



Global economic review

Economic performance:

Global indices last week had some what mixed session as the US and most of the Asian indices ended flat to slightly positive. While the European indices ended in deep red following the worsening European crisis. On the currencies space the Euro in the middle of the week fell to eleven month lows before recovering slightly to the end. This being its worst weekly fall in over three months. The commodities space also fell, as almost all the commodities posted losses near to five percent. Gold and crude being the major losers.

Major events:

- World Equities end mixed with US gaining Europe and Asia declining
- RBI Curbs Forwards Trading
- Commodities suffer weekly losses

Dollar Index

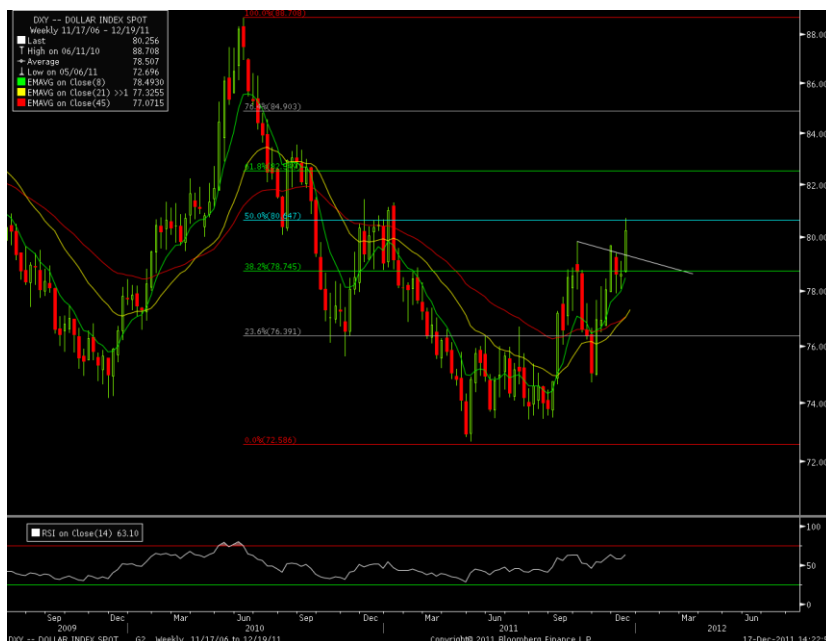
CROSS	LAST	1 week ago	% Change
USDINR	52.75	52.04	1.35
EUROINR	68.70	69.82	-1.60
GBPINR	81.74	81.29	0.55
JPY (100) Futures	67.61	66.95	0.99
MYR	16.60	16.53	0.39
SGD	40.40	40.25	0.36
DOLLAR INDEX	80.26	78.63	2.07

CROSS	LAST	1 week ago	% Change
EURUSD	1.30	1.34	-2.54
GBPUSD	1.55	1.57	-0.80
USDJPY	77.76	77.65	0.14
USDCAD	1.04	1.02	2.10
USDCHF	0.94	0.92	1.40
USDSEK	6.92	6.73	2.94

Currency	S2	S1	Close	R1	R2	Recommendation
Dollar Index	77.86	78.94	80.25	80.875	81.425	Buy at 79.40-79.33 TGT 80.08 then 80.25 SI 78.80

TECHNICAL SNAPSHOT:

After two weeks of consolidation in dollar index, this week Index surged by 2.07% following its previous trend. Dollar index open at 78.71 and starting from early days of the week, Dollar index started inching higher and hit a 10 week high of 80.7300. High volatility was seen in Dollar index throughout the week. And in end of the week index started correcting and finally settled at 80.25. On Technical bias last week a long leg doji candle stick pattern formation was appeared on weekly charts and which supported index to surge further. Index breached 50 % retracement level but did not managed to sustain above that level for the range of (72.5860-88.7080), if dollar index able sustain above 50% Retracement level further surge can be seen. For next week a more retrace in INDEX can be expected before touching further highs. On down side strong support is at 79.32 which 50% retracement level for the range of (77.9230-80.7300) now support are seen at 79.65 and 79.32 and Resistance are at 80.64 and 81.32





