



Global economic review

Economic performance:

The last week we saw some revival in major asset classes as a stronger Dollar along with better economic data from the US. The US ended the Week with gains anywhere between 1-2% ending three weeks of losses. The European and Asian markets also followed suit as major indices were net gainers for the Week. On the currency front we say the Dollar remain strong throughout the week. But to the end we saw the greenback give up some of its gains. Asian currencies completed their first weekly advance in a month, led by Malaysia's ringgit, as optimism European officials will contain the region's debt crisis helped revive demand for emerging-market assets. The ECB and BOE kept its rates unchanged at 1.5 and 0.5% respectively. The pound gained as the BOE improved its asset purchase system by 75Bn pounds. The Pound gained the most in three months. The downgrades of Spain and Italy came after the markets were closed so the effect will be seen next week.

Major events:

- Weekly Gains for Equities and Commodities
- Debt downgrades for Italy and Spain
- BOE and ECB keep rates unchanged

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

Dollar Index

Currency	S2	S1	Close	R1	R2	Recommendation
Dollar Index	75.613	77.137	78.754	80.850	81.13	Buy 78.40-78.5 TGT: 79.50 SL 77.90

TECHNICAL SNAPSHOT:

The last four weeks advancement was highly erratic keeping the momentum higher. The DXY settled at 78.75 up by 2.89 per cent in last two weeks. 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 77.319 levels and then 77.01 levels. This should be quite far to think hence intermediate supports could be seen at 78.20 then 77.90 levels. Likewise, on the higher side the resistances could be seen at 78.93 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.





USD/INR

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
USDINR							Buy 49.10-49.15 TP 49.60-49.80 SL 48.75
MCX-SX	Oct-11	48.6867	48.9858	49.2850	44.6708	44.6867	
USDINR							Buy 49.10-49.15 TP 49.60-49.80 SL 48.75
NSE	Oct-11	48.5192	48.9083	49.2975	49.7283	50.1592	

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

After recovering for the first week since September the rupee lost again last week as an overall stronger Dollar globally and domestic dollar buying by OMC and defense payments. 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, helped the rupee for the first few days but better than expected data from US kept the greenback on the front foot. The weaker Equities also affected the rupee as the domestic indices lost by more than 1 % percent on a weekly basis. The S&P Nifty ended the week at lower by 1.21 % on a weekly basis. The Rupee lost and ended at 49.14 a weekly loss of 0.26%

The one-month offshore non-deliverable forward contracts were quoted at 49.29, 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	49.4625	49.7725	49.0800	49.2850	0.26%	8626541	-6.07%	2043990	4.98%
Nov-11	49.7000	49.9850	49.2500	49.4625	0.20%	243262	-42.74%	856758	11.45%
Dec-11	50.1000	50.1750	49.4375	49.6425	0.20%	42531	-58.66%	357599	-15.31%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	49.6075	49.7700	48.9500	49.2975	0.27%	7299372	2.79%	1107148	27.89%
Nov-11	49.7400	49.9800	49.2625	49.4700	0.22%	390105	-25.27%	301458	4.78%
Dec-11	49.9100	50.4950	49.4125	49.6325	0.47%	219514	-12.36%	375280	20.95%

Outlook

The last week saw rupee loose again as the dollar gained globally. 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. Going forward the debt crisis in Euro has seemed to have worsened with the downgrades of several European countries. This would be negative for 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 US are expected to come in mixed. Whereas the data from UK and Europe are expected to come in lower, thus affecting the Euro and GBP negatively which is again negative for 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

The past week saw the rupee trade in arrange of around 20-30 paisa. With daily moves being on opposite directions. On a weekly basis we saw it gain by 0.28%. During the week it faced resistances at higher levels. The rupee saw high of 49.53 and a low of 48.89. It finally ended at 49.12 which are 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	1.3378	1.3590	1.3715	Sell at 1.3420-3450 TP 1.330-3220 SL1.3500
EURINR – MCX-SX	Oct-11	64.7500	65.48	66.2100	66.66	67.11	Buy at 65.50-65.60 TP 66.80-67.20 SL 64.90
EURINR – NSE	Oct-11	64.7300	65.4575	66.1850	66.66	66.93	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

