



Global economic review

Economic performance:

U.S. stocks rose for the first time in seven weeks, preventing the longest losing streaks for the Standard & Poor's 500 Index and Dow Jones since 2001, as concern about the American economy ebbed even as the Greek debt crisis deepened. The Standard & Poor's 500 Index rose less than 0.1 percent to 1,271.50. It lost 6.8 percent during the six-week slump. The Dow rose 52.45 points, or 0.4 percent, to 12,004.36 this week. Investors grew more optimistic as jobless claims fell to 414,000 last week. The European and the Asian stocks gave mixed returns over the week. The U.K.'s FTSE Index decreased 0.8 percent, Germany's DAX Index climbed 0.6 percent and France's CAC 40 Index rose 1.2 percent. The domestic index S&P nifty fell more than 2% to 5366 from 5485 a week ago. The fall can be attributed to the raising of interest rates by RBI which reconfirmed the fears of a slowing economy. The Euro after falling for the major part of the week rose in the last two days after Germany and France decided to help ECB on its bailout. Asian currencies declined this week, as concern that Greece will default on its debt will lead to reduce demand for emerging-market assets. On the commodities space gold fell by 0.41% and crude oil fell about 5.90%, whereas silver gained marginally by about 1.31%

INDICES	LAST	1 week ago	% Change
NIFTY	5485.80	5516.75	-0.56
SENSEX	18268.54	18376.48	-0.59
NASDAQ	2643.73	2732.78	-3.26
DOW JONES INDUSTRIAL	11951.91	12151.26	-1.64
SHANGHAI COMPOSITE	2705.14	2728.02	-0.84
NIKKIE 225	9514.44	9492.21	0.23
HANGSENG	22420.37	22949.56	-2.31
FTSE Index	5765.80	5855.01	-1.52

CROSS	LAST	1 week ago	% Change
EURUSD	1.43	1.46	-1.97
GBPUSD	1.62	1.64	-1.21
USDJPY	80.32	80.34	-0.02
USDCAD	0.98	0.98	0.21
USDCHF	0.84	0.83	1.14
USDSEK	6.33	6.13	3.19

Major events:

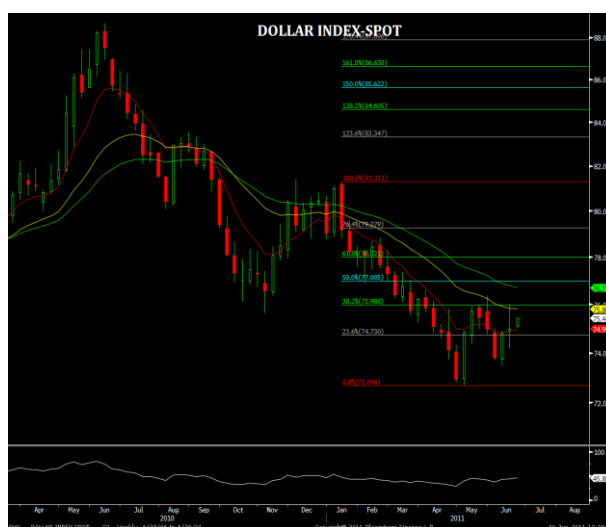
- Gold and Crude oil post weekly loss
- Euro Claws back amid anticipation of a Greek bailout
- Major Global Equity markets posted mixed Weekly returns

Dollar Index

Currency	S2	S1	Close	R1	R2	Recommendation
Dollar Index	72.990	73.890	74.7900	75.300	75.810	Buy 75.25 TP 75.88-76.00 SL 74.90

TECHNICAL SNAPSHOT:

The week gone by had been highly volatile and finally ended the week with an indecisive phase and settled at 74.988 levels. Moreover, market has ended 8-week EMA suggesting the scrip has some potential to move higher. The next immediate resistance can be seen at 75.988 (38.20% retracement of 81.313 ad 72.696 range). At least we may expect the immediate target to be 75.988 levels. Precisely, if market is breaching this resistance then further advancement could be seen until 76.00/76.100 levels. Likewise, closing of previous week levels should be considered as support levels (74.988). Any break down below the same correction can be extended till 74.60 levels. Looking at the price performance and chart pattern we believe Dollar index has potential to move higher. Hence, we shall recommend taking long positions for the week.





