



Global economic review

Economic performance:

The previous week saw the Euro gain substantially as the EU said it would look at measures to bailout Greece. The ECB President "Trichet" said he wanted to form a single Finance Ministry for the EU. The Greenback was taken to the washer's as unresponsive data from the US raised further doubts about the Economic recovery. The Equity markets were also not spared as Dow Jones its longest weekly losing streak since 2004. This is its straight fifth weekly loss. The Dow and S&P 500 slumped to the lowest levels since March after payrolls grew by 54,000 in May, and the jobless rate unexpectedly climbed to 9.1 percent. The Dow Jones Industrial Average fell 2.3 per cent during the week, finishing at 12,151.26 points. The NASDAQ fell 2.3 per cent to 2,732.78 points and the larger S&P 500 was down by the same percentage to 1,300.16 points. Due to the slump in the greenback almost all the Asian currencies rallied on a weekly basis. The Rupee also gained by about 1 percent. In the commodities space Gold was stable as it rose by 0.43%, whereas silver lost by 4.3%. Crude also closed in the positive territory as it gained 0.44% on a weekly basis.

CROSS	LAST	1 week ago	% Change
EURUSD	1.46	1.43	2.21
GBPUSD	1.64	1.65	-0.51
USDJPY	80.34	80.80	-0.57
USDCAD	0.98	0.98	0.17
USDCHF	0.83	0.85	-1.87
USDSEK	6.13	6.22	-1.41

INDICES	LAST	1 week ago	% Change
NIFTY	5516.75	5476.10	0.74
SENSEX	18376.48	18266.10	0.60
NASDAQ	2732.78	2796.86	-2.29
DOW JONES INDUSTRIAL	12151.26	12441.58	-2.33
SHANGHAI COMPOSITE	2728.02	2709.95	0.67
NIKKIE 225	9492.21	9521.94	-0.31
HANGSENG	22949.56	23118.07	-0.73
FTSE Index	5855.01	5938.87	-1.41

Major events:

- Gold and Crude post weekly gains
- Euro posts major gain as USD slumps on weaker economic data
- Major Global Equity markets posted Weekly losses

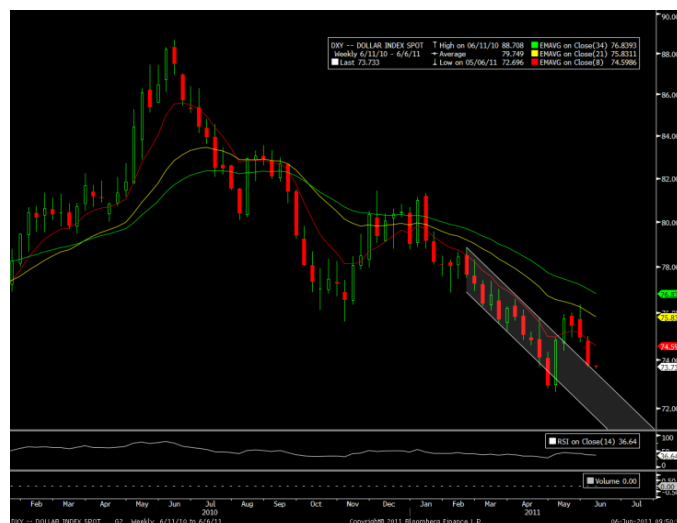
Dollar Index

Currency	S2	S1	Close	R1	R2	Recommendation
Dollar Index	72.743	73.347	73.8000	74.957	75.963	Sideways

TECHNICAL SNAPSHOT:

The dollar index traded lower for most of the week by continuing the previous trend, but it finally closed the week on a loss of 1.6 %. It made a low of 73.69 then high of 74.46 levels before settling lower at 73.80 levels. Closing of the candle renders sideways movement with some support at lower levels. Prices are taking support at the trend channel after giving a breakout 2 weeks ago. If it breaks below the support we could see it going lower. Prices are taking support at level around 73.65-7.50. Which are also the supports on the channel. For the coming week we can expect it to trade lower with a bounce back expected in the latter part of the week.

