



November 21,

## Global economic review

### Economic performance:

After many weeks of high volatility, last week saw a slight calmness as there were no major events. Italy and Greece who have been given new Prime ministers were not able to shrug of the debt crisis issue as the European bond yields went soaring again. The Italian Bonds during the week climbed above the dreaded 7 percent mark, which caused the Euro to decline against all major pairs. Major world equities were hit hard by the European Crisis as most of them ended with losses of more than 2% on a weekly basis. Asian Equities and Currencies were losers with most of them losing in the range of 1.5-3%. The Nifty was the worst performer with the index losing more than 5% on a weekly basis.

### Major events:

- Weekly losses for World Equities
- Euro loses against all major pairs
- Rupee hits Fresh 32 month lows

CROSS	LAST	1 week ago	% Change
USDINR	51.34	49.33	4.07
EUROINR	69.43	67.14	3.41
GBPINR	80.99	76.83	5.41
JPY (100) Futures	66.64	64.36	3.54
MYR	16.22	15.69	3.40
SGD	39.50	38.42	2.81
DOLLAR INDEX	78.06	77.59	0.62

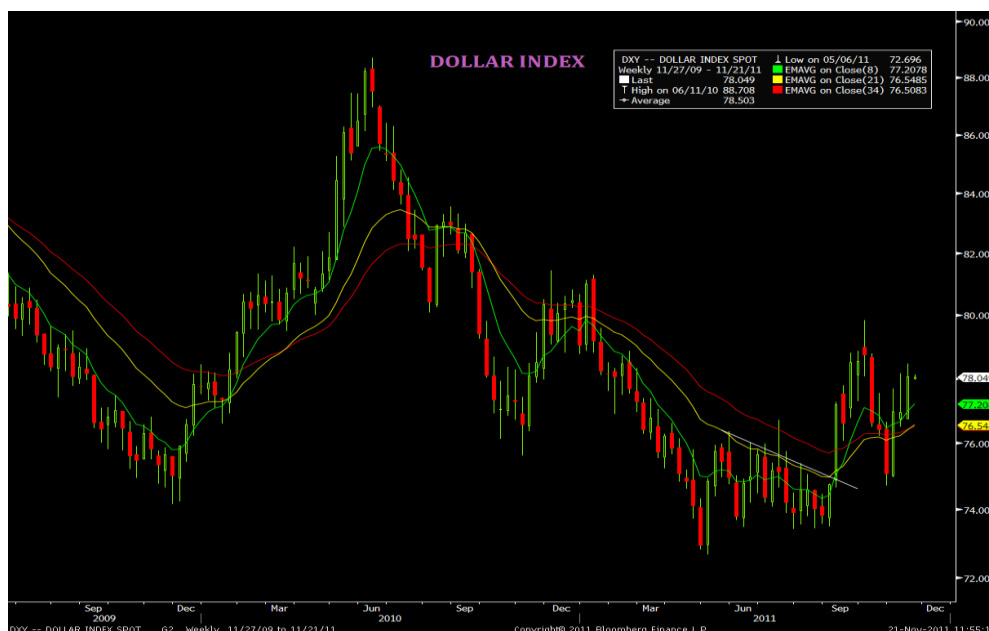
CROSS	LAST	1 week ago	% Change
EURUSD	1.35	1.36	-0.84
GBPUSD	1.58	1.56	1.47
USDJPY	76.91	76.65	0.34
USDCAD	1.03	1.03	-0.23
USDCHF	0.92	0.91	0.87
USDSEK	6.78	6.68	1.58

### Dollar Index

Currency	S2	S1	Close	R1	R2	Recommendation
Dollar Index	76.513	77.13	78.05	79.950	80.87	Buy 77.85-77.95 TP 78.80-79.30 SL 77.30

### TECHNICAL SNAPSHOT:

Last week's view went well as our target was achieved. Even though our call could not be activated. The Dollar index closed higher by 1.63% on a weekly basis. The move has been completed on lines of our prediction and such a move confirms the bullish trend for the coming weeks. But it must be kept in mind after a third consecutive rise it might face some resistances at higher levels. The resistances going forward are seen at 78.85-79.05 and supports are seen at 77.68-32. So for the coming any dip can be used as a buying opportunity targeting levels of 79.05 then 79.50. Looking at the above scenario we recommend buying index for the coming week.



