



## Global economic review

### Economic performance:

last week we saw the Global indices stay in range for the first part of the week with moves coming towards the end after the EU economic summit and ECB interest rate decision. Overall the Week ended mixed for Global equities as the European and US equities gained whereas Asians ended in deep red. The Euro and the Dollar Index closed flat. The asian currencies however were the biggest losers with the Indian rupee and Korean Won being the major ones. They fell on concerns that the European debt crisis will slow the Economic growth. The ECB lower its benchmark rates by 25bps to 1.00 % as was anticipated, while BOE kept its rates unchanged at 0.50%. The EU summit in brussels brought out a few positives for the shorter term which were enough to bring about a spike in the market towards the last trading day of the week.

CROSS	LAST	1 week ago	% Change
USDINR	52.04	51.21	1.63
EUROINR	69.82	69.05	1.11
GBPINR	81.29	79.72	1.96
JPY (100) Futures	66.95	65.55	2.14
MYR	16.53	16.38	0.97
SGD	40.25	39.83	1.07
DOLLAR INDEX	78.63	78.63	0.01

CROSS	LAST	1 week ago	% Change
EURUSD	1.34	1.34	-0.04
GBPUSD	1.57	1.56	0.47
USDJPY	77.65	77.99	-0.44
USDCAD	1.02	1.02	-0.26
USDCHF	0.92	0.92	0.17
USDSEK	6.73	6.76	-0.44

### Major events:

- World Equities end mixed with US and Europe gaining and Asia declining
- ECB lowers rates by 25bps to 1.00 percent
- BOE keeps rates and Bond Purchase program unchanged at 0.5% and 275Bn respectively

### Dollar Index

Currency	S2	S1	Close	R1	R2	Recommendation
Dollar Index	77.06	77.44	78.10	78.875	79.425	Range 77.75-78.65

### TECHNICAL SNAPSHOT:

A sideways session was seen in Dollar Index it open at 78.559 and made a high of 79.1080 and finally settled at 78.1070. A doji formation can be seen on weekly charts and a correction can be expected and momentum index RSI-14 is trading at 57.80 and now support are seen at 77.809 which is 38.2% retracement level for the range of (79.71-74.72) and next support at 76.32. and resistance is at 78.53 and next at 79.50. so for the coming week we expect to trade slightly side ways to down side trend.





## USD/INR

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
<b>USDINR</b>							BUY AT 51.96 TGT 52.55-52.75 SL 51.64
<b>MCX-SX</b>	Dec-11	50.8500	51.5475	52.2450	52.745	53.245	
<b>USDINR</b>							BUY AT 51.96 TGT 52.55-52.75 SL 51.64
<b>NSE</b>	Dec-11	50.9167	51.5833	52.2500	52.7333	53.2167	

### The Week Ahead:

- RBI expected to keep rates unchanged
- IIP numbers to show a decline
- Weaker Equities to hurt the Rupee

### Fundamental Review

After gaining for previous week, this week the rupee gave up all its gains and ended lower by more than 1.5 percent. The decline was led by a fall in domestic equities and the growing domestic dollar demand. The Fii's are continuously withdrawing money from our equities which is not only hurting the rupee but the overall investor sentiment. The S&P index closed lower by more than 2.5 percent on a weekly basis. On the same lines rupee also ended the week with losses of about 1.5 percent to finally end at 52.03

The one-month onshore forward premium was steady at 23.75 points, the three-month was at 72.50 points from 70 at previous close and the one-year was at 193.750 points from 197.25. One-month offshore non-deliverable forward contracts were quoted at 52.32, 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 51.25. The total volume was at \$3.16 Billion.

### MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	51.3500	52.5475	51.3500	52.2450	1.56%	8072986	-23.78%	2851902	-32.61%
Jan-12	51.7375	52.8075	51.6675	52.5075	1.61%	271970	-11.01%	713015	-1.58%
Feb-12	51.6000	53.0000	51.6000	52.7525	1.75%	66972	-32.54%	319100	-9.39%

### NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	51.4000	52.5500	51.4000	52.2500	1.61%	6579024	-23.62%	1305348	-19.59%
Jan-12	51.7400	52.8100	51.6700	52.5050	1.64%	362340	-8.29%	402455	55.20%
Feb-12	51.8800	53.0100	51.8500	52.7350	1.73%	82574	-40.05%	108426	5.68%

### Outlook

The past week saw the rupee end lower by about 1.5 percent on European concerns and dollar buying by importers and OMC. For the coming week on the Economic front the major economic data from US are expected to come in slightly positive with all eyes on the FOMC meet on Dec 14. This could be positive for the USD for the coming week. Whereas the data from UK and Europe are expected to come in slightly lower, thus affecting the Euro and GBP negatively.