USD/INR

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
USDINR – MCX-SX	Jun-11	44.6550	44.7975	44.9400	45.06	45.18	Range: 44.70-45.20
USDINR – NSE	Jun-11	44.6517	44.7958	44.9425	45.0608	45.1817	Range: 44.70-45.20

The Week Ahead:

- Rupee to remain Range bound for the coming week
- Weaker Equity markets to hurt rupee's gain
- Euro Debt Crisis issue resolve to decide trend

Fundamental Review

After two consecutive weekly gains the rupee fell to record its first weekly loss for the month of June. The RBI in continuation with its tough stance on inflation raised rates for the tenth time in past fifteen months by 25 bps, taking the Repo and Reverse repo rates to 7.5 and 6.5% respectively. The RBI has made its stance clear about inflation that it would not tolerate higher inflation and it's ready to take further measure to keep a lid on it. The Equity markets went into a tizzy fearing further rate hikes which would eventually hurt corporate earnings. The S&P Nifty fell by more than 2 % on a weekly basis. The Rupee lost by 0.3% to close at 44.82. The 10-year bonds completed the first weekly loss this month after the central bank increased interest rates for a 10th time since the start of 2010 to curb inflation. The 10 yr Bond yield ended at 8.25%. The 10-year yield has tumbled 6 basis points this week.

The one-month onshore forward premium was at 25.40 points versus 24.50 points. The three-month was at 79.50 points versus 76.50 points while the one-year was at 269.25 points from 254.50 previously. One-month offshore non-deliverable forward contracts were quoted at 44.98, weaker than the onshore spot rate. In the currency futures market, the most traded near-month dollar-rupee contracts on the National Stock Exchange and the MCX-SX were both at 44.9475 and on the United Stock Exchange at 44.9500, with the total volume at USD 7.01 billion

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	44.9500	45.0375	44.7750	44.9400	0.19%	16625800	13.61%	3136075	6.61%
Jul-11	45.1500	45.2700	45.0175	45.1700	0.18%	635947	50.43%	892234	22.07%
Aug-11	45.4200	45.5300	45.2900	45.4400	0.17%	161464	9.78%	410710	13.37%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	44.9500	45.0375	44.7725	44.9400	0.21%	13615692	1.60%	1248340	1.76%
Jul-11	45.0000	45.2725	45.0000	45.1750	0.20%	780157	16.32%	452985	19.63%
Aug-11	45.4900	45.5300	45.1600	45.4300	0.16%	287295	10.56%	213519	41.71%

Outlook

The past week saw the rupee close with a weekly loss of 0.34 percent, the first weekly loss in June. Weaker domestic Equity markets along with domestic OMC's buying loss were major reasons for rupee's loss. On the Economic data front in the coming week the US data along with the EU is expected to come in positive. From UK the data is expected to come in positive form.

The Indian rupee is likely to be range bound against the US dollar next week while the Greece debt crisis continues to be the key trigger to drive it against the greenback. We are expecting some positive outcome from the official meetings in euro zone. Any favourable cue emanating out that, will give some temporary respite to rupee's depreciation against the



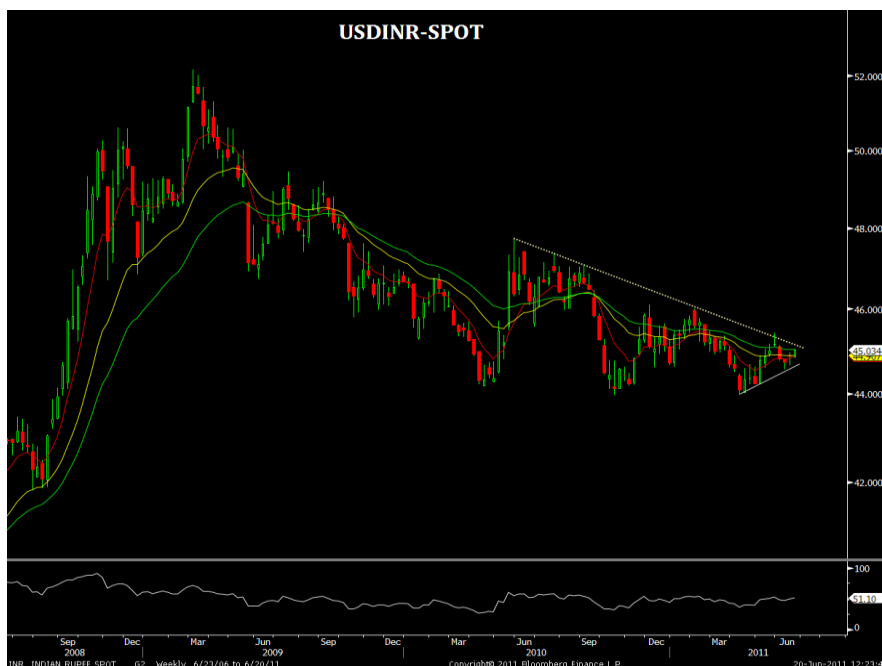
dollar. Moreover, rupee is expected to remain volatile through out the week. The US Fed will also announce its Benchmark rates, which are expected to remain unchanged at 0.25%

