



Global economic review

Economic performance:

The markets on both sides of the Atlantic had a positive week backed by stronger economic data and positive political steps. U.S. stocks rallied to their third weekly gain in four after Congress approved tax-cut extension; higher durable-goods orders and sales of new homes. Where as the Asian markets ended another week of losses. China being the worst performer with losses of more than five

percent on a weekly basis. On the currencies space most of the majors ended a lackluster week without much change. The Euro and Dollar index ended completely flat. The better economic data and the renewed investor confidence gave a boost to the commodities space as base metals and crude oil had major weekly gains.

Major events:

- World Equities end mixed with US and Europe gaining, Asia declining
- Major currencies end flat
- Commodities end with weekly gains

Dollar Index

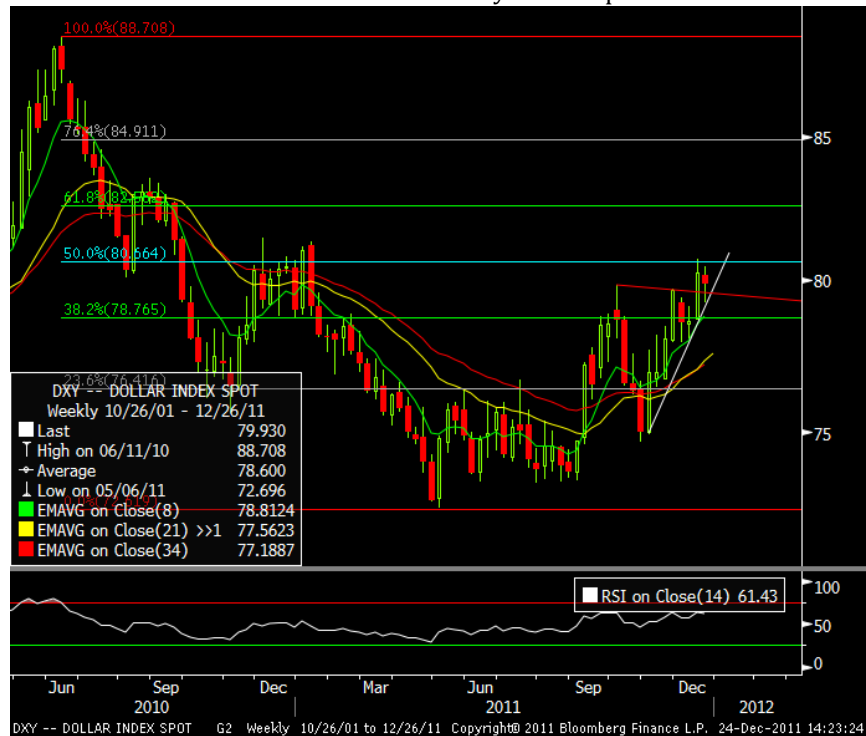
| Currency | S2 | S1 | Close | R1 | R2 | Recommendation |
|--------------|---------|---------|-------|---------|---------|-----------------------|
| Dollar Index | 78.6350 | 79.2870 | 79.93 | 80.5350 | 81.1410 | Range 79.4000-80.2000 |

| CROSS | LAST | 1 week ago | % Change |
|-------------------|-------|------------|----------|
| USDINR | 52.96 | 52.75 | 0.41 |
| EUROINR | 69.20 | 68.70 | 0.74 |
| GBPINR | 82.29 | 81.74 | 0.68 |
| JPY (100) Futures | 67.62 | 67.61 | 0.01 |
| MYR | 16.78 | 16.60 | 1.11 |
| SGD | 40.98 | 40.40 | 1.44 |
| DOLLAR INDEX | 79.93 | 80.26 | -0.41 |

| CROSS | LAST | 1 week ago | % Change |
|---------|-------|------------|----------|
| EURUSD | 1.30 | 1.30 | -0.02 |
| GBPUSD | 1.56 | 1.55 | 0.28 |
| USDJPY | 78.09 | 77.76 | 0.42 |
| USDCAD | 1.02 | 1.04 | -1.70 |
| USDCHEF | 0.94 | 0.94 | 0.07 |
| USDSEK | 6.88 | 6.92 | -0.63 |

TECHNICAL SNAPSHOT:

After last week of rallies in Dollar Index, this week index retraced from last week rally. Index open at 80.1970 and did not managed to break previous weeks high. From the initial days of the week index started correcting and hit a low of 79.2400 in the mid of the week, and finally settled at 79.9940. On technical bias as we saw last week, index is done not managed to sustain above 50% retracement level for the range of (). This week index open below 50% Retracement mark and minor corrections was seen from previous highs as we expected earlier in the report. Dollar index bounce back after touching the low of 79.2400 which 21-Period EMA. For the week ahead Dollar Index a correction can be continued in initial days of the week. A trend line support is showing at 79.3730. RSI-14 indicator is at 61.5 on weekly charts indicating upward bias. Buying does can be initiated lower levels.