So for the coming week, for a change we have more domestic triggers than international ones, for the rupee to look forward too. Starting the week off with IIP, which is expected to decline to -0.7%, this is likely to have a negative effect for the Indian economy and the Rupee. Once we are past the IIP figures, we have the inflation on Dec14, followed by the RBI meet on Dec16. This time the central bank is expected to take a pause for hiking rates. This could be slightly positive for the rupee. So overall along with international and domestic events the rupee is likely to remain volatile.



Taking the domestic cues along with the still strong demand of dollars domestically we see the rupee depreciating for the coming week. The range for the coming week is expected to be 51.70-52.45

## TECHNICAL SNAPSHOT

This week USDINR SPOT surged robustly by 2.30% by previous week. as we saw USDINR SPOT to retrace from the

higher levels last week, It open marginally higher than previous close at 51.20 and traded sideways initially, thereafter it surged gradually and hit a high of 52.35 and finally settled at 52.03. After last week's appreciation Rupee took support at 51.19 near to 21 periods EMA and 38% retracement level for the range of (52.7250-48.61) on daily charts. On basis of candle stick theory a long green candle suggests that much sought of upside direction. It also broke



and able to sustain above 61.8% Retracement level for the range of (52.7250-51.19). Momentum indicator RSI-14 is at 68.48 which also showing positive sighs. Supports are seen at 51.90 and Resistance 52.75.

**Recommendation:** BUY AT 51.96 TGT 52.55- 52.75 SL 51.64



## EUR/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
<b>EURUSD</b>	SPOT	1.3110	1.325	1.3395	1.354	1.369	BUY AT 1.3330 TGT 1.3450 SL 1.3210
<b>EURINR – MCX-SX</b>	Dec-11	68.6033	69.3117	70.0200	70.4192	70.8183	BUY AT 69.75-69.65 TGT 70.20 THE 70.45 SL 69.20
<b>EURINR – NSE</b>	Dec-11	68.6167	69.3333	70.0500	70.4433	70.7933	BUY AT 69.75-69.65 TGT 70.20 THE 70.45 SL 69.20

### The Week Ahead:

- Euro to slightly bounce back from lower levels
- Negative Economic data to weigh on Euro

### Fundamental Review

The Euro ended the week flat after opening lower for the first few days. EU leaders failed to get all 27 nations to agree on the fiscal compact, but on the brighter side passed a resolution to increase the ESFS. As expected the ECB lowered the main refinancing rate by -25 bps to 1.0%. The Euro ended at 1.3379 lower by 0.15 percent on a weekly basis.

### MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	69.1200	70.1100	69.0025	70.0200	0.97%	163317	-24.94%	86920	-23.51%
Jan-12	69.3900	70.5150	69.3400	70.3600	1.04%	5237	-16.89%	20423	36.13%

### NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	69.2500	70.1200	69.0100	70.0500	1.08%	97796	-11.68%	25466	24.83%
Jan-12	69.3800	70.4400	69.3000	70.4000	1.13%	7821	-34.13%	12967	5.43%

### Outlook

After having a flattish closing last week the coming week would be quite important for deciding the shorter term trend of the Euro. Last week it should be noted again that the financial markets were left quite mixed after key events of ECB meeting and EU summit. So for the coming back the focus for Euro will shift back to the bond auctions. Spain and Italian bond auctions should reveal which side the investors have taken and how the Euro is likely to resume its trend. Italy will sell 2016 bonds on Wednesday and Spain will sell 2016, 2020 and 2021 bonds on Thursday. In addition, focus will be on FOMC meeting on whether the bank would make some progress on the change on communication strategy. As for the Economic condition, the European region looks slightly weak and this could prove to be negative for the Euro. So overall Euro is expected to rise in the beginning of the week following the positive steps to taken in the EU summit meet. But in the middle of the week Euro would look forward to the Bond auctions to decide its trend.