The euro fell against the majority of its most-traded counterparts after Fitch Ratings cut its rating on Spain and Italy, highlighting the potential for region's debt crisis to spread. The 17-nation currency erased gains versus the dollar as Fitch cited factors including vulnerability to the euro-zone crisis. The ECB kept its rates unchanged at 1.5% the move came on expected lines and had little effect on the Euro. The Euro hit a new monthly low but recovered to the end of the week to close almost flat on a weekly basis. The euro gained by 0.09 percent to \$1.3378, from \$1.3363 on a weekly basis.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	66.3750	66.3800	65.2000	66.2100	-1.01%	181161	0.99%	78736	-0.91%
Nov-11	66.6000	67.0500	65.4500	66.4050	-1.11%	4971	4.48%	9549	77.33%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	66.3900	66.4075	65.2050	66.1850	-1.02%	74155	-14.13%	23149	20.41%
Nov-11	66.5400	66.7300	65.4700	66.4000	-1.19%	8383	-22.58%	6300	11.20%

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. Italy's rating was cut to A+ from AA- while Spain's rating was reduced two levels to AA- from AA+. The outlook for both is negative. The ratings company maintained a rating watch negative on Portugal, indicating the nation may still be cut to below investment grade. These downgrades are just a reminder of the issue that is prevailing in front of the Euro region. The laundry list just keeps growing for them. Going forward we expect the downgrades to come as a setback for the Euro and could expect to weaken in the coming week. On the economic data front also we expect the data to come in lower. So overall we expect the euro to remain on a losing note for the next week.

Economic data for week ahead

Date Time	Region	Event	Survey	Prior



10/10/2011 11:30	GE	Exports SA (MoM)	AUG	1.10%	-1.80%
10/10/2011 11:30	GE	Imports SA (MoM)	AUG	0.60%	-0.30%
10/10/2011 11:30	GE	Current Account (EURO)	AUG	5.0B	7.5B
10/10/2011 11:30	GE	Trade Balance	AUG	9.0B	10.4B
10/12/2011 11:30	GE	Wholesale Price Index (MoM)	SEP	--	0.10%
10/13/2011 11:30	GE	Consumer Price Index (MoM)	SEP F	0.10%	0.10%
10/14/2011 14:30	EC	Euro-Zone CPI (MoM)	SEP	0.80%	0.20%
10/14/2011 14:30	EC	Euro-Zone Trade Balance	AUG	-4.0B	4.3B

GBP/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
GBPINR							Sideways
MCX-SX	Oct-11	75.2325	75.875	76.5175	77.2075	77.8975	
GBPINR							Sideways
NSE	Oct-11	75.2767	75.9283	76.5800	77.2458	77.9117	
GBPUSD	SPOT	1.5103	1.5384	1.5582	1.5796	1.5940	Sideways

Fundamental Review

The pound strengthened the most in almost three months against the dollar amid optimism the Bank of England's decision to reactivate its bond-purchase program will help to revive the U.K.'s faltering economy. Sterling appreciated versus all but one of its 16 major peers after the central bank's quantitative-easing program was boosted by 75 billion pounds (\$117 billion) and central bank Governor Mervyn King said he was confident the measures would work. But all this were still not enough to land the pound a weekly gain as it ended lower by 0.21% on a weekly basis.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	76.9900	77.2550	75.9225	76.5175	-0.47%	54701	51.25%	45378	8.29%
Nov-11	73.9375	77.9025	76.2000	76.7450	1.02%	1871	5638.10%	6530	62.03%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	76.9400	77.2600	75.9425	76.5800	-0.44%	44940	16.03%	7991	-8.62%
Nov-11	77.4525	77.5025	76.2200	76.8000	-0.33%	1155	-38.30%	1089	5.22%
Dec-11	77.3200	77.3900	76.4750	76.9200	-0.43%	94	44.62%	139	7.75%

Economic data for week ahead

Date Time	Region	Event		Survey	Prior
10/11/2011 14:00	UK	Industrial Production (MoM)	AUG	-0.20%	-0.20%



10/11/2011 14:00	UK	Manufacturing Production (MoM)	AUG	-0.20%	0.10%
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Outlook

The pound lost against the USD in the past week ending lower by 0.21 % on a weekly basis. This was not helped as Moody's cut the senior debt and deposit ratings of lenders including Royal Bank of Scotland, concluding the government would be less likely to provide support for them if they became financially troubled. On the economic front we expect the data to come in far worse than last time hence lowering the outlook for the pound for the next week. So overall we expect the GBP to remain weak and fall in the coming week internationally.