Outlook: We expect prices to trade in a range for the coming week and recommend staying neutral





USD/INR

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
USDINR – MCX-SX	Jun-11	44.6975	44.8525	45.0075	45.265	45.5225	Sell45.10-15 TP 44.78 SL 45.30
USDINR – NSE	Jun-11	44.7108	44.8567	45.0025	45.2542	45.5058	Sell45.10-15 TP 44.78 SL 45.30

The Week Ahead:

- Euro continued gain to make rupee appreciate
- Weaker Equity markets to limit rupee's gain
- Weaker Economic data from US to help rupee further

Fundamental Review

After declining for the whole of May the rupee posted its first weekly gain as stronger equity markets and FII's pumping in money. The Foreign funds net bought stocks worth 430 million in the week gone by. The slump in the greenback also helped the rupee to gain its momentum. The rupee gained 0.8% this week to 44.815 per dollar. The India Bond prices declined the most on a weekly basis as weaker economic data weighed on the prices. The 10 yr Bond yield ended at 8.27%. The 10-year yield has tumbled 19 basis points this week, its biggest fall since mid-May 2010

The one-month onshore forward premium was at 22 points against 21.50 points previously. The three-month was at 70 points versus 69.75 and the one-year was at 263.50 points against 256.75.

The one-month offshore non-deliverable forward contracts were quoted at 45.04, 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 all at 45.0025, with the total volume at \$4.33 billion.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	45.3000	45.3675	44.9550	45.0075	-0.88%	13536650	240.61%	2537547	60.81%
Jul-11	45.6000	45.6000	45.1825	45.2350	-0.87%	487166	161.59%	525387	48.09%
Aug-11	45.8625	45.8625	45.4800	45.4875	-0.83%	100101	202.50%	249412	46.27%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	45.3400	45.3600	44.9625	45.0025	-0.89%	13263949	202.52%	1054331	12.08%
Jul-11	45.5700	45.6100	45.2075	45.2275	-0.88%	1060932	274.53%	300207	60.04%
Aug-11	45.8400	45.8400	45.4625	45.4875	-0.83%	320798	408.23%	120703	54.17%

Outlook

The past week saw the rupee close with a weekly gain of 0.88 percent, the first weekly gain since April. The Euro's gain over the week has been more than 2% has helped the rupee to gain. On the Economic data front in the coming week the US data is expected to come in mixed. Not much data is expected from the US in the coming week. From Euro zone the data is expected to come in positive form.

Looking at how the past week has fared for the whole global economy especially to the latter part of the week. We can expect the rupee to follow the trend and is likely to appreciate further. The economic data from the Euro zone can help in strengthening the Euro further which will also help in rupee's gain. So, overall we can see the rupee appreciating in the coming week.

No Major Economic data for week ahead



TECHNICAL SNAPSHOT

The rupee closed the week largely lower at 45.0050 levels to loose by 0.84% over the week gone by. In this week it witnessed an intraday high of 45.3650 and a low of 44.9575 levels. On the daily chart the rupee has clearly seen a breakout out of its down sloping channel, hence indicating the possibility of a further up move from the current levels. The most important thing being that the rupee has managed to close much higher above the 20 day exponential moving average level of 44.94 on the daily chart which clearly suggests the short term trend is on the upside. But any pullback could be utilized as an opportunity to sell targeting lower levels. The pivotal point for the week is at 45.09 which higher to where the rupee closed. However a break above the pivotal point it could head to higher levels of 45.17 levels. Resistance is at 45.26 and then 45.41 levels



OUTLOOK: - We could expect the rupee to trade in a range of 44.70-45.27 levels for the week and recommend selling near the resistance levels.