No Major Economic data for week ahead

TECHNICAL SNAPSHOT

The week has just begun and so much of movement is already seen in Indian rupee. On today INR is seen trading at 45.0200 up by 16.00 paise from previous week's close. We might see further advancement on this currency however; a stringent technical trend line can be seen around 45.1500 levels. If market breaches this resistance we may see prices moving higher. We believe market may find tough resistance to crack down hence correction from higher levels can be suggested.

The supports can be seen at 44.85 and then 44.60 levels. Market is also ensnared between short term averages suggesting a sideways to move for this week.



We believe USD/INR to trade in the range of 44.70 to 45.20 for the week.

Recommendation: Range: 44.70-45.20.



EUR/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
EURUSD	SPOT	1.387	1.409	1.4306	1.451	1.472	\$1.4270/1.4280 TP \$1.4130 SL 1.4420
EURINR – MCX-SX	Jun-11	62.5983	63.3592	64.1200	64.8767	65.6333	Sell 64.20-25 TP 63.60/63.94 SL 64.50
EURINR – NSE	Jun-11	62.6167	63.3833	64.1500	64.8933	65.6367	Sell 64.20-25 TP 63.65/63.94 SL 64.50

The Week Ahead:

- Euro to remain range bound
- Renewed Greek Debt Crisis may renew downside in Euro
- Greek bailout restructuring to have major impact on Euro

Fundamental Review

Europe's shared currency reversed its losses against the USD after Merkel retreated from demands that bondholders shoulder a substantial share of a Greek rescue, easing concern the region's sovereign debt problems will worsen. As with most of the week, news about Greece and Europe has driven trading in currencies besides the dollar often linked to investors' shift in or out of currencies considered risky or safer. On Thursday the Euro had fallen to 3 week lows against the USD before bouncing back and reversing almost all its losses. The euro lost by 0.31 percent to \$1.4308, from \$1.4338 on a weekly basis.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	64.4850	64.8725	63.3550	64.1200	-1.13%	878628	64.49%	350677	-12.73%
Jul-11	64.7325	65.1425	63.6600	64.3900	-1.15%	69530	65.79%	62240	9.10%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	64.4975	64.8700	63.3600	64.1500	-1.02%	467515	16.62%	33507	-0.16%
Jul-11	64.7575	65.1400	63.6600	64.4150	-1.05%	53187	50.97%	19637	-1.71%

Outlook

The Euro traded lower for major part of the week before reversing back its losses on Friday to close marginally lower by 0.31 %. Going forward Forex markets will react to the Greece situation. If there is good news about Greece and a resolution is reached the Euro will look upwards. For now the Euro would be dependent on the news about Greece for the coming week. On the Economic data front data both from the US and the Euro are expected to come in positive. So overall a volatile week expected for the Euro