USD/INR

| Currency | Contract | S2 | S1 | Close | R1 | R2 | Recommendation |
|---------------|----------|---------|---------|---------|---------|---------|------------------------------------|
| USDINR | | | | | | | BUY AT 52.65 TGT 53.30 SL 52.40 |
| MCX-SX | Dec-11 | 52.4183 | 52.6967 | 52.9750 | 53.2317 | 53.4883 | |
| USDINR | | | | | | | BUY AT 52.65 TGT 53.30 SL 52.40 |
| NSE | Dec-11 | 52.1067 | 52.5433 | 52.9800 | 53.3933 | 53.8067 | |

The Week Ahead:

- Rupee to take direction from domestic Equities
- Month end Domestic Dollar demand to remain high
- Lack of international cues to keep rupee in range.

Fundamental Review

The rupee had a lackluster week as investors still tried to digest the curb on forwards by RBI. The rupee ended lower by 0.26 percent on a weekly basis. The whole week saw the rupee trade in a small range. Towards the end of the week the weaker equities and month end dollar demand weakened the rupee. The continuous fall in the Domestic equities was another reason for the fall in rupee. Rupee spot finally ended at 52.95 lower by 0.25%

The one-month onshore forward premium was higher at 40.75 points, the three-month was at 82.50 points from 74 at previous close and the one-year was at 261.750 points from 197.25. One-month offshore non-deliverable forward contracts were quoted at 53.30, 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 52.98. The total volume was at \$4.66 Billion.

MCX-SX

| Contract | Open | High | Low | Close | % Change | Volume | % Change | Open Interest | % Change |
|----------|---------|---------|---------|---------|----------|--------|----------|---------------|----------|
| Dec-11 | 52.9100 | 53.2100 | 52.6750 | 52.9750 | 0.26% | 47944 | -99.62% | 2537183 | -28.43% |
| Jan-12 | 53.2500 | 53.5275 | 53.0750 | 53.3400 | 0.35% | 1764 | -99.79% | 2063331 | 43.03% |
| Feb-12 | 53.6500 | 53.9550 | 53.1875 | 53.6325 | 0.39% | 89330 | -60.13% | 473513 | -3.70% |

NSE

| Contract | Open | High | Low | Close | % Change | Volume | % Change | Open Interest | % Change |
|----------|---------|---------|---------|---------|----------|---------|----------|---------------|----------|
| Dec-11 | 53.1300 | 53.3700 | 52.5200 | 52.9800 | 0.20% | 7930919 | -40.69% | 52.939999 | -100.00% |
| Jan-12 | 53.2000 | 53.6900 | 52.5200 | 53.3400 | 0.26% | 1169591 | -6.61% | 53.310001 | -99.99% |
| Feb-12 | 53.6200 | 53.9600 | 52.6900 | 53.6200 | 0.32% | 252572 | -24.41% | 53.580002 | -99.97% |

Outlook

The last week saw the rupee decline for another week as both global and domestic concerns weighed on the rupee. The rupee ended the week lower by 0.25%. For the coming week on the Economic front the major economic data from US are expected to come in slightly positive. The Pending 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 Europe are expected to come in slightly lower, thus affecting the Euro negatively.

So for the coming week, we expect the rupee to stay in range with no major cues coming from global triggers. The domestic equities will have a major impact on the rupee. As the Christmas and Yearend holidays will fall next week we do not expect any major triggers to come from international markets, so month end dollar demand and domestic equities will guide the movement of the rupee. But overall it's expected to remain in range for the coming week. The range for the coming week is expected to be 52.50-53.25



TECHNICAL SNAPSHOT

After last week crash in Rupee this week the Rupee also followed the same trend as if as the global markets, a side way session was seen throughout the week. Rupee showed a movement of 0.255 paisa around the week which has risen by 0.41%. Rupee open at 52.74 with a gap up and there after it touch a low of 52.45. Volumes have gradually decreased day by day. On technical outlook a doji formation can be seen on weekly charts suggesting the no clear direction was seen through the week. After last week fall in Rupee which supported at 52.20 which is 21 period EMA, pair bounced from the same this week. Pair hit a high of 53.24 which is 50% Retracement level for the range of (54.32-52.20) did not able to breach that level throughout the week. Even pair is showing strong supports around 52.45 levels. For the week ahead no much sought of any clear direction can be anticipated as even the global markets remain close on majorly. We expect Rupee to surge further and upward direction can be anticipated till it sustain above 52.35, breach of 52.35 sustain below this make drag the prices lower next supports are seen at 52.20 then 51.50. On upper side Rupee is show resistance at 53.25 breach of this next Resistance is shown at 53.61 and 54.05.