EUR/USD

Currency	Contract	S2	S1	Close	R1		Recommendation
EURUSD	SPOT	1.4350	1.4480	1.4621	1.4665	1.476	BUY 1.4480 TP 1.4780 SL 1.4400
EURINR – MCX-SX	Jun-11	64.2733	64.7217	65.1700	65.4542	65.7383	BUY 65.20-25 TP 65.8/66.14 SL 64.90
EURINR – NSE	Jun-11	64.5117	64.9708	65.1800	65.7183	66.0067	BUY 65.20-25 TP 65.8/66.14 SL 64.90

The Week Ahead:

- Euro to continue gain against USD
- German Economic Data to closely watched
- Renewed Debt Crisis may limit upside in Euro

Fundamental Review

In the beginning of the week the Euro zone debt concerns about the Greece default having been ratcheted up over the weekend were the heart of the problem. Another ratings downgrade by Fitch have not helped, adding to this a warning over the state of Italy's credit has made matters worse. But to the end of the week the Euro rallied as weaker economic data from the US weakened their growth outlook. The Euro was further helped by comments do the ECB president when he said that he recommends a single finance ministry for the European Union. The euro gained by 2.21 percent to \$1.4621, from \$1.4353 on a weekly basis.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	64.6000	65.2900	64.5575	65.1700	0.99%	615447	195.13%	334172	139.06%
Jul-11	64.8000	65.5475	64.8000	65.4300	1.02%	27428	322.42%	29937	150.31%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	64.6500	65.2875	64.5575	65.1800	0.99%	340902	94.66%	64529	285.06%
Jul-11	64.8600	65.5475	64.7900	65.4375	1.01%	31875	402.84%	14301	126.68%

Outlook

The Euro reversed its losses from the beginning of the week to close higher. For the coming week, Economic data is expected to come in higher than expected that can further support the prices. From the US the data is expected to come in broadly mixed. For the next week, we expect the Euro to trade in a higher range against most of the currencies in the coming week. The rise has been steady and the debt concerns are still lingering so the gain could be capped. The volatility is expected to rise in the coming week

Economic data for week ahead

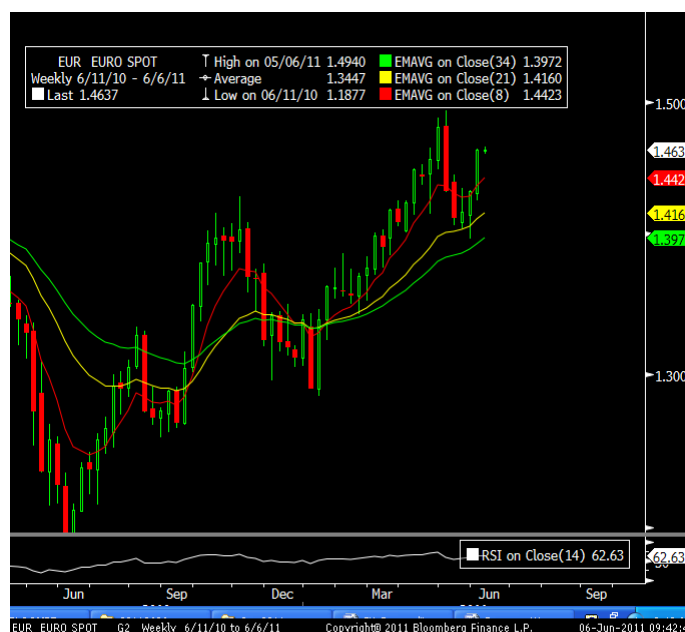
Date Time	Region	Event		Survey	Prior
06/06/2011 14:00	EC	Sentix Investor Confidence	JUN	8.6	10.9
06/06/2011 14:30	EC	Euro-Zone PPI (MoM)	APR	0.80%	0.70%
06/07/2011 14:30	EC	Euro-Zone Retail Sales (MoM)	APR	0.30%	-1.00%
06/07/2011 15:30	GE	Factory Orders MoM (sa)	APR	2.00%	-4.00%



06/08/2011 11:30	GE	Exports SA (MoM)	APR	-3.00%	7.30%
06/08/2011 11:30	GE	Imports SA (MoM)	APR	-0.30%	3.10%
06/08/2011 11:30	GE	Current Account (EURO)	APR	11.4B	19.5B
06/08/2011 11:30	GE	Trade Balance	APR	15.0B	18.9B
06/08/2011 14:30	EC	Euro-Zone GDP s.a. (QoQ)	1Q P	0.80%	0.80%
06/08/2011 14:30	EC	Euro-Zone Govt Expend (QoQ)	1Q P	0.10%	0.10%
06/08/2011 15:30	GE	Industrial Production MoM (sa)	APR	0.20%	0.70%
06/09/2011 17:15	EC	ECB Announces Interest Rates	40703	1.25%	1.25%
06/10/2011 11:30	GE	Consumer Price Index (MoM)	MAY F	0.00%	0.00%
06/10/2011 11:30	GE	Wholesale Price Index (MoM)	MAY	--	0.20%
06/06/2011 14:00	EC	Sentix Investor Confidence	JUN	8.6	10.9