Economic data for week ahead

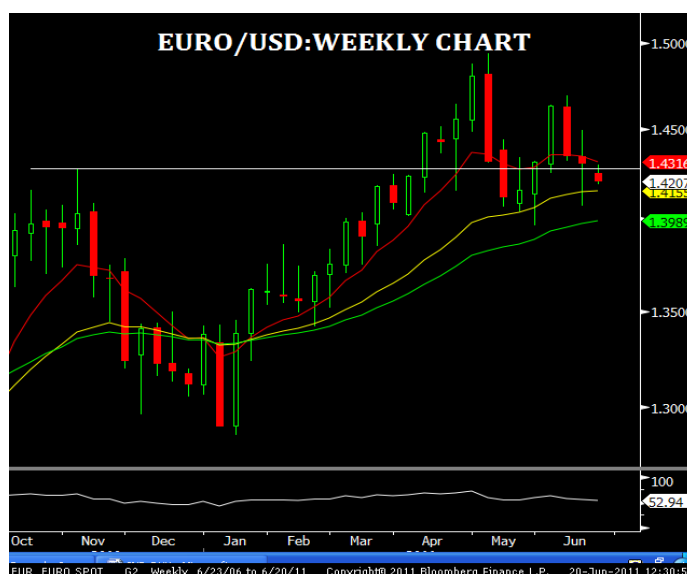
Date Time	Region	Event		Survey	Prior
06/20/2011 11:30	GE	Producer Prices (MoM)	MAY	0.10%	1.00%
06/20/2011 11:30	GE	Producer Prices (YoY)	MAY	6.30%	6.40%
06/20/2011 13:30	EC	Euro-Zone Current Account nsa	APR	--	-3.8B
06/21/2011 14:30	GE	Zew Survey (Current Situation)	JUN	90	91.5
06/21/2011 14:30	EC	ZEW Survey (Econ. Sentiment)	JUN	6.1	13.6



06/21/2011 14:30	GE	ZEW Survey (Econ. Sentiment)	JUN	-3	3.1
06/22/2011 14:30	EC	Industrial New Orders SA (MoM)	APR	1.00%	-1.80%
06/22/2011 19:30	EC	Euro-Zone Consumer Confidence	JUN A	-10.4	-9.8
06/23/2011 13:00	GE	PMI Manufacturing	JUN A	57	57.7
06/23/2011 13:00	GE	PMI Services	JUN A	55.7	56.1
06/23/2011 13:30	EC	PMI Composite	JUN A	55.2	55.8

Technical analysis:

EUR/USD dropped to as low as 1.4073 last week but rebounded strongly from there. The break of 1.4320 resistance argues that fall from 1.4695 has finished already. The development also suggests that price actions from 1.4939 could indeed be consolidation only, in form of triangle. Initial bias is mildly on the upside this week for upper trend line resistance (now at 1.4612) first. Further break of 1.4695 resistances will be the first signal of up trend resumption for another high above 1.4939. On the downside, though, below 1.4073 will flip bias back to the downside for 1.3969 and below instead.





GBP/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
GBPINR – MCX-SX	Jun-11	71.6942	72.1983	73.7050	73.4583	74.2142	Sell 73.05 SL 73.50 TP 72.35-20
GBPINR – NSE	Jun-11	71.6758	72.1967	73.7125	73.4942	74.2708	Sell 73.05 SL 73.40 TP 72.35-20
GBPUSD	SPOT	1.586	1.603	1.6196	1.640	1.661	Sell at \$1.6165/1.6180 TP \$1.6030 SL \$1.6230

Fundamental Review

Sterling fell against most of its 16 major, dropping for a third consecutive week. Investors dumped the Pound for major part of the week as BOE has indicated that it's not ready to raise rates any time soon. Data out of the United Kingdom the past week was exceptionally bleak, with industrial production and manufacturing data from April falling short of expectations, and consumer prices and producer prices data showing that inflation remains a significant concern for the economy, further suggest that the British economy's recovery is struggling. The pound lost 0.21 percent on a weekly basis to give a close at 1.6196.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	73.0025	73.7100	72.4500	72.7025	-0.60%	228798	49.03%	103881	77.44%
Jul-11	73.9375	74.0300	72.8150	73.0600	-0.36%	31209	13.56%	22800	134.98%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	73.0900	73.7500	72.4525	72.7175	-0.56%	166637	37.23%	13428	62.68%
Jul-11	74.2500	74.2500	72.8200	73.0425	-0.61%	16057	192.96%	4156	251.61%
Aug-11	73.6575	74.2525	73.2000	73.2000	-0.66%	750	6.08%	137	-76.82%