### Economic data for week ahead

Date Time	Region	Event	Survey	Prior



12/12/2011 12:30	GE	Wholesale Price Index (MoM)	NOV	--	-1.00%
12/13/2011 15:30	GE	Zew Survey (Current Situation)	DEC	31	34.2
12/13/2011 15:30	EC	ZEW Survey (Econ. Sentiment)	DEC	--	-59.1
12/13/2011 15:30	GE	ZEW Survey (Econ. Sentiment)	DEC	-55.8	-55.2
12/14/2011 15:30	EC	Euro-Zone Ind. Prod. sa (MoM)	OCT	0	-0.02
12/15/2011 14:00	GE	PMI Manufacturing	DEC A	47.5	47.9
12/15/2011 14:00	GE	PMI Services	DEC A	50	50.3
12/15/2011 14:30	EC	PMI Composite	DEC A	46.5	47

## Technical Analysis

This week EUR/USD closed at \$ 1.3360; we have seen a sideways trading session in EUR/USD for last few weeks. On weekly charts it is trading below 100 and 50 periods – SMA and strong trend line support are seen at \$ 1.320 much selling pressure can be expected if prices close and sustain below same and Resistance is seen at 1.3600 then 1.3760. Momentum indicator RSI-14 is trading at 41.11, a déjà candle stick pattern can be seen on weekly chats which suggest a pullback rally can be expected and on the whole we are not much bullish as a heavy selling pressure are at higher levels. Support are seen at Resistance \$ 1.3570/1.3606



## GBP/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
<b>GBPINR</b>							BUY AT 81.45 TGT 82.30
<b>MCX-SX</b>	Dec-11	79.6267	80.8833	82.1400	82.7708	83.4017	SL 80.90
<b>GBPINR</b>							BUY AT 81.45 TGT 82.30
<b>NSE</b>	Dec-11	79.6317	80.8833	82.1350	82.7633	83.3917	SL 80.90
<b>GBPUSD</b>	SPOT	1.5290	1.5440	1.5597	1.5770	1.5930	BUY AT 1.5560 TGT 1.5750 SL 1.5475



## Fundamental Review

The Pound gain for the second consecutive week following positive cues, after European leaders agreed to toughen budget rules, lend the IMF bilateral loans up to 200 billion Euros. The Bank of England held its benchmark interest rate at 0.50% this week as expected along with bond purchases unchanged at £275 billion. The Pound gained by 0.40 % on a weekly basis to end the week at 1.5662

## MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	80.5000	82.1450	80.2575	82.1400	1.82%	62638	-30.97%	50597	-28.55%
Jan-12	73.9375	82.4500	80.6500	82.4500	-0.69%	6544	1009.97%	14406	41.01%

## NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	80.4900	82.1400	80.2600	82.1350	1.84%	58768	-3.46%	10776	62.68%
Jan-12	80.6000	82.4000	80.6000	82.4000	1.79%	2981	-32.56%	1493	17.28%
Feb-12	81.2750	82.6000	81.1100	82.6000	1.63%	1528	-49.55%	34	21.43%

## Economic data for week ahead

Date Time	Region	Event		Survey	Prior
12/13/2011 15:00	UK	CPI (MoM)	NOV	0.20%	0.10%

## Outlook

The economic data next week is highlighted by the November consumer price index, retail sales, and the claimant count rate. Investors will be closely eyeing CPI data on Tuesday, followed by the Claimant count Change on Wednesday. Both these are expected to show a negative effect on the GBP as the Claimant count is expected to increase. Apart from the Economic data there are no major triggers for the pound for the coming week. So for the coming week we can expect the pound to trade in a range with a slight negative bias.

## Technical Analysis

After few weeks of selling pressure in GBPUSD last week we saw a slight renounce, this week it surged marginally following previous week's trend. GBPINR open at \$ 1.5587 and hit a high of 1.5770. On technical front a volatile session was seen in GBP/USD prices was unable to sustain at higher levels we saw last two week candles took trend line support and bounced back from the same we consider the trend line as strong support. By seeing weekly charts we expect GBP/USD to surge in coming week. Support are seen at 1.5550 which is 61.8% Retracement level for the range of (1.54211.5779) and Resistance is at 1.5761 then 1.5875.





## USD/JPY

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
<b>JPYINR</b>							BUY AT 66.60-66.50 TGT 67.50 SL 65.95
<b>MCX-SX</b>	Oct-11	65.2617	66.2833	67.3050	67.9983	68.6917	
<b>JPYINR</b>	- Oct-11			67.4000			BUY AT 66.60-66.50 TGT 67.50 SL 65.95
<b>NSE</b>		65.0867	66.2433		68.1133	68.8267	
<b>USD/JPY</b>	SPOT	76.883	77.407	77.98	78.417	78.853	Range

### Fundamental Review

After falling for two consecutive weeks against the dollar, last week the Yen gained by 0.43% as dollar was dumped globally on raising risk aversion. The Japanese GDP also grew at a faster pace as compared to last quarter which helped the currency appreciate. Yen closed at 77.53 with a weekly gain of 0.43 percent.

