9150	44.4550	44.4600	-0.50%	8606632	698.18%	889365	114.26%
Jun-11	45.0100	45.1800	44.7275	44.7350	-0.50%	470688	144.44%	192649	52.65%
Jul-11	45.2800	45.4425	45.0000	45.0075	-0.51%	45507	116.50%	55525	31.78%

### Outlook

The past week saw the rupee close with a weekly gain of 0.36 percent. The dollar's weakness against major currencies helped rupee gain after depreciating in the beginning of the week. On the Economic data front in the US; the U.S. monthly unemployment report, which can impact the market's direction. The April report is expected to show a rise in non farm payrolls, with the unemployment rate holding at 8.8%. The data from the Euro zone is also expected to come in positive. The next week will also see the RBI gathering for the monetary policy, and there is an expectation of a rise of 25bps in both the Repo and Reverse Repo rates.

So overall we can expect the rupee to appreciate further; as the USD may continue its weakness against major currencies. And also the RBI is expected to raise rates by 25bps which can help the rupee to appreciate. But as the dollar has fallen to 3 year lows against the Euro, we can expect some demand for the dollar to come in at lower levels.

INDICATORS	LAST	1 week ago	% Change
LIBOR 1Mth	#N/A N/A	0.2126	#VALUE!
LIBOR 3Mth	#N/A N/A	0.2738	#VALUE!
MIBOR 1Mth	1.2400	1.1900	4.20
MIBOR 3Mth	1.3800	1.3600	1.47
U.S. 5Yr Bond Yield	1.9670	2.1124	-6.88
U.S. 10Yr Bond Yield	3.2863	3.3963	-3.24
India 10Yr Bond Yield	8.1310	8.1020	0.36
Reference rate	44.3800	44.3000	0.18
CBLO rate	6.7302	4.4663	50.69
Call Rate	6.8800	6.2000	10.97

