



Global economic review

Economic performance:

The last week we saw ending of a very painful quarter, where all asset ended on the losing side. Equities were the worst hit with Germany losing more than 25% in the quarter gone by. This was the worst quarterly performance by stocks in three years. The same was witnessed in the last week as stocks and commodities fell on nagging concerns about the world economy and the lack

of a credible solution to Europe's debt crisis. On the Asian front China's manufacturing contracted for a third month and Japanese data continued to fall. The Asian equities also fell fearing these concerns. On the Currencies front the Euro lost more than 2% on a weekly basis. The Korean Won also lost more than one percent. On the commodities front Crude had the worst fall as it lost more than 4% on a weekly basis.

CROSS	LAST	1 week ago	% Change
USDINR	44.36	44.52	-0.37
EUROINR	63.93	63.01	1.46
GBPINR	72.29	71.82	0.66
JPY (100) Futures	56.48	56.26	0.39
MYR	14.91	14.81	0.67
SGD	36.70	36.51	0.52
DOLLAR INDEX	74.20	75.13	-1.23

CROSS	LAST	1 week ago	% Change
EURUSD	1.44	1.42	1.43
GBPUSD	1.63	1.61	1.02
USDJPY	78.54	79.13	-0.75
USDCAD	0.95	0.95	-0.55
USDCHF	0.82	0.82	0.49
USDSEK	6.33	6.49	-2.42

Major events:

- Weaker Economic data Hurts Equities and Commodities
- Greek Debt crisis crippled the markets
- Crude and Gold loose on weekly basis

Dollar Index

Currency	S2	S1	Close	R1	R2	Recommendation
Dollar Index	74.613	76.837	78.553	79.500	80.813	Buy 77.80-77.85 TGT: 79.40 SL 77.30

TECHNICAL SNAPSHOT:

The last four weeks advancement was highly erratic keeping the momentum higher. The DXY settled at 78.58 up by 1.89 per cent in last week. Precisely, another week on the higher side can be expected. However, correction can be expected as the momentary gains were erratic. The lower levels support could be seen at 77.30 levels and then 76.81 levels. This should be quite far to think hence intermediate supports could be seen at 77.90 then 77.70 levels. Likewise, on the higher side the resistances could be seen at 79.03 levels. The conventional MACD shows positive trend for the index. Moreover, the gains have been so high that market needs to correct a while in the daily chart to make a fresh move. Therefore, we believe to take long positions on lower levels.



Recommendation: Buy 77.80-77.85 TGT: 79.40 SL 77.30



USD/INR

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
USDINR MCX-SX	Oct-11	48.1967	48.6808	49.1650	44.6708	44.6867	Buy 49.10-49.15 TP 49.60-49.80 SL 48.75
USDINR NSE	Oct-11	48.1992	48.6808	49.1625	49.8283	50.4942	Buy 49.10-49.15 TP 49.60-49.80 SL 48.75

The Week Ahead:

- Rupee to remain negative for the coming week
- Weaker Equity markets to weaken rupee
- Crude Oil Movement to impact rupee's move in coming week

Fundamental Review

The Rupee recovered for the last week of September after falling for the first three weeks as stronger domestic Equity markets along with exporter selling at higher levels was witnessed. The whole week was marred by volatility for the rupee as traders and investors were in a tug off war over the Euro debt crisis. The anticipation that there might be a resolution to the Greek crisis lends support to the Euro, hence helping the rupee. The Stronger Equities also supported the rupee as the domestic indices gained by more than 1.5 % percent on a weekly basis. The S&P Nifty ended the week at 4943 up by 1.55% on a weekly basis. The Rupee also gained and ended at 49.96 a weekly gain of 0.96%