Recommendation: Buy in the range of 77.85/77.95 targeting 78.90-79.30 with stop loss below 77.30



## USD/INR

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
<b>USDINR</b>							Buy at 50.95-51.05 TP
<b>MCX-SX</b>	Nov-11	49.4900	50.46	51.4300	51.95	52.47	51.70-80 SL Below 50.60
<b>USDINR</b>							Buy at 50.95-51.05 TP
<b>NSE</b>	Nov-11	49.1842	50.3083	51.4325	52.2783	53.1242	51.70-80 SL Below 50.60

### The Week Ahead:

- Weaker Equities to hurt the rupee
- Weaker Euro to hurt the rupee further
- Domestic Dollar demand to keep rupee at lows

### Fundamental Review

In the past week the Indian rupee fell to a fresh 32-month low of 51.40 as demand for dollar increased on back of buying by importers and domestic OMC's. The domestic index the BSE SENSEX fell to its biggest weekly fall in nearly three and a half months, as fresh concerns about the European debt crisis compounded lingering worries over weak domestic growth and slow government decision making. The FII's have been on a continuous selling spree and the conations withdrawal of funds is increasing the demand for dollars. All these factors made the rupee tumble for the past week. The rupee ended the week lower by 2.43% to close at 51.33

The one-month onshore forward premium was steady at 26.75 points, the three-month was at 70.50 points from 69 at previous close and the one-year was at 193.50 points from 182.25. One-month offshore non-deliverable forward contracts were quoted at 50.44, 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 United Stock Exchange and the MCX-SX were all at 50.28. The total volume was at \$3.10 Billion.

### MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	50.1550	51.5000	50.0100	51.4300	2.26%	11798250	79.63%	2655084	28.18%
Dec-11	50.3550	51.7425	50.2575	51.6825	2.23%	678135	179.25%	2268315	131.49%
Jan-12	50.5875	51.9200	50.4900	51.8550	2.24%	109352	132.52%	415430	120.98%

### NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	50.0625	52.0000	50.0300	51.4325	2.30%	9002542	72.69%	1220969	0.13%
Dec-11	50.2900	51.9800	50.2900	51.6800	2.29%	831847	149.40%	1096075	30.89%
Jan-12	50.5225	51.9300	50.4975	51.8675	2.29%	261488	181.07%	175010	12.45%

### Outlook

The rupee lost for the third consecutive of November as Weaker Equities and strong domestic demand for dollars weighed on sentiment. The rupee lost by more than 2.4 percent, cloaking its biggest weekly loss in eight weeks. The woes for rupee are expected to continue until inflows start to resume from the corporate side. The stability in the European crisis is also required for a stronger rupee. The weaker equities have also not helped as the pulling out of funds by large institutions is a major cause of concern on the state of the economy.

For the coming week on the Economic front the major economic data from US are expected to come in positive. The Existing Home sales and Personal consumption are expected to rise along with a rise in GDP (QoQ). This would surely be positive for the USD for the coming week. Whereas the data from UK and Europe are expected to come in lower, thus affecting the Euro and GBP negatively, this would be negative for the rupee.