Technical analysis The Euro closed the week with a gain of 1.19% to close at 1.4321 levels. EUR/USD's rise from 1.3969 extended further to as high as 1.4624 last week and remained firms. As noted before, pull back from 1.4938 should have completed at 1.3969 already. Initial bias remains on the upside this week for retesting 1.4938 first. Break will confirm up trend resumption for 1.5143 resistance next. On the downside, below 1.4450 minor supports will turn bias neutral and bring consolidations before staging another rally.

OUTLOOK: We could expect the Euro to trade in a range of 1.4450-1.4730 levels for the week and recommend buying at support levels.





GBP/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
GBPINR – MCX-SX	Jun-11	72.5250	72.97	73.4150	74.2975	75.18	Buy 73.80 SL 73.40 TP 75.15-30
GBPINR – NSE	Jun-11	72.5275	72.975	73.4225	74.305	75.1875	Buy 73.80 SL 73.40 TP 75.15-30
GBPUSD	SPOT	1.6108	1.6390	1.6426	1.656	1.671	Buy 1.6380 TP 1.6580 SL 1.6320

Fundamental Review

The Sterling lost on a weekly basis against both the USD and the Euro. The Bank of England Members gave mixed statement about the rate hikes in the coming month. It is widely expected that BOE will follow ECB and raise rates in the coming months. The pound lost 0.57 percent on a weekly basis to give a close at 1.6426

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	74.4700	74.7350	73.4075	73.4150	-1.41%	184111	156.70%	97708	132.56%
Jul-11	73.9375	74.9900	73.7050	73.7125	1.27%	10907	617.06%	8146	190.93%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	74.6400	74.7400	73.4100	73.4225	-1.38%	122704	169.34%	7719	-42.72%
Jul-11	75.5875	75.5875	73.7100	73.7300	-1.25%	5348	111.80%	1144	-22.28%
Aug-11	75.1000	75.7800	74.0700	74.0700	-1.21%	243	465.12%	90	104.55%

Economic data for week ahead

Date Time	Region	Event		Survey	Prior
06/09/2011 16:30	UK	BOE Asset Purchase Target	JUN	200B	200B
06/09/2011 16:30	UK	BOE ANNOUNCES RATES	40703	0.50%	0.50%
06/10/2011 14:00	UK	Industrial Production (MoM)	APR	0.00%	0.30%
06/10/2011 14:00	UK	Manufacturing Production (MoM)	APR	-0.10%	0.20%

Outlook

For the coming week we can see the pound trade in a narrow range having a positive bias. It can find support as the revised economic data can come in the positive side. The major concern for the market would be on the BOE announcement of Rates. The market will take cues from it and might trade accordingly. For the week we expect the Pound to gain in the beginning and then respond according to the BOE's statement on interest rates.



Technical analysis:- GBP/USD's retreat from 1.6546 was contained at 1.6285 and subsequent break of 1.6417 minor resistance suggests that rise from 1.6058 is possibly resuming. Initial bias is on the upside this week for 1.6546 first. Break will confirm this bullish case and target a retest on 1.6744 high first and then 61.8% projection of 1.5343 to 1.6744 from 1.6058 at 1.6924 next. on the downside, however, below 1.6285 will flip bias back to the downside and turn focus back to 1.6058 support instead.