The one-month offshore non-deliverable forward contracts were quoted at 49.27, weaker-than-the spot rate indicating a bearish medium-term outlook. The one-month onshore forward premium was at 21.75 points from 22 on Wednesday, the three-month was at 62 points from 65 and the one-year was at 125 points from 133.25. In the currency futures market, the most traded near-month dollar-rupee contracts on the National Stock Exchange and the United Stock Exchange both ended at 49.1625 while on the MCX-SX it ended at 49.1650. The total traded volume on the three exchanges was \$5.57 billion.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	49.6500	50.0125	48.8625	49.1650	-1.11%	9184049	443.75%	1947066	16.07%
Nov-11	50.1200	50.2150	49.0850	49.3700	-1.20%	424851	-31.88%	768735	15.44%
Dec-11	50.2500	50.4000	49.3000	49.5450	-1.30%	102885	-58.18%	357599	-15.31%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	49.7100	50.0125	48.8650	49.1625	-1.05%	7101178	214.35%	1107148	27.89%
Nov-11	50.0000	50.2225	49.0850	49.3625	-1.12%	522000	30.29%	287719	63.20%
Dec-11	50.3500	50.4000	49.2900	49.4000	-1.28%	250473	-19.51%	310275	36.43%

Outlook

The last week saw the first weekly gain for the month of September as domestic equities and exporter selling helped the rupee. Going forward we have seen that there is still no clarity on the Euro crisis and the markets are still jittery regarding the crisis. We saw the dollar and the Yen gained last week as demand for safe haven assets increased. We expect the same trend to continue for the coming week therefore affecting the rupee negatively. The Euro has lost considerably in the month of September itself which is adding further pressure on the rupee. For the coming week we expect the equity markets to trade with losses as concerns of an economic slowdown will take center stage. All these factors are negative for the rupee.

On the Economic front the major economic data from Europe, US and UK are expected to come in mixed. Thus the effect would be on a daily basis rather than a firm trend as to which side would the currency is impacted. From Europe the Euro zone PPI and The PMI manufacturing and Services are expected to rise whereas Retail sales and Industrial



production is expected to fall. From the UK we can expect a fall in Government spending and PMI services whereas on the positive front we can expect the PMI manufacturing to improve. The US data the change in Consumer Credit and Change in Private payrolls are expected to come in positive whereas we can see the ISM manufacturing and construction spending to decrease. So overall we can expect the Economic release to have a mixed effect on their respective currencies as well as the rupee.

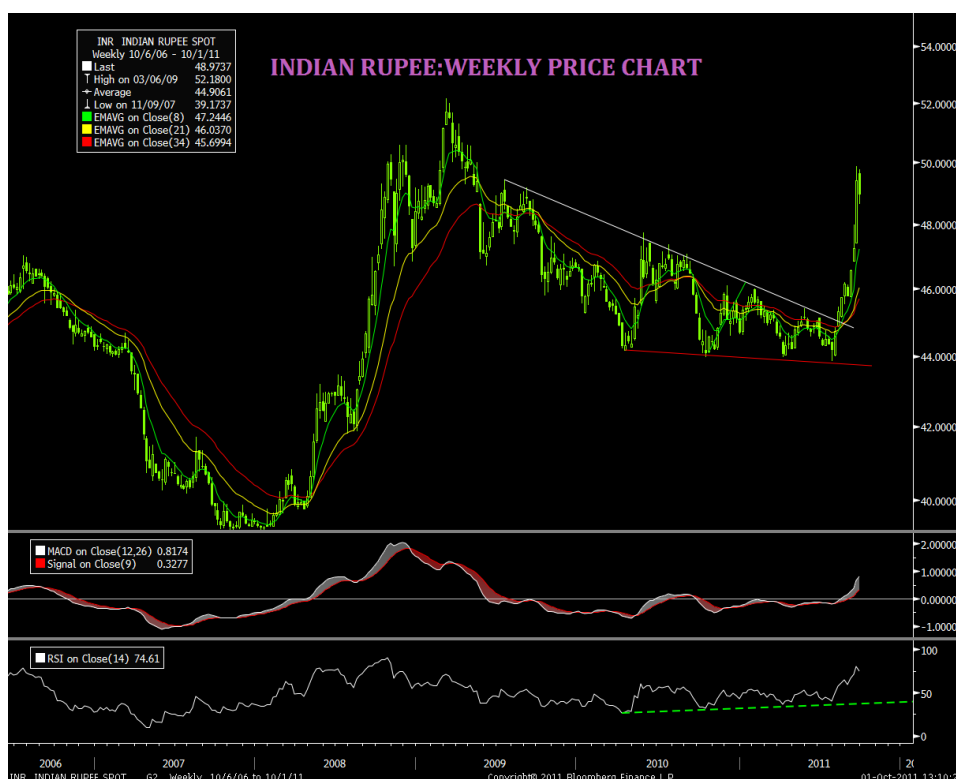
So, for the coming week we expect the rupee to remain weak as demand for dollar is expected to rise on safe haven demand. The weaker equities are also expected to keep the rupee under pressure. Overall we expect the rupee to remain weak for the coming week. The range for the coming week is seen at 48.80-49.60