Economic data for week ahead

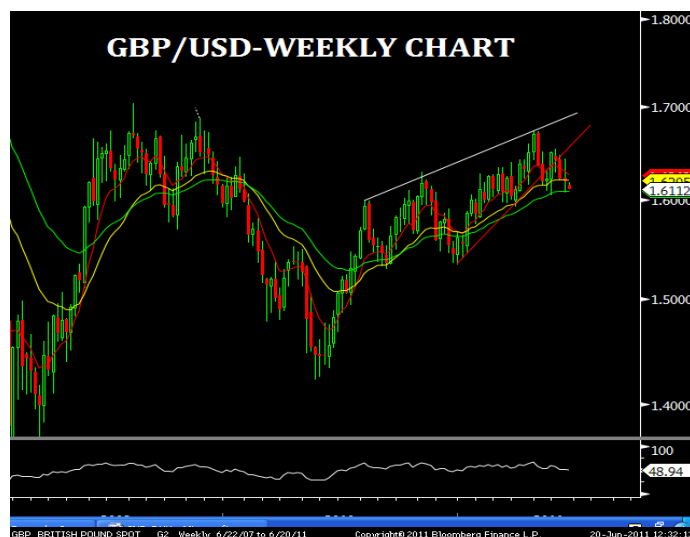
Date Time	Region	Event	Survey	Prior
06/22/2011 14:00	UK	Bank of England Minutes	06/22/2011 14:00	

Outlook

For the coming week we can see the pound trade in a narrow range having a negative bias. The most important event for the United Kingdom this week though is the release of the Bank of England minutes from their most recent meeting last Thursday. The Bank of England kept their rates on hold, as expected, at 0.50 percent on Thursday, despite the continued build-up of price pressures in the British economy



Technical analysis:- GBP/USD dropped to as low as 1.6078 last week but formed a temporary low ahead of 1.6058 support and recovered. Initial bias is neutral this week and some consolidations could be seen first. Though, risk will remain on the downside as long as 1.6441 resistance holds. Break of 1.6058/78 support zone will confirm resumption of whole decline from 1.6746 towards 1.5935 key support level. Also, note that GBP/USD has already taken out medium term rising trend line from 1.4229. Break of 1.5935 should confirm trend reversal and turn outlook bearish for 1.5344 support and below. On the upside, though, above 1.6441 will revive the bullish case instead and take another high above 1.6746.



USD/JPY

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
JPYINR – MCX-SX	Jun-11	55.2633	55.5917	55.9250	56.1342	56.3483	SIDEWAYS
JPYINR – NSE	Jun-11	55.1775	55.545	55.9275	56.21	56.5075	SIDEWAYS
USD/JPY	SPOT	79.280	79.680	80.2800	80.770	81.460	Buy 80-79.90 TP 81.20 SL 79.60

The Week Ahead:

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

Fundamental Review

The USD/JPY pair closed last week trading on gains, where the dollar was able to advance against its major counterparts due to the risk aversion that control financial markets. The disappointed economic data about the EU as well as concerns about the debt crisis reduced demand for the high yielding currencies, and gave a chance to the dollar to cover most of its previous losses. The Bank of Japan has kept its interest rate steady between 0.00% and 0.10%. The BOJ indicated that the recovery in the Japanese economy is supported by the gradual improvement in domestic spending. 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	56.0200	55.4775	55.9200	-0.03%	132970	37.40%	78485	-4.34%
Jul-11	56.1100	56.2350	55.7800	56.1500	-0.04%	15733	36.57%	26541	60.59%



NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	55.9775	56.1400	55.4750	55.9125	-0.03%	108307	14.91%	17414	-18.55%
Jul-11	56.4900	56.4900	55.7700	56.1375	-0.08%	9085	-28.50%	7701	35.70%
Aug-11	56.3400	56.5000	56.1000	56.3300	-0.04%	357	19.00%	0.245714286	24.57%

Economic data for week ahead

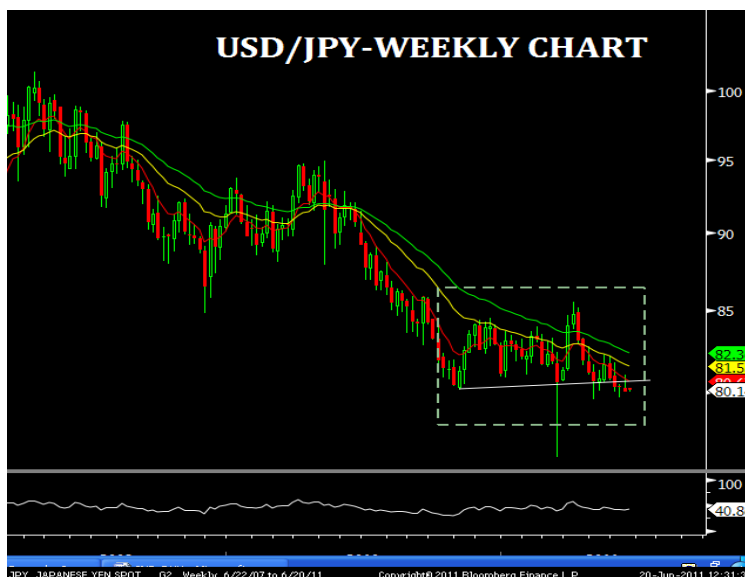
Date Time	Region	Event		Survey	Prior
06/20/2011 05:20	JN	Merchnds Trade Balance Total	MAY	-¥710.1B	-¥463.7B
06/20/2011 05:20	JN	Merchnds Trade Exports YoY	MAY	-8.4	-12.5
06/20/2011 05:20	JN	Merchnds Trade Imports YoY	MAY	11.6	8.9