OUTLOOK: - We could expect the pound to trade in a range of 1.6233-1.6570 levels for the week and recommend buying at support levels



USD/JPY

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
JPYINR – MCX-SX	Jun-11	54.9067	55.3533	55.9350	56.1633	56.5267	SIDWAYS
JPYINR – NSE	Jun-11	54.8925	55.34	55.9350	56.1575	56.5275	SIDWAYS
USD/JPY	SPOT	78.677	79.823	80.3400	81.63	82.757	SIDWAYS

The Week Ahead:

- Economic Data, Nato's Steps to be closely watched
- Weaker Equity markets to drive the Yen sentiment

Fundamental Review

The yen gained against the USD as negative economic data from the US weakened the dollar against most of its counterparts. In the beginning of the week we saw the Yen fall after weaker economic data from Japan reconfirmed the fears that it would take much longer than expected to get the economy back on track. The Prime minister winning the confidence vote also helped the yen's cause. The Yen gave a close at 80.34 an appreciation of 0.57 percent on a weekly basis.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	55.9000	56.0800	55.2700	55.8000	-0.25%	81886	97.39%	51483	60.65%
Jul-11	56.2300	56.2800	55.5000	55.9950	-0.27%	4127	441.60%	5639	624.81%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	56.0500	56.0800	55.2625	55.7875	-0.26%	56063	69.76%	17975	6.18%
Jul-11	56.0250	56.8000	55.5025	55.9625	-0.30%	3493	624.69%	1962	278.76%
Aug-11	56.3700	56.3700	55.9900	56.2500	-0.01%	91	4450.00%	5.8	580.00%



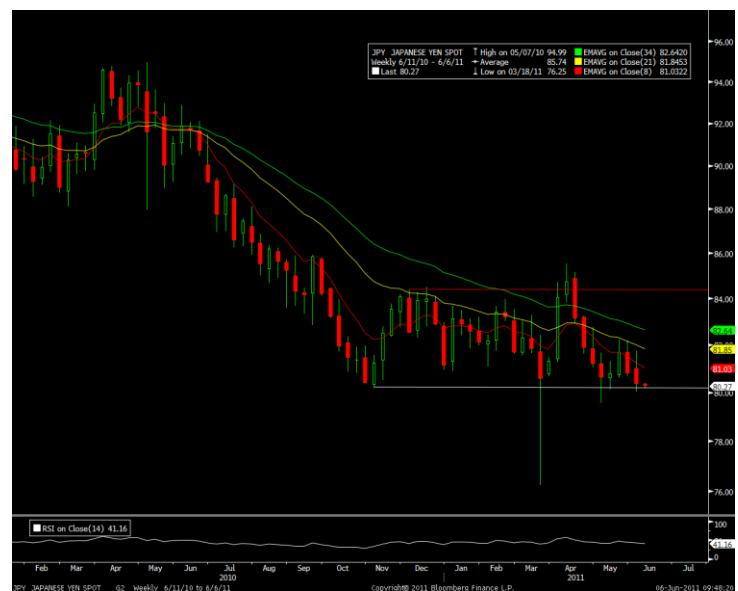
Economic data for week ahead

Date Time	Region	Event		Survey	Prior
06/08/2011 05:20	JN	Current Account Total	APR	¥200.0B	¥1679.1B
06/08/2011 05:20	JN	Trade Balance - BOP Basis	APR	-¥379.0B	¥240.3B
06/09/2011 05:20	JN	GDP Deflator YoY	1Q F	-1.90%	-1.90%
06/09/2011 05:20	JN	Nominal GDP (QoQ)	1Q F	-1.30%	-1.30%
06/09/2011 05:20	JN	GDP Annualized	1Q F	-3.10%	-3.70%
06/09/2011 05:20	JN	Gross Domestic Product (QoQ)	1Q F	-0.80%	-0.90%

Outlook

We can see the Yen appreciate further for the coming week. The measure that would be taken by the Prime Minister would be closely watched as he tries to bring the earthquake hit nation back to normalcy. The appreciation could be stalled as on the economic data front we expect Japanese data to come in negative.