No Major Economic data for week ahead

TECHNICAL SNAPSHOT

After following an uptrend for three consecutive weeks we saw the rupee give up some of its gains in the last week. It faced resistances at higher levels. The rupee saw high of 49.78 and a low of 48.78. it finally ended at 48.96 which is higher than all major moving averages. For the coming week we can see the rupee test new highs as the overdue correction has been done in last week. We feel that the rupee is headed for newer highs in the coming weeks and could test levels of 50.50 for the short term. But it must be kept in mind that the move has been one sided and some corrections on the way could be very much possible. So for the coming week any dip could be used as a buying opportunity in the rupee.

Recommendation: Buy INR in the range of Buy 49.10-49.15 TP 49.60- 49.80 SL 48.75





EUR/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
EURUSD	SPOT	1.3180	1.3270	1.3389	1.3590	1.3715	Sell at 1.3480-3500 TP 1.330-3220 SL1.3560
EURINR – MCX-SX	Oct-11	66.0667	66.4833	66.9000	67.2383	67.5767	Buy at 65.50-65.60 TP 66.80-67.20 SL 64.90
EURINR – NSE	Oct-11	66.0417	66.4558	66.8700	67.2258	67.5033	Buy at 65.50-65.60 TP 66.80-67.20 SL 64.90

The Week Ahead:

- Euro to negative on fears of Greek Default
- Negative Economic data to weigh on Euro
- Weaker Equity markets to impact Euro negatively

Fundamental Review

Euro had another bad week, in which sentiments switched from growing fear about the European banks to the weaker economic data releases. The euro slid to a three-month lows versus the USD as concerns mounted that Greece would not receive the next installment of the EU bailout package. The Twin fears of a Greek default and an economic slowdown have pushed Euro to new monthly lows. An agreement by German leaders to expand the role of the European Financial Stability Facility failed to give respite to investor concern that the region's crisis would spread. The euro lost by 0.89 percent to \$1.3389, from \$1.3511 on a weekly basis.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	66.6950	67.1600	66.4050	66.9000	0.02%	179390	570.47%	79456	41.57%
Nov-11	66.8000	67.4000	66.7525	67.1000	0.63%	4758	3450.75%	35816	58.74%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	66.7600	67.1675	66.3975	66.8700	0.17%	86358	96.76%	48832	153.61%
Nov-11	67.0000	67.3850	66.6550	67.1975	0.09%	10828	526.26%	5232	108.33%

Outlook

The Euro completed a weekly loss as the euro as traders and investors dumped the single currency due to weaker economic data and the fear of a Greek default. Going forward the major trend in the Euro would be decided as to how the Germany and France look to support Greece and what would be done on the Interest rate front by the ECB. The ECB is to meet on 6 Oct to decide on its interest rates, which are expected to remain unchanged at 1.5% owing to the weakling economy. On the Economic data front we expect the European data to come in mixed for the coming week. The Economic data from US is also expected to remain mixed hence giving no major direction on the economic front. For the coming we can see the Euro remain weak as equities markets might fall and the demand for dollar increase. But it should be kept in mind that the fall has been very steep especially on Friday, so a technical bounce back can't be ruled out. Plus if the ECB pumps in more money we can see the Euro rally from lower levels. So, we expect Euro to remain weak but high on volatility for the coming week.