USD/JPY

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
JPYINR MCX-SX	Oct-11	63.6608	63.9992	64.3375	64.7192	65.1008	Buy at 63.70-80 TP 64.80-65.60 SL 63.20
JPYINR - NSE	Oct-11	62.3000	63.34	64.3800	65.08	65.78	Buy at 63.70-80 TP 64.80-65.60 SL 63.20
USD/JPY	SPOT	74.923	75.66	76.73	78.027	79.223	Sell at 77.30-40 TP 76.50-50 SL 77.90

Fundamental Review

We saw the Yen close with a gain against the greenback and other major counterparts. Its best gains coming against the Euro. The currency for the past few weeks and months has done nothing much but trade in a very tight range. The BOJ kept its target rate unchanged at 0.10% which was well as per expectation. There is nothing much that is affecting the Yen and it's been trading in a very tight range. The Yen closed at 76.73 with a weekly gain of 0.18 percent

MCXSX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	64.4100	64.7625	64.0425	64.3375	0.30%	29583	-45.86%	78549	14.81%
Nov-11	65.9950	65.9950	64.2800	64.4725	0.24%	2167	-27.33%	7476	48.25%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	64.3500	64.7400	63.0000	64.3800	0.44%	33953	-26.89%	20380	-11.14%
Nov-11	64.6325	65.2950	64.3000	64.5525	0.31%	4476	-20.79%	5446	74.22%
Dec-11	64.5050	64.8275	64.4150	64.5150	0.10%	1950	428.46%	2.813953488	281.40%

No Economic data for week ahead

10/11/2011 05:20	JN	Trade Balance - BOP Basis	AUG	-¥692.3B	¥123.3B
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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. So for the coming week also we expect the Yen to remain in a tight range with a slight positive bias as the Equity markets weaken and demand for safe haven currency increases.

Major economic events for the week

Date Time	Region	Event		Survey	Prior
10/10/2011 11:30	GE	Exports SA (MoM)	AUG	1.10%	-1.80%
10/10/2011 11:30	GE	Imports SA (MoM)	AUG	0.60%	-0.30%
10/10/2011 11:30	GE	Current Account (EURO)	AUG	5.0B	7.5B
10/10/2011 11:30	GE	Trade Balance	AUG	9.0B	10.4B
10/11/2011 05:20	JN	Trade Balance - BOP Basis	AUG	-¥692.3B	¥123.3B
10/11/2011 14:00	UK	Industrial Production (MoM)	AUG	-0.20%	-0.20%
10/11/2011 14:00	UK	Manufacturing Production (MoM)	AUG	-0.20%	0.10%
10/11/2011 17:00	US	NFIB Small Business Optimism	SEP	89	88.1
10/12/2011 11:30	GE	Wholesale Price Index (MoM)	SEP	--	0.10%
10/12/2011 23:30	US	Minutes of FOMC Meeting			
10/13/2011 07:30	CH	Trade Balance (USD)	SEP	\$16.90B	\$17.76B
10/13/2011 07:30	CH	Exports YoY%	SEP	20.80%	24.50%
10/13/2011 07:30	CH	Imports YoY%	SEP	24.60%	30.20%
10/13/2011 11:30	GE	Consumer Price Index (MoM)	SEP F	0.10%	0.10%
10/13/2011 18:00	US	Trade Balance	AUG	-\$46.0B	-\$44.8B
10/13/2011 18:00	US	Initial Jobless Claims	8-Oct	405K	--
10/13/2011 18:00	US	Continuing Claims	1-Oct	3710K	--
10/14/2011 07:30	CH	Consumer Price Index (YoY)	SEP	6.10%	6.20%
10/14/2011 14:30	EC	Euro-Zone CPI (MoM)	SEP	0.80%	0.20%
10/14/2011 14:30	EC	Euro-Zone Trade Balance	AUG	-4.0B	4.3B
10/14/2011 18:00	US	Advance Retail Sales	SEP	0.70%	0.00%
10/14/2011 19:25	US	U. of Michigan Confidence	OCT P	60.4	59.4
10/14/2011 19:30	US	Business Inventories	AUG	0.40%	0.40%



Currency Weekly

KARVY
STOCK BROKING

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

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