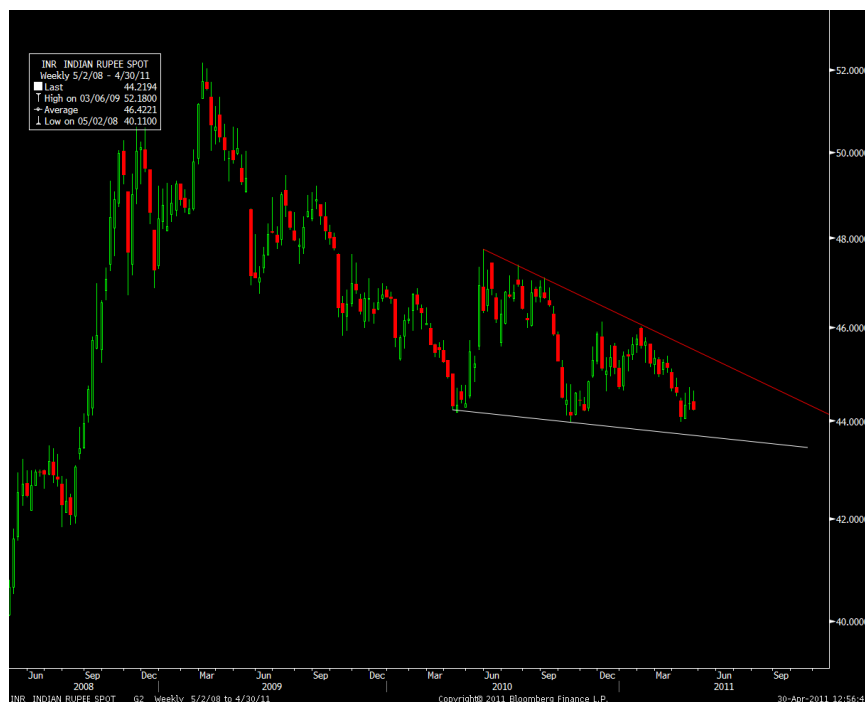




## No Major Economic data for week ahead

### TECHNICAL SNAPSHOT

The rupee closed the week on a bearish note at 44.21 levels shedding 0.36% over the prior week. During the week it witnessed a high of 44.618 and then a low of 44.13 levels. The weekly candlestick pattern depicts the formation of a gravestone doji formation suggesting the fact that the buyers could not sustain prices higher and hence some relentless selling. Based on the Bollinger band principle the rupee is trading closer to the lower end of the weekly Bollinger band which is closer to 43.99 levels. However a breach and sustenance below which could pull it further lower to the trading channel support levels which is closer to 43.66 levels as depicted on the weekly chart. In the short term the rupee could trade lower as it consistently trades below its 20 day exponential moving average level which is at 44.47 levels. Applying the Fibonacci principle on the daily chart the rupee has retraced 61.8% level to 44.19 of the swing range (43.8800-44.6950) levels. The relative strength index on the weekly chart is currently trading at 39.6 levels suggesting no inherent strength prevailing in the rupee.



The weekly pivotal point for the rupee is at 44.2860 levels which could act as a critical level for the week .Support is at 43.99 and then 43.83 levels .Resistance is at 44.46 and then 44.60 levels

We could expect the rupee to trade in a range of 44.00-44.6000 levels for the week and recommend selling at higher levels



## EUR/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
EURUSD	SPOT	1.4570	1.4726	1.4806	1.4880	1.4950	BUY 1.4726 TP 1.4950 SL 1.4640
EURINR – MCX-SX	May-11	65.28	65.75	66.005	66.2450	66.4000	BUY 65.75 TP 66.40 SL 65.30
EURINR – NSE	May-11	65.28	65.75	66.005	66.2450	66.4000	BUY 65.75 TP 66.40 SL 65.30

### The Week Ahead:

- Euro to rise on better Growth outlook
- Focus on Trichet's comment on Interest Rates
- Strong Economic data from US could limit Euro's gains

### Fundamental Review

In the past week we saw heavy fluctuations, but the Euro again ended with a strong weekly gain for the second consecutive week on interest rate bets. The euro gained further momentum with the Fed's pledging to keep rates low and taking a dovish stance to support the economy; this sent the dollar to its lowest in three years as gauged by the dollar index. The Euro has hit fresh 16 month highs against the USD. The Euro gained against all the major currencies as it closed at a 6 month high against the GBP. On a weekly basis the Euro gained 1.73% against the USD to finally close at 1.4806.

### MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
May-11	65.3275	66.2450	64.9800	66.0025	1.37%	367707	466.51%	322734	259.02%
Jun-11	65.2875	66.5450	65.2625	66.3125	1.45%	18668	362.08%	35343	388.03%

### NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
May-11	65.0450	66.2450	64.9825	66.0225	1.40%	267490	405.64%	74938	151.53%
Jun-11	65.2600	66.5400	65.2550	66.3000	1.45%	18130	320.06%	9895	27.93%

### Outlook

This week, the focus will be surely on the ECB and Trichet's comments and whether he will include "strong vigilance" in the statement as they are expected to keep rates steady this month after raising rates in April to 1.25%. On the Economic data front the PMI data from the Euro zone are likely to revamp and the ECB is likely to maintain the previous rate to bolster the economy.

We expect the Euro to trade in a higher range against most of the currencies in the coming week. Against the USD, the better than expected data from the US could help the dollar strengthen. The volatility is expected to rise in the coming week

### Economic data for week ahead

Date Time	Region	Event		Survey	Prior
05/02/2011 13:25	GE	PMI Manufacturing	APR F	61.7	61.7
05/02/2011 13:30	EC	PMI Manufacturing	APR F	57.7	57.7
05/03/2011 14:30	EC	Euro-Zone PPI (MoM)	MAR	0.60%	0.80%
05/04/2011 13:25	GE	PMI Services	APR F	57.7	57.7



05/04/2011 13:30	EC	PMI Composite	APR F	57.8	57.8
05/04/2011 13:30	EC	PMI Services	APR F	56.9	56.9
05/04/2011 14:30	EC	Euro-Zone Retail Sales (MoM)	MAR	0.10%	-0.10%
05/05/2011 15:30	GE	Factory Orders MoM (sa)	MAR	0.40%	2.40%