Recommendation: BUY AT 52.65 TGT 53.30 SL 52.40



EUR/USD

| Currency | Contract | S2 | S1 | Close | R1 | R2 | Recommendation |
|----------------------------|----------|---------|--------|---------|---------|---------|---|
| EURUSD | SPOT | 1.2850 | 1.2950 | 1.3043 | 1.3290 | 1.2850 | SELL AT 1.3250-1.3260 TGT 1.3055 SL 1.3380 |
| EURINR – MCX-SX | Dec-11 | 68.6475 | 68.915 | 69.1825 | 69.3925 | 69.6025 | BUY AT 69.35 TGT 70 Then 70.30 SL 69.10 |
| EURINR – NSE | Dec-11 | 68.4300 | 68.81 | 69.1900 | 69.53 | 69.9933 | BUY AT 69.35 TGT 70 Then 70.30 SL 69.10 |

The Week Ahead:

- Euro to remain in a range
- Negative Economic data to weigh on Euro

Fundamental Review

The euro in the past week had a flat closing. In the beginning of the week we saw the Euro rally after German data came in better than expectations. The ECB gave away three year loans to banks worth 483Bn Euros. This was negative news as concerns about if these funds would be properly used by banks came up. The Euro ended at 1.3044 lower by 0.05 percent on a weekly basis.

MCX-SX

| Contract | Open | High | Low | Close | % Change | Volume | % Change | Open Interest | % Change |
|----------|---------|---------|---------|---------|----------|--------|----------|---------------|----------|
| Dec-11 | 69.0000 | 69.3350 | 68.8575 | 69.1825 | 0.48% | 76 | -99.96% | 71376 | -21.18% |
| Jan-12 | 69.3700 | 69.9475 | 69.1975 | 69.6275 | 0.49% | 9946 | -13.07% | 45589 | 25.40% |

NSE

| Contract | Open | High | Low | Close | % Change | Volume | % Change | Open Interest | % Change |
|----------|---------|---------|---------|---------|----------|--------|----------|---------------|----------|
| Dec-11 | 68.9500 | 69.4900 | 68.7700 | 69.1900 | 0.52% | 100900 | -23.85% | 69.169998 | -99.60% |
| Jan-12 | 69.5200 | 69.9300 | 69.2800 | 69.7000 | 0.29% | 12767 | -19.30% | 69.660004 | -97.90% |

Outlook

After opening the week slightly higher the Euro gave up all its gains to the end of the week to end flat on a weekly basis. Going forward on the Economic condition, the European region looks slightly weak and this could prove to be negative for the Euro. But as we heading into Christmas holidays and the New Year there would be lack of volatility in market as most of the major markets would be closed for holidays. So for the coming week we can expect the Euro to remain in a range.

Economic data for week ahead

| Date Time | Region | Event | | Survey | Prior |
|------------------|--------|------------------------------|-------|--------|-------|
| 12/29/2011 14:30 | EC | Euro-Zone M3 s.a. 3 mth ave. | NOV | 3% | 3% |
| 12/29/2011 | GE | Consumer Price Index (MoM) | DEC P | 1% | 0% |
| 12/30/2011 01/05 | GE | Retail Sales (MoM) | NOV | 0% | 1% |



Technical Analysis

After two weeks of down ward trend in EUR/USD this week the pair traded in a range bound around the week. It open at 1.3036 and hit a high of 1.3198 in the week. No much of the momentum was seen through the week. EUR finally settled at 1.3043 and -0.2% change for that of the previous close. Technically speaking as we was pair tending downwards in the previous weeks. This week pair consolidated and able to sustain above the previous week close and an inverted doji formation can be seen on weekly charts. EUR is still tending toward down trend. Pair is managing to sustain above the 61% Retracement level for longer range of (1.1874-1.494) which suggestion a minor pull back. RSI-14 indicator is at 37.91. For the next we expect pair can show a minor pull back but the over trend is still in a down ward direction. Supports are seen around 1.2870 and Resistance at 1.3200 and then 1.3377.