Technical analysis USD/JPY's fall from 82.23 extended further last week and the development indicates that corrective rise from 79.58 has finished already. With 82.76 resistances intact, whole decline from 85.51 is still in progress and might be resuming. Initial bias remains on the downside for 79.58 first and break will confirm this bearish case and target 61.8% projection of 85.51 to 79.58 from 82.23 at 78.56 first and then a retest on 76.40 low. On the upside, above 80.70 minor resistance will turn bias neutral and bring recovery. But we'd stay bearish as long as 82.23 resistance holds and expect fall from 85.51 to continue ahead. If the market can stay below 81.00, and break below the pivot at 80.15, it should be heading back towards 79.56



OUTLOOK: - We could expect the yen to trade in a range 79.80-81.50 levels for the week and recommend buying at lower levels.



Major economic events for the week

Date Time	Region	Event		Survey	Prior
06/06/2011 14:00	EC	Sentix Investor Confidence	JUN	8.6	10.9
06/06/2011 14:30	EC	Euro-Zone PPI (MoM)	APR	0.80%	0.70%
06/07/2011 14:30	EC	Euro-Zone Retail Sales (MoM)	APR	0.30%	-1.00%
06/07/2011 15:30	GE	Factory Orders MoM (sa)	APR	2.00%	-4.00%
06/07/2011 19:30	US	JOLTs Job Openings	APR	--	3124
06/08/2011 00:30	US	Consumer Credit	APR	\$5.000B	\$6.016B
06/08/2011 05:20	JN	Current Account Total	APR	¥200.0B	¥1679.1B
06/08/2011 05:20	JN	Trade Balance - BOP Basis	APR	-¥379.0B	¥240.3B
06/08/2011 11:30	GE	Exports SA (MoM)	APR	-3.00%	7.30%
06/08/2011 11:30	GE	Imports SA (MoM)	APR	-0.30%	3.10%
06/08/2011 11:30	GE	Current Account (EURO)	APR	11.4B	19.5B
06/08/2011 11:30	GE	Trade Balance	APR	15.0B	18.9B
06/08/2011 14:30	EC	Euro-Zone GDP s.a. (QoQ)	1Q P	0.80%	0.80%
06/08/2011 14:30	EC	Euro-Zone Govt Expend (QoQ)	1Q P	0.10%	0.10%
06/08/2011 15:30	GE	Industrial Production MoM (sa)	APR	0.20%	0.70%
06/09/2011 05:20	JN	GDP Deflator YoY	1Q F	-1.90%	-1.90%
06/09/2011 05:20	JN	Nominal GDP (QoQ)	1Q F	-1.30%	-1.30%
06/09/2011 05:20	JN	GDP Annualized	1Q F	-3.10%	-3.70%
06/09/2011 05:20	JN	Gross Domestic Product (QoQ)	1Q F	-0.80%	-0.90%
06/09/2011 11:30	JN	Machine Tool Orders (YoY)	MAY P	--	0.323
06/09/2011 16:30	UK	BOE Asset Purchase Target	JUN	200B	200B
06/09/2011 16:30	UK	BOE ANNOUNCES RATES	40703	0.50%	0.50%
06/09/2011 17:15	EC	ECB Announces Interest Rates	40703	1.25%	1.25%
06/09/2011 18:00	US	Initial Jobless Claims	40698	419K	422K
06/09/2011 18:00	US	Continuing Claims	40691	3700K	3711K
06/09/2011 18:00	US	Trade Balance	APR	-\$48.9B	-\$48.2B
06/09/2011 19:30	US	Wholesale Inventories	APR	1.00%	1.10%
06/10/2011 07:30	CH	Trade Balance (USD)	MAY	\$19.80B	\$11.42B
06/10/2011 07:30	CH	Exports YoY%	MAY	22.00%	29.90%
06/10/2011 07:30	CH	Imports YoY%	MAY	22.50%	21.80%
06/10/2011 11:30	GE	Consumer Price Index (MoM)	MAY F	0.00%	0.00%
06/10/2011 11:30	GE	Wholesale Price Index (MoM)	MAY	--	0.20%
06/10/2011 14:00	UK	Industrial Production (MoM)	APR	0.00%	0.30%
06/10/2011 14:00	UK	Manufacturing Production (MoM)	APR	-0.10%	0.20%
06/10/2011 18:00	US	Import Price Index (MoM)	MAY	-0.70%	2.20%
06/10/2011 23:30	US	Monthly Budget Statement	MAY	-\$150.0B	-\$135.9B



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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