USD/INR

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
USDINR							BUY AT 52.45-52.50 TGT 53.70 then 54.40 SL 52.10
MCX-SX	Dec-11	50.9067	51.8958	52.8850	54.2283	55.5717	
USDINR							BUY AT 52.45-52.50 TGT 53.70 then 54.40 SL 52.10
NSE	Dec-11	50.7983	51.8367	52.8750	54.2767	55.6783	

The Week Ahead:

- Rupee to take direction from domestic Equities
- Domestic Dollar demand to remain high

Fundamental Review

The rupee had a roller coaster ride in the lat week. In the beginning of the week we saw it hit new lifetime lows, but these were reversed after the RBI curbed Forwards in banks. Owing to the move the rupee has a fall of more than 2% on Friday, which lowered its losses to only 1.22% on a weekly basis. The continuous fall in the Domestic equities was another reason for the fall in rupee. The domestic indices ended lower by more tan 2% on a weekly basis. Rupee spot finally ended at 52.74 lower by 1.35%

The one-month onshore forward premium was steady at 31.75 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 53.05, 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 52.88. The total volume was at \$2.66 Billion.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	52.2500	54.5825	52.2500	52.8850	1.22%	12571642	55.72%	3544868	24.30%
Jan-12	52.5950	54.8500	52.5600	53.1900	1.28%	848498	211.98%	1442632	102.33%
Feb-12	52.8500	55.0650	52.8075	53.4525	1.38%	224070	234.57%	491707	54.09%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	52.2000	54.6400	52.2000	52.8750	1.20%	13372398	103.26%	1212129	-7.14%
Jan-12	52.6000	54.8400	52.5600	53.2000	1.32%	1252403	245.64%	666080	65.50%
Feb-12	52.8200	55.0500	52.8000	53.4475	1.35%	334139	304.65%	185060	70.68%

Outlook

The last week saw the rupee decline for anther week as both global and domestic concerns weighed on the rupee. The rupee ended the week lower by 1.35%. For the coming week on the Economic front the major economic data from US are expected to come in slightly positive. The Personal spending and New home sales are expected to come in better, whereas Initial Jobless claims could disappoint. 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, we expect the rupee to stay in range with major cues coming from global triggers. The domestic equities will also have a major impact on the rupee as they are trading near to two year lows and FII's have been continuous seller of Indian equities. The effect of RBI move will also be evident in the next week as more and more details pertaining to it hit the market. So for the coming week we expect the rupee to remain volatile with a slight negative bias. The range for the coming week is expected to be 52.10-53.35



TECHNICAL SNAPSHOT

Rupee hit a new all time high this week along with high volatility. This week stood very volatile for the Rupee After last week's consolidation this week Rupee open at 52.27 and traded higher and touched new all time high of 54.32. Starting from the early day of the week Rupee started inching higher and touched a new all time high of 54.32 but how ever price did manage to sustain at higher levels till end of week. After aggressive rise in Rupee for first 3days of the week it started to correct from the higher levels in the last today days of trading session. This week Rupee rise by 1.35% to that of the previous week. On technical bias after taking support around 51.20 level last week it continued its upward trend this week it open at almost around previous close of 53.03. Rupee breached the long term trend line Resistance of 53.37 but did not able manage above the trend line. On last day of week it made allow of 52.7 which is 21 period EMA after correcting from the highs and now trend line support is seen at 52.00 breach of this next support will be at 51.02 which 61% Retracement level for range of (48.61-54.32). We expect prices to trade in downward bias as much as retracement can be expected for higher levels. Momentum indicator RSI-14 is trading at 82.19 on weekly charts which suggest markets at over bought zone.



Recommendation: BUY AT 52.45-52.50 TGT 53.70 then 54.40 SL 52.10



EUR/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
EURUSD	SPOT	1.2680	1.2860	1.3047	1.3300	1.359	SELL AT 1.3240-1.3300 TGT 1.300 THEN 1.287 SL 1.3460
EURINR – MCX-SX	Dec-11	66.6725	67.7325	68.7925	70.33	71.8675	SELL AT 69.50 TGT 68.70 THEN 68.20 SL 70.20
EURINR – NSE	Dec-11	66.7100	67.77	68.8300	70.37	70.8833	SELL AT 69.50 TGT 68.70 THEN 68.20 SL 70.20

The Week Ahead:

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

Fundamental Review

The euro fell against the dollar in the past week by the most in more than three months and touched an 11-month low as concern increased that the region's leaders won't be able to contain the sovereign-debt crisis. The euro dropped 2.5 percent to \$1.3046 and touched \$1.2946 Dec. 14, the lowest level since January. The Euro ended at 1.3047 lower by 2.15 percent on a weekly basis.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	69.8600	70.8075	68.2100	68.7925	-1.81%	177553	8.72%	90560	4.19%
Jan-12	70.2725	71.3575	68.6500	69.2275	-1.66%	11442	118.48%	36354	78.01%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	69.9100	70.8500	68.2500	68.8300	-1.74%	132505	35.49%	19926	34.80%
Jan-12	70.2500	71.2000	68.7500	69.5000	-1.28%	15820	102.28%	17479	16.42%

Outlook

After opening the week slightly higher the Euro gave up all its gains to the end of the week to end lower by 2.85%. The ongoing crisis is not lending any support to the euro as it trades closer to its yearly lows. Going forward on the Economic condition, the European region looks slightly weak and this could prove to be negative for the Euro. The ratings agency Fitch has lowered France rating and has put six other European nations on review for a downgrade. This news would be negative for the already struggling Euro. So for the coming week we can expect the Euro to remain slightly weak, but seeing last week's fall a slight bounce can't be ruled out.

Economic data for week ahead

Date Time	Region	Event		Survey	Prior
12/19/2011 14:30	EC	ECB Euro-Zone Current Account SA	OCT	--	0.5B



12/19/2011 15:30	EC	Construction Output SA MoM	OCT	--	-1.30%
12/20/2011 12:30	GE	Producer Prices (MoM)	NOV	0.10%	0.20%
12/20/2011 14:30	GE	Ifo - Business Climate	DEC	106	106.60
12/20/2011 14:30	GE	Ifo - Current Assessment	DEC	116	116.70
12/20/2011 14:30	GE	Ifo - Expectations	DEC	97	97.30
12/21/2011 12:30	GE	Import Price Index (MoM)	NOV	--	-0.30%
12/21/2011 15:00	UK	Public Sector Net Borrowing	NOV	16.6B	3.4B

Technical Analysis

This was again worst week for Euro this week it fell by -2.52%. EURUSD open at 1.3378 and broke down from the early days of the week itself. Pair broke the psychology level of 1.3000 and made a low of 1.2943 and finally settled at 1.3034 by inching slightly at end. The entire major indicator are indicating downward trend to continue further. As technically seeing after formation of doge was seen on weekly charts the pair started crashing downwards. If we go through the Fibonacci retracement levels it has broken 61% retirement level of 1.3050 and suggesting further down ward move. For the week ahead we expect a minor pull back rally can be expected in EURUSD before decline further, crucial support is at 1.287 and next at 1.2701 and on upper side resistance is seen at 1.3155 and next at 1.335 which is 61% retracement level for the range of 1.3548-1.2943 and support . We recommend Selling's can be done at higher levels.





GBP/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
GBPINR	Dec-11	79.6317	80.8858	82.1400	83.8158	85.4917	SELL AT 83.30-83.40 TGT 82.50 THEN 81.80 SL 83.80
MCX-SX							
GBPINR	Dec-11	79.6625	80.915	82.1675	83.805	85.4425	SELL AT 83.30-83.40 TGT 82.50 THEN 81.80 SL 83.80
NSE							
GBPUSD	SPOT	1.5280	1.5400	1.5548	1.5650	1.5780	SELL AT 1.5600 TGT 1.5470 THEN 1.5350 SL 1.5715

Fundamental Review

The Pound In the week ended Dec. 16 showed decline as the tensions stemming from the euro area enhanced demand on the dollar as a refuge. The downbeat economic data also put further pressure on the pound. The inflation slowed to 4.8% in the month ended November against estimates of 5.00%. The Pound lost by 0.80 % on a weekly basis to end the week at 1.5548