Economic data for week ahead

Date Time	Region	Event		Survey	Prior
10/03/2011 13:25	GE	PMI Manufacturing	SEP F	50	50
10/03/2011 13:30	EC	PMI Manufacturing	SEP F	48.4	48.4
10/04/2011 14:30	EC	Euro-Zone PPI (MoM)	AUG	-0.20%	0.50%
10/04/2011 14:30	EC	Euro-Zone PPI (YoY)	AUG	5.80%	6.10%
10/05/2011 13:25	GE	PMI Services	SEP F	50.3	50.3
10/05/2011 13:30	EC	PMI Composite	SEP F	49.2	49.2
10/05/2011 13:30	EC	PMI Services	SEP F	49.1	49.1
10/05/2011 14:30	EC	Euro-Zone Retail Sales (MoM)	AUG	-0.30%	0.20%

GBP/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
GBPINR MCX-SX	Oct-11	73.2900	73.89	74.4900	74.85	75.21	Sideways
GBPINR NSE	Oct-11	75.7125	76.315	76.9175	77.335	77.7525	Sideways
GBPUSD	SPOT	1.5103	1.5384	1.5582	1.5796	1.5940	Sideways

Fundamental Review

The sterling gained against the greenback in the past week as the traders dumped the Euro and went for the pound as a safer currency in the European region. The Economic data from UK also came in slightly better than anticipated last week. Stronger than Nationwide house prices and August Mortgage approvals helped fuel the pounds gain. Topping the data was a better than expected GfK consumer confidence survey which gained one point in September to -30, marking its first advance in four months. The pound gained by 0.75 percent on a weekly basis to give a close at 1.5582.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	74.4200	74.6100	73.6500	74.4900	-0.03%	155072	139.45%	41906	37.27%
Nov-11	73.9375	74.7550	73.8250	74.7000	-1.01%	9218	65.83%	4030	530.67%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	76.1300	77.1500	76.1300	76.9175	0.36%	38732	504.43%	8745	105.72%
Nov-11	77.9000	77.9000	76.7200	77.0525	-0.45%	1872	648.80%	1035	122.58%
Dec-11	77.0225	77.3800	76.3600	77.2500	-0.71%	65	6400.00%	129	59.26%



Economic data for week ahead

Date Time	Region	Event		Survey	Prior
10/03/2011 14:00	UK	PMI Manufacturing	SEP	48.5	49
10/04/2011 14:00	UK	PMI Construction	SEP	51.6	52.6
10/05/2011 14:00	UK	PMI Services	SEP	50.5	51.1
10/05/2011 14:00	UK	GDP (QoQ)	2Q F	0.20%	0.20%
10/05/2011 14:00	UK	GDP (YoY)	2Q F	0.70%	0.70%
10/05/2011 14:00	UK	Private Consumption	2Q	-0.30%	-0.60%
10/05/2011 14:00	UK	Government Spending	2Q	-0.10%	0.50%
10/05/2011 14:00	UK	Exports	2Q	-0.10%	2.40%
10/05/2011 14:00	UK	Imports	2Q	-1.00%	-2.40%
10/06/2011 16:30	UK	BOE Asset Purchase Target	OCT	200B	200B
10/06/2011 16:30	UK	BOE ANNOUNCES RATES	6-Oct	0.50%	0.50%

Outlook

The pound gained against the USD in the past week ending lower by 0.75 % on a weekly basis on stronger economic data. For the coming week. Next week's Economic Data is highlighted by PMI manufacturing data, 2Q GDP, and the October BoE interest rate decision. Manufacturing is expected to contract further in September with consensus estimates coming in at 48.8(according to Bloomberg survey), down from a previous of 49.0. On Wednesday, the 2Q GDP is expected to remain unchanged at 0.2% q/q and 0.7% q/q. Traders will be eagerly anticipating the Bank of England rate decision on Thursday which will give the further direction to the pound for the coming week. We expect the BOE to keep rates unchanged at 0.50% but are likely to increase their Asset purchase Target to 250BN. So overall we expect the GBP to remain in a range with a slight positive bias.