Outlook

The Japanese Yen continue to gain ground against most of its major counterparts in the past week. The low-yielding currency may depreciate further in the week ahead as market participants scale back their appetite for yields. The weaker economic data from Japan could weigh on the currency in the coming week. So we expect the Yen to trade with a weak tone in coming week

Technical analysis USD/JPY's recovery from 79.69 was limited at 81.05 last week and subsequent sharp fall argues that recent decline might be resuming. Initial bias is cautiously on the downside the week for 79.56/69 support zone first. Break will confirm resumption of the whole fall from 85.51 and should target 61.8% projection of 85.51 to 79.56 from 82.22 at 78.54 first and then a retest on 75.98 low. On the upside, above 81.05 will turn bias to the upside and bring stronger rebound. But after all, we'll expect upside to be limited by 50% retracement of 85.51 to 79.56 at 82.53 and bring resumption of fall from 85.51.

Range: Resistance: 80.70 then 81.00, Support: 79.70, 79.40





Major economic events for the week

Date Time	Region	Event		Survey	Prior
06/20/2011 05:20	JN	Merchnds Trade Balance Total	MAY	-¥710.1B	-¥463.7B
06/20/2011 05:20	JN	Merchnds Trade Exports YoY	MAY	-8.4	-12.5
06/20/2011 05:20	JN	Merchnds Trade Imports YoY	MAY	11.6	8.9
06/20/2011 11:30	GE	Producer Prices (MoM)	MAY	0.10%	1.00%
06/20/2011 11:30	GE	Producer Prices (YoY)	MAY	6.30%	6.40%
06/20/2011 13:30	EC	Euro-Zone Current Account nsa	APR	- -	-3.8B
06/21/2011 14:30	GE	Zew Survey (Current Situation)	JUN	90	91.5
06/21/2011 14:30	EC	ZEW Survey (Econ. Sentiment)	JUN	6.1	13.6
06/21/2011 14:30	GE	ZEW Survey (Econ. Sentiment)	JUN	-3	3.1
06/21/2011 19:30	US	Existing Home Sales	MAY	4.80M	5.05M
06/22/2011 14:00	UK	Bank of England Minutes			
06/22/2011 14:30	EC	Industrial New Orders SA (MoM)	APR	1.00%	-1.80%
06/22/2011 19:30	EC	Euro-Zone Consumer Confidence	JUN A	-10.4	-9.8
06/22/2011 22:00	US	FOMC Rate Decision	22-Jun	0.25%	0.25%
06/23/2011 13:00	GE	PMI Manufacturing	JUN A	57	57.7
06/23/2011 13:00	GE	PMI Services	JUN A	55.7	56.1
06/23/2011 13:30	EC	PMI Composite	JUN A	55.2	55.8
06/23/2011 13:30	EC	PMI Manufacturing	JUN A	53.8	54.6
06/23/2011 13:30	EC	PMI Services	JUN A	55.3	56
06/23/2011 18:00	US	Initial Jobless Claims	18-Jun	412K	- -
06/23/2011 18:00	US	Continuing Claims	11-Jun	3668K	- -
06/23/2011 19:30	US	New Home Sales	MAY	310K	323K
06/24/2011 18:00	US	Durable Goods Orders	MAY	1.60%	-3.60%
06/24/2011 18:00	US	GDP QoQ (Annualized)	1Q T	1.90%	1.80%
06/24/2011 18:00	US	Personal Consumption	1Q T	2.20%	2.20%
06/24/2011 18:00	US	GDP Price Index	1Q T	1.90%	1.90%
06/24/2011 07/01	GE	Retail Sales (MoM)	MAY	0.70%	0.60%
06/24/2011 07/01	GE	Retail Sales (YoY)	MAY	- -	3.60%



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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