



Global economic review

Economic performance:

the past week saw World equity indices continue their past week gains on better economic data and a build up in investor risk appetite. US stocks ended with weekly gains, pushing the Dow to pre-crisis levels, as investors celebrated a surge in job growth that pointed to new vitality in the fragile recovery. The Dow Jones Industrial Average gave its highest closing level since May 2008. European shares were not far behind as they made their highest weekly gain since late December. Most of the indices ended with gains anywhere between 0.5-1.8 percent. On the currencies front the Euro ended with a weekly gain on the impasse on the Greek debt issue. On the Asian front the Asian equities and currencies rallied for a fourth week in a row, with the Korean Won and Indian rupee being the major gainers.

Major events:

- World Equities end higher
- Major currencies end higher against the greenback
- Greek swap deal ends on a stalemate

Dollar Index

Currency	S2	S1	Close	R1	R2	Recommendation
Dollar Index	77.90	78.3012	78.9224	79.65	80.50	Range 78.30-79.65

INDICES	LAST	1 week ago	% Change
NIFTY	5325.85	5204.70	2.33
SENSEX	17604.96	17233.98	2.15
NASDAQ	2905.66	2816.55	3.16
DOW JONES INDUSTRIAL	12862.23	12660.46	1.59
SHANGHAI COMPOSITE	2330.41	#N/A N/A	#VALUE!
NIKKEI 225	8831.93	8841.22	-0.11
HANGSENG	20756.98	20501.67	1.25
FTSE Index	5901.07	5733.45	2.92

CROSS	LAST	1 week ago	% Change
EURUSD	1.3158	1.3220	-0.47
GBPUSD	1.5815	1.5729	0.55
USDJPY	76.6000	76.7000	-0.13
USDCAD	0.9934	1.0018	-0.84
USDCHEF	0.9182	0.9126	0.61
USDSEK	6.6783	6.7431	-0.96

TECHNICAL SNAPSHOT:

After two weeks of down trend in Dollar Index this week it traded higher. Index open at 78.8780 and it hit a high of 79.5710 there after it test the low of 78.62 and finally closed at 78.9240. On the whole it is marginally up by 0.03% to that of the previous week. Break out of rising wedge pattern can be seen on the charts. This week index has breached the support of 21- period EMA on weekly charts but managed to close above the same. Index is also witnessing stiff resistance at higher levels as which the index did not managed to sustain above the 9-day period EMA in weekly charts. Momentum Indicator is at 55.92 level which not suggesting any clear direction. For the week ahead we expect Index may traded in a both side where as the support are witnessing at 78.65 which is 21 period EMA On weekly charts breach of this next supports are 78.32 which is 38.2% Fibonacci retracement level for the range of (72.69-81.74) and Resistance are seen at 79.57 then 79.70.





USD/INR

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
USDINR MCX-SX	Feb-11	48.1992	48.5733	48.9475	49.9608	50.9742	SELL AT 49.35-49.40 TP 48.40 then 48.10 SL 49.80.
USDINR NSE	Feb-11	48.1067	48.5258	48.9450	49.7583	50.5717	SELL AT 49.35-49.40 TP 48.40 then 48.10 SL 49.80.

The Week Ahead:

- Rupee to take direction from domestic Equities
- FII inflow into country to stay at high levels
- IIP figures to come in higher

Fundamental Review

The rupee gained for the fifty straight week and a three month high propelled by positive dollar inflows and gains in the local share market. Foreign funds have bought Indian shares worth USD 2.6 billion so far this year, while investing USD 3.2 billion in debt, data from the Securities and Exchange Board of India shows. The gain in domestic equities has also largely contributed to the rupee's gain. The S&P Nifty ended the past week higher by three percent. Rupee spot finally ended at 48.74 higher by 1.35%

The one-month onshore forward premium was higher at 35.75 points, the three-month was at 98.50 points from 108 at previous close and the one-year was at 272.750 points from 296.25. One-month offshore non-deliverable forward contracts were quoted at 48.96, 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 48.9450