**Technical analysis** The euro continued its existing uptrend to close at 1.4806 levels gaining more than 1.77% over the prior week. It witnessed a high of 1.4882 levels and a low 1.4491 levels during the week. The euro continues to make new highs owing to its sustenance above the trend line supports which as depicted on the weekly chart. The relative strength index on the weekly chart is currently trading at 71 levels suggesting the prevailing strength in the euro. The Euro trades above most of its short term moving averages suggesting a strong bullish trend. The 5 day exponential moving average is at 1.4732 levels which could act as strong support in the short term. The weekly pivotal point too rests closer to 1.4726 levels which could provide some support in case of any pullback considering the vertical up move in the euro in the short term

Support is at 1.4726 and then 1.4570 levels. Resistance is at 1.4880 and then 1.4960 levels

We could expect the euro to trade in a range of 1.4730-1.4950 levels for the week and recommend buying near the support levels





## GBP/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
GBPINR – MCX-SX	May-11	73.56	73.80	74.08	74.50	74.70	BUY 73.80 TP 74.50 SL 73.50
GBPINR – NSE	May-11	73.56	73.80	74.08	74.50	74.70	BUY 73.80 TP 74.50 SL 73.50
GBPUSD	SPOT	1.6490	1.6616	1.6702	1.6830	1.6950	BUY 1.6600 TP 1.6830 SL 1.6400

### Fundamental Review

In the past week the Sterling rose to a 16-month high against a weak dollar, but the pound lagged against the euro, on fears that weighed by uncertainty over the UK economy and the timing of future rate hikes. The Pound followed a broader trend against the USD as it also gained, along with the other major currencies. The sterling was helped by the better GDP no's which increased on both a quarterly and a yearly basis. The pound gained by 1.17 % against the USD WoW; to finally close at 1.6702

#### MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
May-11	73.4500	74.5275	73.0000	74.0925	0.36%	69812	426.13%	35372	312.55%
Jun-11	73.9375	74.9000	73.3500	74.4300	0.94%	4057	2041.18%	3447	275.49%

#### NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
May-11	73.8025	74.5250	73.5025	74.0525	0.26%	58744	559.75%	14117	181.22%
Jun-11	74.1025	74.9850	73.8900	74.4400	0.33%	1359	445.78%	845	130.87%
Jul-11	73.6000	75.1000	73.6000	74.2050	0.14%	55	-54.55%	165	29.92%

### Outlook

Data belonging to the UK will probably be in positive form; this can help the GBP gain further against the USD in the coming week. We expect the GBB to remain positive in the beginning of the week as the positive trend is likely to continue; but to the latter part of the week we can see it being in a range as better economic data from the US could limit these gains.

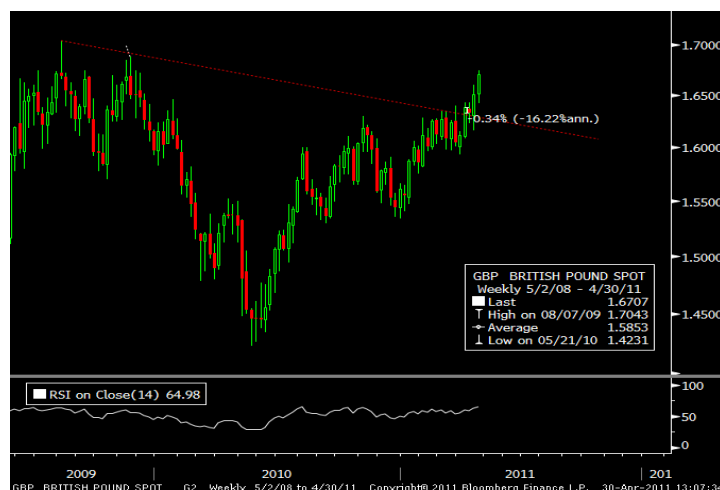
**Technical analysis:-** The pound closed the week higher at 1.6702 levels gaining by more than 1.175% over the week gone by. It witnessed a high of 1.6745 and a low 1.6400 levels during the week. As witnessed on the weekly chart the pound is clearly heading towards the upper end of the up sloping channel resistance which could be closer to 1.6950 levels. The average directional index which is currently trading at 32 levels clearly suggests a strong up move .Hence suggesting some more up move from the current levels could still be possible as the momentum is in favour of the bulls. The relative strength index which is currently trading at 65 levels also implies the strength of the bullish momentum prevailing in the pound