USD/JPY

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
JPYINR MCX-SX	Oct-11	62.9867	63.5433	<u>64.1000</u>	65.1033	66.1067	Buy at 63.80-90 TP 64.80-65.60 SL 63.20
JPYINR - NSE	Oct-11	62.9867	63.5433	<u>64.1000</u>	65.1033	66.1067	Buy at 63.80-90 TP 64.80-65.60 SL 63.20
USD/JPY	SPOT	74.723	75.46	77.57	78.427	79.823	Sell at 77.80-90 TP 76.80-50 SL 78.40

Fundamental Review

Even though we saw the Yen close with a loss against the greenback its paired major gains against other major counterparts. Its best gains coming against the Euro. As one of the strongest performing currencies for the past few weeks and months, it was due for a mild correction sooner rather than later, and this week could be that necessary fall.



The currency also fell following weaker economic data, the Retail trade data came in lower than expected. The Yen closed at 77.12 with a weekly loss of 0.52 percent

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	65.2000	65.5500	63.9900	64.1000	-1.74%	54646	161.80%	68419	46.28%
Nov-11	65.7825	65.7825	64.0475	64.3200	-0.66%	2982	2000.00%	5043	1252.01%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	65.2000	65.5500	63.9900	64.1000	-1.69%	46439	58.90%	22936	53.82%
Nov-11	65.4300	65.7500	64.1500	64.3500	-1.64%	5651	392.68%	3126	357.69%
Dec-11	65.3000	65.3100	64.3000	64.4500	1.30%	369	244.86%	1.617391304	161.74%

No Economic data for week ahead

10/07/2011	JN	BOJ Target Rate	7-Oct	--	0.10%
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Outlook

We saw the Yen loose against the greenback on weaker economic data last week. But going forward, as per what has become a usual trend with the Yen in recent months, any data or intervention has no lasting impact on the safe haven currency. We have seen that investors are more interested in investing in Yen as a safe haven asset which has kept it on an appreciating note for the past few months. However, with the Bank of Japan rate decision on the docket, putting this past week's data in perspective, there is a heightened risk of further intervention could be seen to weaken the Yen.

So overall if no intervention is seen which is highly unlikely at this time we see the Yen appreciating further for the coming week.

Major economic events for the week

Date Time	Region	Event		Survey	Prior
10/03/2011 06:30	CH	China Non-manufacturing PMI	SEP	--	57.6
10/03/2011 13:25	GE	PMI Manufacturing	SEP F	50	50
10/03/2011 13:30	EC	PMI Manufacturing	SEP F	48.4	48.4
10/03/2011 14:00	UK	PMI Manufacturing	SEP	48.5	49
10/03/2011 19:30	US	Construction Spending MoM	AUG	-0.20%	-1.30%
10/03/2011 19:30	US	ISM Manufacturing	SEP	50.3	50.6
10/03/2011 19:30	US	ISM Prices Paid	SEP	54	55.5
10/04/2011 14:00	UK	PMI Construction	SEP	51.6	52.6
10/04/2011 14:30	EC	Euro-Zone PPI (MoM)	AUG	-0.20%	0.50%
10/04/2011 14:30	EC	Euro-Zone PPI (YoY)	AUG	5.80%	6.10%
10/04/2011 19:30	US	Factory Orders	AUG	0.00%	2.40%
10/05/2011 13:25	GE	PMI Services	SEP F	50.3	50.3



10/05/2011 13:30	EC	PMI Composite	SEP F	49.2	49.2
10/05/2011 13:30	EC	PMI Services	SEP F	49.1	49.1
10/05/2011 14:00	UK	PMI Services	SEP	50.5	51.1
10/05/2011 14:00	UK	GDP (QoQ)	2Q F	0.20%	0.20%
10/05/2011 14:00	UK	GDP (YoY)	2Q F	0.70%	0.70%
10/05/2011 14:00	UK	Private Consumption	2Q	-0.30%	-0.60%
10/05/2011 14:00	UK	Government Spending	2Q	-0.10%	0.50%
10/05/2011 14:00	UK	Exports	2Q	-0.10%	2.40%
10/05/2011 14:00	UK	Imports	2Q	-1.00%	-2.40%
10/05/2011 14:30	EC	Euro-Zone Retail Sales (MoM)	AUG	-0.30%	0.20%
10/05/2011 17:45	US	ADP Employment Change	SEP	70K	91K
10/05/2011 19:30	US	ISM Non-Manf. Composite	SEP	52.8	53.3

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