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	49.6000	50.6000	49.2125	48.9475	-2.20%	6699459	2180.74%	3345474	78.72%
Mar-12	50.0000	50.4975	49.5525	49.2600	-2.74%	242028	122.86%	786268	58.47%
Apr-12	50.4100	50.8275	49.5550	49.6000	-1.58%	57975	8.28%	359252	52.47%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	49.7500	50.1525	48.9200	48.9450	-1.48%	11363292	211.39%	1172834	1.85%
Mar-12	49.9275	50.5000	49.2400	49.2625	-1.52%	860869	96.55%	482964	16.44%
Apr-12	50.3950	50.9500	49.5500	49.5925	-1.59%	210246	61.66%	197651	24.87%

Outlook

Last week saw the rupee hit three monthly highs aided by stronger equities and corporate inflows. For the coming week on the international front, Europe will again be at the center of investors' focus as the US earnings season passes the halfway mark and there is little on the economic calendar to give the market direction. The outcome of the talks on Greek debt swap deal will hog the limelight for the coming week and any action on that front will give direction to the international markets. For the coming week on the Economic front from US the Labor market might show another positive release whereas the Trade balance could widen. This could lead to a mixed effect on the greenback. From the Euro zone we have the interest rate decisions from ECB and BOE which will be closely watched. Both the Central banks are expected to keep the rates unchanged at 1.00% and 0.50% respectively.



On the domestic front, we have two major economic data that is likely to give direction to the rupee for the coming week. On 7th Feb we have the Annual GDP Government Estimate which is expected to be revised upwards to above 8%. On 10th Feb. we have the IIP figures which are expected to an increase this time to above the 6.5% mark in accordance to the higher PMI figures. Both these economic data's provide for a stronger rupee in the coming week. The rise in equities and better dollar inflows into equities and debt by FII's is likely to further boost the rupee. So for the week we could see the rupee strengthen further. The range for the coming week is expected to be 48.40-49.15

TECHNICAL SNAPSHOT

This was the consecutive fifth week where the Rupee continued to trade lower. This week it open at 49.30 and thereafter trade down wards and hit a low of 48.66 and it is down by -1.32% to that of the previous close. Going through the technically the Rupee is trading below the 34-period EMA and on weekly charts. It has even breached the major support of 50% retracement level for the range of (43.85-54.32). Momentum indication RSI-14 is at 0.36 levels on weekly charts which is sliding from higher levels and suggesting down ward move. For the week ahead we expect pair may continued to trade lower and may test further lows as no signs of any upside indications are seen on the charts. Major support for Rupee is witnessing at 48.50 which is 45-period EMA on weekly charts breach of this next support is witnessing at 47.90 which is 61.8% Retracement level for the range of (43.85-54.32). Resistances are seen at 49.10 then 50.02 levels.



Recommendation: SELL AT 49.35-49.40 TP 48.40 then 48.10 SL 49.80.

EUR/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
EURUSD	SPOT	1.2920	1.3030	1.3020	1.3240	1.3330	Range 1.3050-1.3250
EURINR - MCX-SX	Feb-11	63.8500	64.1675	64.4850	65.425	66.365	SELL AT 65.05-65.10 TP 64.10 then 63.80 SL 65.55
EURINR - NSE	Feb-11	63.3550	63.92	64.4850	65.55	65.95	SELL AT 65.05-65.10 TP 64.10 then 63.80 SL 65.55



The Week Ahead:

- Euro to remain volatile on news flow
- ECB to keep rates unchanged at 1.00%
- Greek Debt impasse to continue

Fundamental Review

After gaining for two consecutive weeks, last week saw the Euro end with a loss of over half a percent. The Euro was hurt after the Greek government and investors were not able to reach an agreement on the debt swap deal. The state of impasse left the investors looking for other avenues to invest in. The weaker economic data further hurt the Euro. The German retail sales saw a decline to -0.04% as an expectation of 0.2%. The Euro ended at 1.3157 lower by 0.57 percent on a weekly basis.

MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	65.4025	66.0475	64.7900	64.4850	-1.30%	133297	131.17%	69379	122.45%
Mar-12	66.1200	66.4800	64.8150	64.9000	-1.29%	3748	141.49%	9669	275.50%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	65.5000	66.0500	64.4200	64.4850	-1.25%	77034	90.10%	16773	80.45%
Mar-12	66.0825	66.4600	64.8500	64.8900	-1.24%	9354	37.48%	4448	31.81%

Outlook

The Euro lost in the past week against the greenback on weaker economic data and the Greek debt impasse. For the coming week apart from the ECB rate decision there isn't much on the economic front. Normally in this type of tape when there is no economic news, it seems like the bias remains sideways. So if European bond yields spike or other news from Europe emerges will be the wild card for the markets. Greece remains at the forefront of the euro zone crisis as the government continues to struggle for agreement on fiscal reforms that would be accepted by political leaders and private bondholders as it tries to avoid a disorderly default. Talks on a bond swap and 130 billion Euros in bailout funds have been continuing for weeks before a March deadline when 14.5 billion Euros of bonds fall due. Hopes a deal were on the horizon dissipated on Friday as euro zone finance ministers delayed a meeting scheduled for Monday. So for the coming week we can expect the Euro remain in a volatile range as reacts to news throughout the week.

Economic data for week ahead

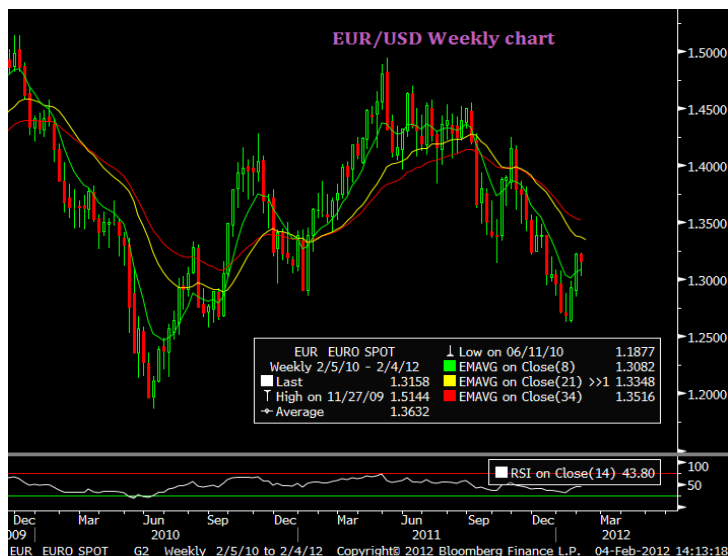
Date Time	Region	Event		Survey	Prior
02/06/2012 15:00	EC	Sentix Investor Confidence	FEB	-16.5	-21.1
02/06/2012 16:30	GE	Factory Orders MoM (sa)	DEC	1.00%	-4.80%
02/07/2012 16:30	GE	Industrial Production MoM (sa)	DEC	0.00%	-0.60%



02/08/2012 12:30	GE	Exports SA (MoM)	DEC	-1.00%	2.50%
02/08/2012 12:30	GE	Imports SA (MoM)	DEC	1.00%	-0.40%
02/08/2012 12:30	GE	Current Account (EURO)	DEC	15.2B	14.3B

Technical Analysis

After two week of upward move this week EUR/USD closed on negative note. Pair open at \$1.3224 and tested a low of \$1.3020 and finally closed at \$ 1.3144. This week EUR/USD traded in a tight range and is down by 0.60% to that of the previous week's close. Pair has witnessing stiff resistance at higher levels and did not manage to breach and trade above the previous week's high of \$1.3226 levels. Going through the candle stick analysis a hanging man candle stick pattern formation can be seen on the week chart. Momentum Indicator is RSI-14 is 0.45 which is slightly tending down wards. EURUSD is still trading above 9 period EMA. For the week ahead a minor dip can be expected on break and trade below the 9 period EMA and supports are witnessing at \$ 1.3010 and next support is seen at \$ 1.2894. Resistance are seen at \$ 1.3226 breach of this next resistance is seen at \$ 1.3345 which is 21- period EMA on weekly charts.