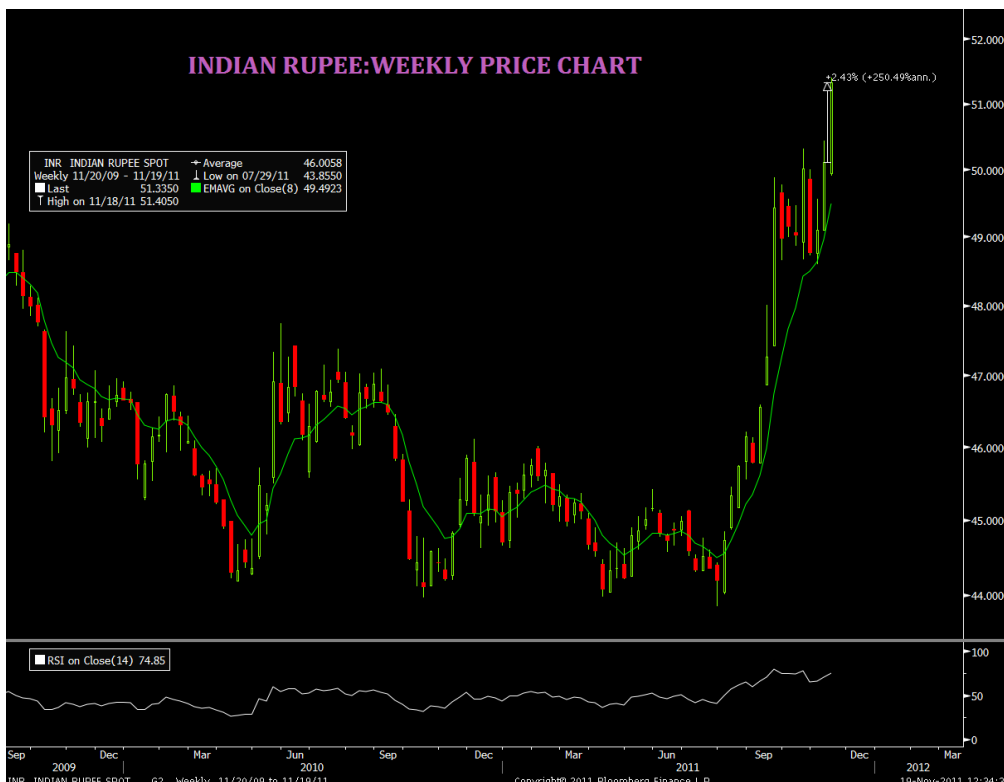


So for the coming week, like we had mentioned for the last week the European issues are still intact and there seems to be no respite in site as of now. The European issues will be directly impacting the rupee as a weaker Euro is negative for the rupee. The overall economic data coming out the Euro zone is weak and is showing no signs of improving. Hence, until and unless any respite is found onto the European front we expect the rupee to remain weak. So for the coming week we can see the rupees depreciate. The range for the coming week is expected to be between 50.90-51.75

### No Major Economic data for week ahead

### TECHNICAL SNAPSHOT

Past two weeks we have seen erratic moves in the USDINR as it tests its 32 month highs. If we apply the Bollinger band analysis we can see the rupee has moved near to the upper band which shows rupee is nearing the overbought zone. The widening of the bands verifies our view that the rupee has been very volatile in the past few weeks. The rupee on weekly charts has given a steep upward move. For the coming week we can see that as the rupee is nearing its resistance and overbought zone. So for the coming week we recommend buying at a correction near to the pivot are which is at 50.92 levels.



Resistances for the coming week are found at 51.75-90 and supports are to be found at 50.90-65 levels.

Recommendation: Buy at 50.95-51.05 TP 51.70-80 SL Below 50.60



## EUR/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
EURUSD	SPOT	1.3290	1.3440	1.3525	1.3756	1.4095	Sell at 1.3640-70 TP 1.3440-3420 SL1.3720
EURINR - MCX-SX	Oct-11	68.0350	68.7825	69.5300	69.915	70.3	Buy at 68.60-70 TP 69.80-69.90 SL 68.20
EURINR - NSE	Oct-11	68.0117	68.7583	69.5050	69.9458	70.2033	Buy at 68.60-70 TP 69.80-69.90 SL 68.20

### The Week Ahead:

- Euro to continue reeling under sustained pressure
- Negative Economic data to weigh on Euro
- Weaker Equity markets to impact Euro negatively

### Fundamental Review

The Euro ended another week with losses as no resolution was found for the European crisis. The Italian and Spanish Bonds stayed at elevated levels adding to the pressure on the Euro. In the latter part of the week we saw some bond buying by the ECB which supported the Euro. But this was also not enough to bring the Euro out of losses as it lost by more than 1.5% on a weekly basis. Italy and Greece even after fining new heads were not able to contain the debt crisis as both countries bond yields rose. The Euro ended at 1.3525 lower by 1.67 percent on a weekly basis.

### MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	68.6750	69.5525	68.4200	69.5300	1.42%	200343	34.79%	107133	48.53%
Dec-11	69.1300	69.8700	68.8000	69.8100	1.39%	12866	160.76%	53017	91.42%

### NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	68.9200	69.6400	68.4525	69.5050	1.33%	122769	28.32%	27543	27.15%
Dec-11	69.1100	69.8600	68.8050	69.8475	1.38%	22085	96.38%	17861	148.40%

### Outlook

The Euro declined for the Second Consecutive week on weaker economic data and higher bond yields. The Sovereign risk has increased with a rise in Italian and Spanish Bond yields. Till Europe finds a permanent solution to the crisis the volatility in euro will continue. We need to see a major decline in especially Italian bonds, before we can the Euro and the Equities turn positive. On the Economic Front also US data is expected to come in positive where as from EU the data is expected to come in slightly mixed. But the Euro has not been following the Data instead they are more concerned on the Euro debt crisis. So going forward we can expect the Euro to remain in a range but overall the bias would be negative. Next week we can see the Euro decline but will stay in a major trading range.

### Economic data for week ahead

Date Time	Region	Event		Survey	Prior
11/23/2011 14:00	GE	PMI Manufacturing	NOV A	48.5	49.1



11/23/2011 14:00	GE	PMI Services	NOV A	50	50.6
11/23/2011 14:30	EC	PMI Composite	NOV A	46.1	46.5
11/23/2011 14:30	EC	PMI Manufacturing	NOV A	46.5	47.1
11/23/2011 14:30	EC	PMI Services	NOV A	46	46.4
11/24/2011 12:30	GE	Exports	3Q	1.60%	2.30%
11/24/2011 12:30	GE	Government Spending	3Q	0.20%	0.20%
11/24/2011 12:30	GE	Construction Investment	3Q	-0.10%	-0.90%

## GBP/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
<b>GBPINR</b>							Buy at 80.80-90 TP
<b>MCX-SX</b>	Oct-11	79.3392	80.3608	81.3825	81.9333	82.4842	82.30-82.50 SL 80.30
<b>GBPINR</b>							Buy at 80.80-90 TP
<b>NSE</b>	Oct-11	79.3358	80.3667	81.3975	81.9467	82.4958	82.30-82.50 SL 80.30
<b>GBPUSD</b>	SPOT	1.5626	1.5704	1.5808	1.5956	1.6150	Sideways

## Fundamental Review

After ending higher last week, this week we saw the pound decline against the USD by almost 1.3 percent. The whole week we saw the pound remain on a negative tone. The CPI last week came in lower as expected to give a negative effect to the pound. On Friday it did recover some of its losses as the claimant count change came in better than expected as the count fell to 5.3k as compared to 20.3k last time. The Pound gained by 1.35 % on a weekly basis to end the week at 1.5808

## MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	80.3000	81.4625	79.8900	81.3825	1.66%	66900	22.11%	65675	46.71%
Dec-11	73.9375	79.9200	77.3200	79.8700	0.82%	14426	182.76%	29204	105.82%

## NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	80.4100	81.4650	79.8850	81.3975	1.68%	49593	50.95%	9797	12.13%
Dec-11	80.7275	81.8000	80.2400	81.7400	1.70%	7468	197.17%	4064	95.20%
Jan-12	81.0600	81.9000	80.5825	81.7900	1.86%	97	-52.91%	226	33.73%

## Economic data for week ahead

Date Time	Region	Event	Survey	Prior



11/24/2011 15:00	UK	GDP (QoQ)	3Q P	0.50%	0.50%
11/24/2011 15:00	UK	Private Consumption	3Q P	0.20%	-0.80%
11/24/2011 15:00	UK	Government Spending	3Q P	0.50%	1.10%
11/24/2011 15:00	UK	Exports	3Q P	0.80%	-1.30%

## Outlook

For the coming week, there are two major factors which are likely to give direction to the pound. The first one being Economic data in the form of GDP(QoQ) and Government Spending which will highly important to give direction to the already struggling economy. The second one being the capital flows from Euro to the Sterling because of the Euro crisis more funds are likely to flow into the Sterling. Both factors will have mixed effect on the pound. So for the coming week we can expect the pound to trade in a range with all eyes on the economic data to be released.