GBP/USD

| Currency | Contract | S2 | S1 | Close | R1 | R2 | Recommendation |
|---------------|----------|---------|---------|---------|---------|---------|-------------------|
| GBPINR | | | | | | | Range 83.71-82.50 |
| MCX-SX | Dec-11 | 81.6942 | 82.3283 | 82.9625 | 83.2683 | 83.5742 | |
| GBPINR | | | | | | | Range 83.71-82.50 |
| NSE | Dec-11 | 81.5300 | 82.24 | 82.9500 | 83.4 | 83.85 | |
| GBPUSD | SPOT | 1.5300 | 1.5450 | 1.5592 | 1.5920 | 1.5300 | Range 1.59-1.55 |

Fundamental Review

The Pound gained by a meager 0.25 percent last week as better economic data supported the currency. GDP Data showed it grew 0.6 percent in the third quarter, more than previously estimated. Bank of England policy makers have said the pace of expansion is unlikely to be repeated and forecast stagnation in the current three-month period as Europe's debt crisis dents confidence and curbs demand. The Pound gained by 0.25 % on a weekly basis to end the week at 1.5586



MCX-SX

| Contract | Open | High | Low | Close | % Change | Volume | % Change | Open Interest | % Change |
|----------|---------|---------|---------|---------|----------|--------|----------|---------------|----------|
| Dec-11 | 82.0400 | 82.9400 | 82.0000 | 82.9625 | 1.06% | 11553 | -84.22% | 50491 | -24.15% |
| Jan-12 | 73.9375 | 83.5550 | 82.4000 | 83.4800 | 0.05% | 13068 | 16.03% | 47118 | 75.32% |

NSE

| Contract | Open | High | Low | Close | % Change | Volume | % Change | Open Interest | % Change |
|----------|---------|---------|---------|---------|----------|--------|----------|---------------|----------|
| Dec-11 | 82.1500 | 83.1400 | 81.9800 | 82.9500 | 0.95% | 47234 | -34.67% | 82.970001 | -99.25% |
| Jan-12 | 82.4500 | 83.5300 | 82.4000 | 83.4000 | 1.31% | 5840 | -6.21% | 83.43 | -95.93% |
| Feb-12 | 82.9000 | 83.8000 | 82.9000 | 83.7275 | 1.12% | 1804 | 97.59% | 83.730003 | -86.09% |

No Economic data for week ahead

Outlook

For the coming week due to the holiday season we do not have any triggers. On the Economic front also there are no major data releases scheduled for the next week. So for the coming week we can expect the pound to trade in a range with a slight negative bias.

Technical Analysis

GBP this week it settled at 1.5592. As we saw GBP trading in range of (1.5420-1.5791) for last few weeks, even this week pair traded within the same range around the week. Even though it started the week with a slower pace later it surged with a momentum and touched a high of 1.5773. Price did not manage to continue in the same pace through the week and started melting down on the last day of the week and finally settled at 1.5592. As we stated earlier GBP is trading in a range it is just trying to manage and sustain above the 50% Retracement level for the range of (1.4235-1.6745) on closing basis. Momentum indicator RSI-14 is at 42.76 which is tending toward up. For the week as due to much seek of holiday session on eve of Christmas volume are even lowered. Next week the GBP is expected still to continue in a range a minor pull back can be expected. But the overall trend lies to be in weaker mode. On upper hand a trend line Resistance is at 1.5850 and Supports at 1.5405 then 1.5247





USD/JPY

| Currency | Contract | S2 | S1 | Close | R1 | R2 | Recommendation |
|----------------|----------|---------|---------|---------|---------|---------|----------------------|
| JPYINR | | | | | | | BUY AT 68.05-68.10 |
| MCX-SX | Oct-11 | 66.2900 | 67.07 | 67.8500 | 68.66 | 69.47 | TGT 68.70 Then 69.20 |
| | | | | 67.8475 | | | SL 68.78 |
| JPYINR | - Oct-11 | | | | | | Range 68.95- 67.20 |
| NSE | | 66.8758 | 67.3617 | | 68.4117 | 68.9758 | |
| USD/JPY | SPOT | 77.3930 | 77.727 | 78.0600 | 78.5530 | 77.3930 | BUY AT 77.75-77.79 |
| | | | | | | | TGT 78.10 Then 78.25 |
| | | | | | | | SL 77.55 |

Fundamental Review

The Yen pair lost against the USD last week but it still trading in the same range, with the high levels of risk aversion that dominated the financial market. The demand for safe haven assets decreased as western equities and commodities gained. Yen closed at 78.04 with a weekly loss of 0.43 percent.