GBP/USD

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
GBPINR							Sell at 78.00-78.10 TP
MCX-SX	Feb-11	76.6517	77.0808	77.5100	78.3583	79.2067	77.20 SL 78.50
GBPINR							Sell at 78.00-78.10 TP
NSE	Feb-11	76.6725	77.095	77.5175	78.345	79.1725	77.20 SL 78.50
GBPUSD	SPOT	1.5550	1.5680	1.5815	1.5910	1.6010	Range 77.25-78.20

Fundamental Review

The pound ended a third consecutive week higher against the greenback. The British Pound extended the advance from the previous month to reach a fresh yearly high of 1.5882. The pound gained after a report showed that UK service industries advanced last month, easing concerns about recession of Britain's economy and making the sterling again viable haven from Europe's crisis. The Pound gained by 0.55 % on a weekly basis to end the week at 1.5815



MCX-SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	77.5000	78.7775	77.5000	77.5100	-1.33%	27073	276.22%	36512	55.66%
Mar-12	73.9375	79.2000	77.9475	78.0100	-0.44%	7295	554.12%	16987	217.93%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	78.3350	78.7500	77.5000	77.5175	-0.68%	22448	164.25%	3513	18.40%
Mar-12	78.6275	79.1500	77.9200	77.9225	-0.66%	2483	138.75%	1127	122.29%
Apr-12	79.0000	79.4000	78.3800	78.3800	-0.39%	666	146.67%	657	638.20%

Economic data for week ahead

Date Time	Region	Event		Survey	Prior
02/09/2012 15:00	UK	Manufacturing Production (MoM)	DEC	0.30%	-0.20%
02/09/2012 17:30	UK	BOE ANNOUNCES RATES	9-Feb	0.50%	0.50%

Outlook

The pound gained in the last week against the greenback, closing almost at monthly highs. For the coming week we could see the sterling come under pressure should the Bank of England take additional steps to stimulate the ailing economy. Although the BoE is widely expected to keep the benchmark interest rate at 0.50%, a survey by Bloomberg News see the Monetary Policy Committee expanding its Asset Purchase Facility beyond the GBP 275B target, and the central bank may keep the door open to expand its balance sheet further in an effort to stem the risk of a double-dip recession. This could be taken as a highly negative step for the currency. On the Economic front the Manufacturing Production (MoM) is expected to expand to 0.30% as compared to -0.20%. Keeping these factors in mind we could see the pound trade in a slight negative range for the next week.

Technical Analysis

This was the consecutive third week where the GBP/USD closed on positive note. This week GBP/USD surged open at 1.5718 and continuously traded in an upward direction throughout the week, pair hit a high of \$ 1.5882 and is up by 0.49%. As last week we saw GBP/USD breaching the trend line resistance, this week pair surged higher by witnessing the support of the same. GBP/USD breached all the short term EMA's on week charts. Pair has even breached the 38.2% retracement level for the range of (1.6745-1.5233) and managed to close above the same. Momentum indicator is at 0.55





which inching higher from the lower levels can be seen on the charts and suggesting the upward move in the pair. Next week we expect pair continue to trade higher for some more time and my test further higher levels. For the next week supports are seen at \$ 1.5735 then \$1.5650. Resistance is witnessing at 1.5840 and breach of these next resistances is at 1.5980 which is 50.0% retracement level for the range of (1.6745-1.5233). Buying can be initiated at lower levels.

USD/JPY

Currency	Contract	S2	S1	Close	R1	R2	Recommendation
JPYINR MCX-SX	Feb-11	63.1733	63.7067	64.2400	65.2267	66.2133	SELL AT 64.40-64.50 TP 63.50 SL 65.05.
JPYINR - NSE	Feb-11	63.1650	63.7025	64.2400	65.235	66.23	SELL AT 64.40-64.50 TP 63.50 SL 65.05.
USD/JPY	SPOT	75.5200	76.1000	76.55	77.7700	77.7860	Sell at 76.60 TP 76.00 SL 77.10

Fundamental Review

Last week Yen continued its strength against the greenback as the Greek debt impasse brought back investors to safe haven assets. The positive economic data also supported the currency further. Yen closed at 76.60 with a weekly gain of 0.16 percent.