## USD/JPY

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
<b>JPYINR</b> <b>MCX-SX</b>	Oct-11	63.8067	65.3983	66.9900	67.8908	68.7917	Buy 66.30-40 TP 67.30-80 SL 65.90
<b>JPYINR</b> <b>NSE</b>	- Oct-11	64.0550	65.5275	67.0000	67.765	68.53	Buy 66.30-40 TP 67.30-80 SL 65.90
<b>USD/JPY</b>	SPOT	74.623	75.86	76.90	77.827	79.623	Sideways

## Fundamental Review

With the crisis in Europe worsening and European bond Yields soaring the Yen gained in the last week as the demand for safer currency and safer assets increased. The Yen gained against all its major pairs on risk aversion factors. Even after repeated attempts by the Japanese government to weaken its currency the Yen has been gaining as demand for the currency increases in such a crisis. Yen closed at 76.90 with a weekly gain of 0.29 percent.

### MCXSX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	65.1000	67.2000	64.7075	66.9900	3.15%	54929	52.36%	82607	56.81%
Dec-11	65.2050	67.2700	65.1125	67.2000	3.06%	7732	342.33%	16520	168.01%

### NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Nov-11	64.8200	67.0575	64.8200	67.0000	3.26%	27135	6.26%	9956	2.75%
Dec-11	65.1500	67.2675	65.1500	67.2100	3.29%	5575	80.42%	5310	39.04%
Jan-12	65.2375	67.4000	65.2375	67.2250	2.79%	188	9.30%	0.132183908	13.22%

## No Economic data for week ahead

## Outlook

Yen has been in trading range from the past few weeks. Though the bias has been positive for the Yen but still is caught between the Japanese govt's efforts to weaken it and the safe haven buying by investors. We expect this tug of war to continue for the coming weeks and expect the yen to trade in arrange with a positive bias.



## Major economic events for the week

Date Time	Region	Event		Survey	Prior
11/21/2011 14:30	EC	ECB Euro-Zone Current Account SA	SEP	--	-5.0B
11/21/2011 19:00	US	Chicago Fed Nat Activity Index	OCT	0.19	-0.22
11/21/2011 20:30	US	Existing Home Sales	OCT	4.80M	4.91M
11/22/2011 19:00	US	GDP QoQ (Annualized)	3Q S	2.50%	2.50%
11/22/2011 19:00	US	Personal Consumption	3Q S	2.40%	2.40%
11/22/2011 19:00	US	GDP Price Index	3Q S	2.50%	2.50%
11/22/2011 20:30	EC	Euro-Zone Consumer Confidence	NOV A	-21	-19.9
11/22/2011 20:30	US	Richmond Fed Manufact. Index	NOV	-1	-6
<b>11/23/2011 00:30</b>	<b>US</b>	<b>Minutes of FOMC Meeting</b>			
11/23/2011 14:00	GE	PMI Manufacturing	NOV A	48.5	49.1
11/23/2011 14:00	GE	PMI Services	NOV A	50	50.6
11/23/2011 14:30	EC	PMI Composite	NOV A	46.1	46.5
11/23/2011 14:30	EC	PMI Manufacturing	NOV A	46.5	47.1
11/23/2011 14:30	EC	PMI Services	NOV A	46	46.4
11/23/2011 19:00	US	Durable Goods Orders	OCT	-1.20%	-0.80%
11/23/2011 19:00	US	Personal Income	OCT	0.30%	0.10%
11/23/2011 19:00	US	Personal Spending	OCT	0.30%	0.60%
11/23/2011 19:00	US	Initial Jobless Claims	19-Nov	390K	388K
11/23/2011 19:00	US	Continuing Claims	12-Nov	3610K	3608K
11/23/2011 20:25	US	U. of Michigan Confidence	NOV F	64.5	64.2
11/24/2011 12:30	GE	Exports	3Q	1.60%	2.30%
11/24/2011 12:30	GE	Government Spending	3Q	0.20%	0.20%
11/24/2011 12:30	GE	Construction Investment	3Q	-0.10%	-0.90%



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