MCXSX

| Contract | Open | High | Low | Close | % Change | Volume | % Change | Open Interest | % Change |
|----------|---------|---------|---------|---------|----------|--------|----------|---------------|----------|
| Dec-11 | 68.4925 | 68.6900 | 67.1000 | 67.8500 | -0.01% | 22252 | -62.04% | 79320 | -6.83% |
| Jan-12 | 68.4900 | 68.7000 | 67.8475 | 68.2500 | 0.19% | 5740 | 49.87% | 22560 | 93.75% |

NSE

| Contract | Open | High | Low | Close | % Change | Volume | % Change | Open Interest | % Change |
|----------|---------|---------|---------|---------|----------|--------|----------|---------------|----------|
| Dec-11 | 68.4900 | 68.4900 | 67.4400 | 67.8475 | 0.00% | 50135 | -38.58% | 67.800003 | -99.34% |
| Jan-12 | 68.4100 | 68.9300 | 67.8300 | 68.2200 | 0.10% | 6554 | 27.73% | 68.110001 | -97.62% |
| Feb-12 | 68.5000 | 68.6500 | 67.9800 | 68.6500 | 0.22% | 27 | 1250.00% | 33.325001 | 3332.50% |

Economic data for week ahead

| Date Time | Region | Event | | Survey | Prior |
|------------------|--------|-------------------------------|-------|--------|-------|
| 12/28/2011 05:20 | JN | Industrial Production (MoM) | NOV P | -0.80% | 2% |
| 12/30/2011 04:45 | JN | Markit/JMMA Manufacturing PMI | DEC | -- | 49.1 |

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. There are no major triggers as the markets head into the holiday season. From the economic front the Industrial Production would be closely watched and could have slight negative effect on the Yen. Apart from that it's expected to remain in a small range.



Technical Analysis

A minor surge was seen in yen this week as we expected in our previous report. JPY open at 77.75 and gradually traded higher and hit a high of 78.22. Pair showed a Minor surge and finally closed at 78.06 raise by 0.42% to that of the previous close. Going through few week JPY is trading in a sideways with a low momentum. On technical front the pair is showing trend line support as well as EMA around 77.65 and 77.45. Bollinger band is showing resistance at 78.20 on daily charts and breach of this next Resistance is witness at 78.60. RSI-14 is at 49.8573 which is tending the pair to move higher. For the next week we expect JPY to trade in a sideways Rang bound session can be seen.



Major economic events for the week

| Date Time | Region | Event | | Survey | Prior |
|-------------------------|-----------|------------------------------------|--------------|---------------|--------------|
| 12/27/2011 07:30 | CH | Industrial Profits YTD YoY | NOV | -- | 0.253 |
| 12/27/2011 19:30 | US | S&P/CaseShiller Home Price Ind | OCT | -- | 141.97 |
| 12/27/2011 20:30 | US | Consumer Confidence | DEC | 58.6 | 56 |
| 12/27/2011 20:30 | US | Richmond Fed Manuf. Index | DEC | 5 | 0 |
| 12/27/2011 21:00 | US | Dallas Fed Manf. Activity | DEC | 4.5 | 3.2 |
| 27-31 DEC | CH | Leading Index | NOV | -- | 100.4 |
| 12/28/2011 05:20 | JN | Industrial Production (MoM) | NOV P | -0.80% | 2% |
| 12/29/2011 14:30 | EC | Euro-Zone M3 s.a. 3 mth ave. | NOV | 3% | 3% |
| 12/29/2011 19:00 | US | Initial Jobless Claims | 40901 | 374K | 364K |
| 12/29/2011 19:00 | US | Continuing Claims | 40894 | 3590K | 3546K |
| 12/29/2011 20:15 | US | Chicago Purchasing Manager | DEC | 61 | 62.6 |
| 12/29/2011 20:30 | US | Pending Home Sales MoM | NOV | 2% | 10% |
| 12/29/2011 | GE | Consumer Price Index (MoM) | DEC P | 1% | 0% |
| 12/30/2011 04:45 | JN | Markit/JMMA Manufacturing PMI | DEC | -- | 49.1 |



Currency Weekly

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|------------------|----|------------------------|-----|----|------|
| 12/30/2011 08:00 | CH | HSBC Manufacturing PMI | DEC | -- | 47.7 |
| 12/30/2011 01/05 | GE | Retail Sales (MoM) | NOV | 0% | 1% |

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