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	81.7600	84.2375	81.3075	82.1400	0.20%	73202	16.87%	50597	-28.55%
Jan-12	73.9375	84.4950	81.7425	82.4075	1.75%	7593	89.57%	14406	41.01%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	81.9000	84.1900	81.3000	82.1675	0.04%	72304	23.03%	11048	2.52%
Jan-12	82.8000	84.6000	81.8100	82.3200	-0.10%	6227	108.89%	2050	37.31%
Feb-12	82.4100	85.7500	82.4100	82.8000	0.24%	913	-40.25%	602	1670.59%

Economic data for week ahead

Date Time	Region	Event		Survey	Prior
12/21/2011 15:00	UK	Public Sector Net Borrowing	NOV	16.6B	3.4B
12/22/2011 15:00	UK	GDP (QoQ)	3Q F	0.50%	0.50%
12/22/2011 15:00	UK	Current Account (BP)	3Q	-6.1B	-2.0B
12/22/2011 15:00	UK	Total Business Investment(QoQ)	3Q F	-1.40%	-1.40%

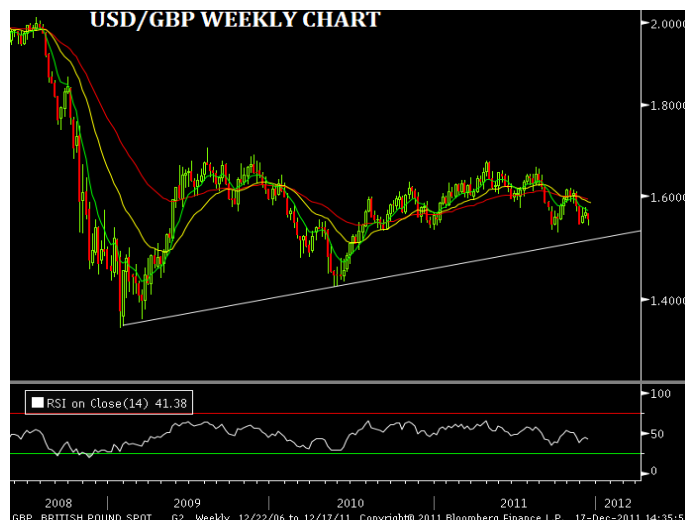
Outlook

For the coming week we can see that the pound would be mainly influenced by economic data release from the UK. We start the week with Public sector net borrowing which is expected to rise and could be slightly positive. Then on 22nd dec we have the UK GDP which is predicted to remain unrevised at 2.0%. The economic data could give a slight positive impact to the pound. So for the coming week we can expect the pound to trade in a range with a positive negative bias.



Technical Analysis

As along with EURO, GBPUSD also broke down this week. After two weeks of slight bounce in two, GBPUSD also traded lower. Initially it open at slightly above the previous close and traded gradually down ward. It made a low of 1.5407 which is down by -0.08 % the previous close. On technical bias though pair breached the trend line support of 1.5429 but it recouped and managed to sustain above it by the end of the week. Once again breach and sustain below the trend line make take price much lower. On basis of Fibonacci retracement theory GBPUSD managed to sustain above 50% retracement level in closing basis for the range of (1.4258-1.6745). RSI -14 is at 40 suggesting sluggish to down ward moment. On the analysis of chart we interpret at price to trade in range to down side. We recommend selling can be initialed on pull back rallies. Now Support for the week ahead is at 1.5420 next 1.5320 and Resistance at 1.5600-1.5710.



USD/JPY

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
JPYINR							Range 68.95- 67.20
MCX-SX	Oct-11	65.2250	66.565	67.9050	69.4825	71.06	
JPYINR	- Oct-11			67.8450			Range 68.95- 67.20
NSE		65.6617	66.7533		69.4033	70.9617	
USD/JPY	SPOT	77.17	77.48	77.79	78.123	78.457	Range 77.45-78.30

Fundamental Review

The Yen pair lost against the USD last week but it still trading in the same range, as the dollar advanced against other major currencies with the high levels of risk aversion that dominated the financial market. Yen closed at 77.74 with a weekly gain of 0.43 percent.