The pivotal point for the week is at 1.6616 levels suggesting

support as the current price trades much higher from the pivotal point .Breaching which support is at 1.6490 levels and then 1.6422

levels which is also the 20 day exponential moving average. Resistance is at 1.6830 and then 1.6950 levels

We could expect the pound to trade in a range of 1.6600-1.6830 levels for the week and recommend buying at the support levels



GBP BRITISH POUND SPOT G2 Weekly 5/2/08 to 4/30/11 Copyright© 2011 Bloomberg Finance L.P. 30-Apr-2011 13:07:34



## USD/JPY

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
JPYINR – MCX-SX	May-11	54.19	54.50	54.6475	55.05	55.20	BUY 54.50 TP 55.10 SL 54.20
JPYINR – NSE	May-11	54.19	54.50	54.6475	55.05	55.20	BUY 54.50 TP 55.10 SL 54.20
USD/JPY	SPOT	79.86	80.48	81.09	81.63	82.50	SELL 81.65 TP 80.50 SL 82.00

### The Week Ahead:

- Higher Crude oil prices to hurt YEN
- Higher Bond Yields to attract investors

### Fundamental Review

The Japanese Yen continued to appreciate against the U.S. dollar during the final week of April, with the exchange rate slipping to a fresh monthly low of 81.08 on Friday, but the near-term rally in the low-yielding currency may taper off going into May as speculation for a currency intervention resurface. THE Bank of Japan kept its Target rate unchanged at 0.10 %. The Yen appreciated by 1.00% against the USD to give a close at 81.09.

### MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
May-11	54.4200	54.9675	53.9025	54.6300	0.43%	24606	154.35%	21725	80.98%
Jun-11	54.7700	55.1925	54.6400	54.9500	1.17%	691	1112.28%	2294	149.35%

### NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
May-11	54.3500	54.9650	54.3225	54.6525	0.41%	32728	272.12%	8148	66.90%
Jun-11	54.9000	55.4900	54.9000	55.1775	0.97%	64	300.00%	264	114.63%
Jul-11	54.9000	55.4900	54.9000	55.1775	0.97%	64	300.00%	0.545454545	54.55%

### Outlook

After unanimously voting to keep the benchmark interest rate at 0.10% earlier this week, board members of the BoJ rejected Deputy Governor Kiyohiko Nishimura's call to expand the asset purchase program by JPY 5 trillion in order to further assess the aftermath of the devastating earthquake and tsunami that has crippled the economic recovery, and sees GDP increasing at an annualized pace of 0.6% this year amid an initial forecasts for a 1.6% expansion back in January. At the same time, the central bank now sees inflation increased 0.7% in 2011, which compares which compares with the 0.3% projection from earlier this year, and pledged to take the appropriate steps when needed as policy makers aim to balance the risks for the region. As Standard and Poor's lowers its credit outlook for the region to negative, the BoJ may face increased pressures to underwrite public debt.

We expect the JPY to follow the global trend, in which we can see it appreciating further against the USD. But with Japan having its own problems it's not expected to raise much and its gains could be capped

### NO Major Economic data for week ahead



**Technical analysis** The yen closed on a bearish note continuing its prior downtrend at 81.09 levels .It declined by more than 1% over the prior week. During the week it witnessed a high of 81.93 and then a low of 81.01 levels. The yen has closed lower for the third consecutive week. On the weekly chart it has clearly breached below the trend channel support and hence resulted in further fall. The yen is trading below most of its short term moving average which could act as a resistance in the short term. On many previous occasions it has failed to breach past the 20 day exponential moving average level which is currently at 82.50 levels which could act as a strong resistance on any pullback closer to those levels. The weekly relative strength index is currently trading at 42 levels suggesting weakness in the pair.