MCX SX

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	64.5500	65.6800	64.1600	64.2400	-0.39%	35647	33.75%	69713	157.98%
Mar-12	65.2950	66.0000	64.5125	64.6175	-0.32%	6372	858.20%	7423	662.11%

NSE

Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Feb-12	64.7000	65.6925	64.1600	64.2400	-0.48%	28269	67.69%	13317	42.52%
Mar-12	64.9650	66.0000	64.5400	64.6825	-0.18%	6519	1620.05%	2943	1040.70%
Apr-12	65.2000	66.0000	64.7600	65.0000	0.02%	44	1366.67%	1.25	125.00%

Economic data for week ahead

Date Time	Region	Event		Survey	Prior
02/08/2012 05:20	JN	Current Account Total	DEC	¥340.1B	¥138.5B
02/08/2012 05:20	JN	Trade Balance - BOP Basis	DEC	-¥135.0B	-¥585.1B

Outlook

In the past week the Yen closed with gains after staying flattish for the previous three weeks. On the economic front for the coming week Current Account and Trade Balance - BOP Basis are expected to come in higher which could support the Yen further. Until and unless there is solution on the Greek debt swap more investors would be interested to put their money in the safe haven currency. So we could expect some more appreciation to come in for Japanese currency.



Technical Analysis:

This week USD/JYP closes marginally down. Pair opens at 76.76 there after it trade lower and hit a low of 76.00 and finally settled at 76.55. On the whole this week USD/JPY is down by -0.17% to that of the previous close. After last weeks Inverted hammer pattern this week it tumbled from the same. The pair is witnessing heavy selling pressure at every high. Break out of diamond pattern formation can also be seen on the charts. Momentum indicator RSI-14 is at 0.39 levels and sliding from higher levels suggesting down ward trend in the pair. For the week ahead we expect pair to trade lower and selling can be initiated at minor Pull backs. Support is seen at 75.75 then 75.20 and resistances are seen at 76.94 then 77.43.



Major economic events for the week

Date Time	Region	Event		Survey	Prior
02/06/2012 15:00	EC	Sentix Investor Confidence	FEB	-16.5	-21.1
02/06/2012 16:30	GE	Factory Orders MoM (sa)	DEC	1.00%	-4.80%
02/07/2012 16:30	GE	Industrial Production MoM (sa)	DEC	0.00%	-0.60%
02/08/2012 01:30	US	Consumer Credit	DEC	\$7.000B	\$20.374B
02/08/2012 05:20	JN	Current Account Total	DEC	¥340.1B	¥138.5B
02/08/2012 05:20	JN	Trade Balance - BOP Basis	DEC	-¥135.0B	-¥585.1B
02/08/2012 12:30	GE	Exports SA (MoM)	DEC	-1.00%	2.50%
02/08/2012 12:30	GE	Imports SA (MoM)	DEC	1.00%	-0.40%
02/08/2012 12:30	GE	Current Account (EURO)	DEC	15.2B	14.3B
02/08/2012 12:30	GE	Trade Balance	DEC	13.7B	16.2B
02/08/2012 17:30	US	MBA Mortgage Applications	3-Feb	--	-2.90%
02/09/2012 07:00	CH	Producer Price Index (YoY)	JAN	0.70%	1.70%



02/09/2012 07:00	CH	Consumer Price Index (YoY)	JAN	4.00%	4.10%
02/09/2012 15:00	UK	Manufacturing Production (MoM)	DEC	0.30%	-0.20%
02/09/2012 17:30	UK	BOE ANNOUNCES RATES	9-Feb	0.50%	0.50%
02/09/2012 18:15	EC	ECB Announces Interest Rates	9-Feb	1.00%	1.00%
02/09/2012 19:00	US	Initial Jobless Claims	4-Feb	362K	--
02/09/2012 19:00	US	Continuing Claims	28-Jan	--	--
02/09/2012 20:30	US	Wholesale Inventories	DEC	0.50%	0.10%
02/10/2012 12:30	GE	Consumer Price Index (MoM)	JAN F	-0.40%	-0.40%
02/10/2012 12:30	GE	Consumer Price Index (YoY)	JAN F	2.00%	2.00%

Prepared by:-

Aurobinda Prasad Gyan (Aurobinda@karvy.com)

Vikrant Sharma (vikrant.sharma@karvy.com) - Fundamental/ Technical Analyst

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