MCXSX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	66.8025	69.7200	66.8025	67.9050	1.05%	58618	93.18%	85137	26.21%
Jan-12	67.7500	70.0150	67.6000	68.1500	1.11%	3830	80.32%	11644	106.27%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Dec-11	67.4500	69.8700	67.2200	67.8450	0.66%	81622	142.14%	10340	-3.07%
Jan-12	67.7000	70.0000	67.6500	68.1500	0.93%	5131	190.54%	2863	143.66%
Feb-12	65.2375	67.4000	65.2375	67.2250	-1.86%	188	9300.00%	0	0.00%



Economic data for week ahead

Date Time	Region	Event		Survey	Prior
12/20/2011 10:00	JN	All Industry Activity Index (MoM)	OCT	1.00%	-0.90%
12/20/2011 10:30	JN	Leading Index CI	OCT F	--	91.5
12/21/2011 05:20	JN	Merchnds Trade Balance Total	NOV	- ¥484.7B	-¥273.8B
12/21/2011	JN	BOJ Target Rate	12/21/2011	0.10%	0.10%

Outlook

Yen has been in trading range from the past few weeks. For the coming week, the pair is expected to trade in the same range until the BOJ interest rate decision, where the central bank is expected to keep the rate steady. The BOJ's statement will be closely monitored, where any intervention from the BOJ or the Ministry of finance is a key factor for the yen to move. The BOJ intervention is still an option, since the yen remains strong on haven demand and the previous interventions till now did not weaken the yen enough. So overall we can see the Yen trade in a range for the coming week.

Technical Analysis

This week a minor surge was seen in JPY. It Open at 77.55, in early days of the week JPY has shown a minor bounce from and hit a high of 78.15 and declined from there after gradually and finally settled at 77.79. On technical front pair managed close above the 21-period EMA on weekly charts. Momentum indicator RSI-14 is trading at 48.324 which are not giving a clear indication. JPY managed to sustain above 50% Retracement level of 77.57 for the range of (75.54-79.53). From the chart we can interpret that USD/JPY to trade in range and now trend line support as well as 9 day period EMA are play as crucial support for the week i.e. 77.45 and Resistance is at 78.15 then 78.38 which is 61.8% Retracement for the range of 79.53-76.90



Major economic events for the week

Date Time	Region	Event		Survey	Prior
12/19/2011 14:30	EC	ECB Euro-Zone Current Account SA	OCT	--	0.5B
12/19/2011 15:30	EC	Construction Output SA MoM	OCT	--	-1.30%



12/19/2011 20:30	US	NAHB Housing Market Index	DEC	20	20
12/20/2011 10:00	JN	All Industry Activity Index (MoM)	OCT	1.00%	-0.90%
12/20/2011 10:30	JN	Leading Index CI	OCT F	--	91.5
12/20/2011 12:30	GE	Producer Prices (MoM)	NOV	0.10%	0.20%
12/20/2011 14:30	GE	IFO - Business Climate	DEC	106	106.60
12/20/2011 14:30	GE	IFO - Current Assessment	DEC	116	116.70
12/20/2011 14:30	GE	IFO - Expectations	DEC	97	97.30
12/20/2011 19:00	US	Housing Starts MOM%	NOV	1.10%	-0.30%
12/20/2011 19:00	US	Building Permits MOM%	NOV	-1.40%	10.90%
12/21/2011 05:20	JN	Merchnds Trade Balance Total	NOV	-¥484.7B	-¥273.8B
12/21/2011 12:30	GE	Import Price Index (MoM)	NOV	--	-0.30%
12/21/2011 15:00	UK	Public Sector Net Borrowing	NOV	16.6B	3.4B
12/21/2011 17:30	US	MBA Mortgage Applications	12/16/2011	--	4.10%
12/21/2011 20:30	EC	Euro-Zone Consumer Confidence	DEC A	-21	-20.4
12/21/2011 20:30	US	Existing Home Sales MoM	NOV	2.60%	1.40%
12/21/2011	JN	BOJ Target Rate	12/21/2011	0.10%	0.10%
12/22/2011 15:00	UK	GDP (QoQ)	3Q F	0.50%	0.50%
12/22/2011 15:00	UK	Current Account (BP)	3Q	-6.1B	-2.0B
12/22/2011 15:00	UK	Total Business Investment(QoQ)	3Q F	-1.40%	-1.40%
12/22/2011 19:00	US	Chicago Fed Nat Activity Index	NOV	-0.1	-0.13
12/22/2011 19:00	US	GDP QoQ (Annualized)	3Q T	2.00%	2.00%

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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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