### MCXSX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	66.0000	67.6700	65.9550	67.3050	1.95%	30344	-55.70%	67455	-16.93%
Jan-12	66.2925	67.8875	66.0000	67.4825	1.91%	2124	50.53%	5645	12.61%

### NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	65.8000	67.6700	65.8000	67.4000	2.35%	33709	-13.17%	10667	-4.89%
Jan-12	66.3100	69.1500	66.2400	67.5200	2.15%	1766	10.51%	1175	81.89%
Feb-12	65.2375	67.4000	65.2375	67.2250	2.79%	188	9.30%	196	19600.00%

### No Economic data for week ahead

Date Time	Region	Event		Survey	Prior
12/12/2011 11:30	JN	Machine Tool Orders (YoY)	NOV P	--	0.26
12/14/2011 10:00	JN	Industrial Production (MoM)	OCT F	--	0.024
12/14/2011 10:00	JN	Capacity Utilization (MoM)	OCT F	--	-0.036

### Outlook

Yen has been in trading range from the past few weeks. Last week we saw it gain against the greenback demand for the dollar decreased. Going forward we expect the Japanese Industrial Production to come in better which could support the Yen. But overall the global scenario would be the major contributor to the Yen's movement as investors look to find refuge in the safe haven currency. So overall we can see the Yen trade in a range for the coming week.



## Technical Analysis

After last two weeks of bounce in USD/JPY this week it open at 78 but gradually traded lower though the week, pair made high of 78.1 a sideways trading was seen mostly around the week. on technical bias prices after last week's surge it retraced from the highs on basis of retracement theory support was seen around 77.08 which is 61% Retracement level for the range of (75.54-79.53). Though in the mid of the week pair broke the trend line support but able to close almost close to that. Momentum index RSI -14 is at 46.87. From the chart we can interpret that USD/JPY to trade in range and now support are seen at 77.05 and 76.50 Resistance 78.28



## Major economic events for the week

Date Time	Region	Event		Survey	Prior
12/12/2011 11:30	JN	Machine Tool Orders (YoY)	NOV P	--	0.26
12/12/2011 12:30	GE	Wholesale Price Index (MoM)	NOV	--	-1.00%
12/13/2011 00:30	US	Monthly Budget Statement	NOV	-\$139.0B	-\$150.4B
12/13/2011 15:00	UK	CPI (MoM)	NOV	0.20%	0.10%
12/13/2011 15:30	GE	Zew Survey (Current Situation)	DEC	31	34.2
12/13/2011 15:30	EC	ZEW Survey (Econ. Sentiment)	DEC	--	-59.1
12/13/2011 15:30	GE	ZEW Survey (Econ. Sentiment)	DEC	-55.8	-55.2
12/13/2011 19:00	US	Advance Retail Sales	NOV	0.60%	0.50%
12/13/2011 20:30	US	Business Inventories	OCT	0.80%	0.00%
12/14/2011 00:45	US	FOMC Rate Decision	<b>13-Dec</b>	<b>0.25%</b>	<b>0.25%</b>
12/14/2011 10:00	JN	Industrial Production (MoM)	OCT F	--	0.024
12/14/2011 10:00	JN	Capacity Utilization (MoM)	OCT F	--	-0.036
12/14/2011 15:30	EC	Euro-Zone Ind. Prod. sa (MoM)	OCT	0	-0.02
12/14/2011 17:30	US	MBA Mortgage Applications	9-Dec	--	0.128
12/14/2011 19:00	US	Import Price Index (MoM)	NOV	1.00%	-0.60%
14-17 DEC	CH	Actual FDI (YoY)	NOV	--	0.088



12/15/2011 14:00	GE	PMI Manufacturing	DEC A	47.5	47.9
12/15/2011 14:00	GE	PMI Services	DEC A	50	50.3
12/15/2011 14:30	EC	PMI Composite	DEC A	46.5	47
12/15/2011 14:30	EC	PMI Manufacturing	DEC A	46	46.4
12/15/2011 14:30	EC	PMI Services	DEC A	47	47.5
12/15/2011 15:30	EC	Euro-Zone CPI (MoM)	NOV	0.10%	0.30%
12/15/2011 15:30	EC	Eurozone Employment (QoQ)	3Q	--	0.30%

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