The pivotal point for the week is at 81.63 levels which could act as a resistance .Sustaining below which could continue to trade lower with supports at 80.50 and then 79.85 levels. Resistance is at 81.63 and then 82.50 levels.



We could expect the yen to trade in a range of 80.50 -82.50 levels for the week and recommend selling at higher levels

## Major economic events for the week

5/1/2011 6:30	CH	PMI Manufacturing	APR	53.9	53.4
05/02/2011 13:25	GE	PMI Manufacturing	APR F	61.7	61.7
05/02/2011 13:30	EC	PMI Manufacturing	APR F	57.7	57.7
05/02/2011 19:30	US	Construction Spending MoM	MAR	0.30%	-1.40%
05/02/2011 19:30	US	ISM Manufacturing	APR	59.6	61.2
05/02/2011 19:30	US	ISM Prices Paid	APR	83	85
05/03/2011 14:00	UK	PMI Manufacturing	APR	57.2	57.1
05/03/2011 14:30	EC	Euro-Zone PPI (MoM)	MAR	0.60%	0.80%
05/03/2011	US	Factory Orders	MAR	1.70%	-0.10%



19:30					
03-06 MAY	UK	Halifax House Prices sa (MoM)	APR	0.10%	0.10%
05/04/2011 02:30	US	Total Vehicle Sales	APR	12.95M	13.06M
05/04/2011 02:30	US	Domestic Vehicle Sales	APR	9.86M	9.94M
05/04/2011 13:25	GE	PMI Services	APR F	57.7	57.7
05/04/2011 13:30	EC	PMI Composite	APR F	57.8	57.8
05/04/2011 13:30	EC	PMI Services	APR F	56.9	56.9
05/04/2011 14:00	UK	PMI Construction	APR	55.4	56.4
05/04/2011 14:00	UK	Net Consumer Credit	MAR	0.5B	0.8B
05/04/2011 14:30	EC	Euro-Zone Retail Sales (MoM)	MAR	0.10%	-0.10%
05/04/2011 17:45	US	ADP Employment Change	APR	200K	201K
05/04/2011 19:30	US	ISM Non-Manf. Composite	APR	58	57.3
05/05/2011 14:00	UK	PMI Services	APR	55.8	57.1
05/05/2011 15:30	GE	Factory Orders MoM (sa)	MAR	0.40%	2.40%
05/05/2011 16:30	UK	BOE ANNOUNCES RATES	40668	0.50%	0.50%
05/05/2011 17:15	EC	ECB Announces Interest Rates	40668	1.25%	1.25%
05/05/2011 18:00	US	Nonfarm Productivity	1Q P	1.00%	2.60%



05/05/2011 18:00	US	Initial Jobless Claims	40663	410K	429K
05/05/2011 18:00	US	Continuing Claims	40656	3637K	3641K
05/06/2011 15:30	GE	Industrial Production MoM (sa)	MAR	0.50%	1.6%
05/06/2011 18:00	US	Change in Nonfarm Payrolls	APR	180K	216K
05/06/2011 18:00	US	Change in Private Payrolls	APR	200K	230K
05/06/2011 18:00	US	Change in Manufact. Payrolls	APR	20K	17K
05/06/2011 18:00	US	Unemployment Rate	APR	8.80%	8.80%
5/1/2011 6:30	CH	PMI Manufacturing	APR	53.9	53.4
05/02/2011 13:25	GE	PMI Manufacturing	APR F	61.7	61.7
05/02/2011 13:30	EC	PMI Manufacturing	APR F	57.7	57.7
05/02/2011 19:30	US	Construction Spending MoM	MAR	0.30%	-1.40%
05/02/2011 19:30	US	ISM Manufacturing	APR	59.6	61.2
05/02/2011 19:30	US	ISM Prices Paid	APR	83	85
05/03/2011 14:00	UK	PMI Manufacturing	APR	57.2	57.1

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# 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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