

## DOLLAR RUPEE VIEW



The Indian rupee opened strong at Rs 45.52 per dollar levels versus its close of Rs 45.61 yesterday. The Rupee strengthened due to positive global cues and strong opening of the domestic global markets. The disinvestment process started by Government of India to curb the fiscal deficit is also going to attract lot of FII inflows leading to strength in Rupee.

The Dow ended up by 0.42% (Dow futures currently down by 0.07%), the NASDAQ was up by 0.40% and the S&P 500 was up by 0.40% overnight. Asian markets are trading mixed, with Hang Seng down by 0.08%, Japan's Nikkei up by 0.68%, and Nifty is trading higher by 0.35% (5151 levels) and it is expected to be strong today.

The yield on the 6.35% note due January 2020 is trading at 7.99%. Investors are holding back from purchases before a government report on March 15 that economists forecast will show the wholesale price-index climbed to 9.67% in February from a year earlier. January industrial output data due on Friday and February inflation data release on Monday will provide further cues.

The Commodity index futures (CRB index) are up by 0.33%. China pledged to stay cautious towards investing in gold, but central banks under the euro-systems remain confident in gold and is trading at 1112 levels. Crude Oil shrugs off worries of Chinese tightening and rises above 82 again and trading at 82.20 levels.

*View: - The rupee has been holding strong below the important support level of 45.95. Exporters may wait for retracement till 45.80-46 levels to cover and importers look at immediate term cover at about 45.35 to 45.45 levels. (USDINR 45.45). Medium term (3 months) bullish target till 44.50.*

## TECHNICAL COMMENTS

**Euro**

The EURUSD bias remains neutral in nearest term and the bearish scenario remains intact. Immediate resistance comes near 1.3705 – 1.3750 (23.6% retracement). If breaks 1.3750 level then could see further upside corrections till 1.3980 levels. (EURUSD - 1.3692). [Neutral](#).

**Sterling**

GBPUSD is currently trading at 1.5060 levels. Immediate resistance comes near 1.5240 levels (21 days daily Ema). Initiate shorts near 1.5200 levels with stoploss of 1.5280. (GBPUSD 1.5060). [Neutral](#).

**Yen**

USDJPY is currently trading at 90.65 levels. Downside correction is expected till 89.40 levels. Immediate resistance comes near 91.50 levels (200 days daily EMA). Initiate shorts near 91.50 levels. Overall the trend remains strong for yen below 91.80 levels. (USDJPY- 90.65). [Bullish](#).

**Aud**

AUDUSD is currently trading at 0.9166 levels. Correction seems to be over for Australian dollar. Buying on dips remains the strategy. Further bullishness till 0.9250 levels is expected again. (AUDUSD - 0.9166) [Bullish](#).

**Gold**

Gold is currently trading at \$1112 levels and touched bottom of \$1100 yesterday. Immediate support comes near \$1100 levels (100 days daily EMA). Initiate buying near this support level with tight stoploss of \$1090 levels. (Gold- \$1112). ([Rangebound](#)).

**Dollar Index**

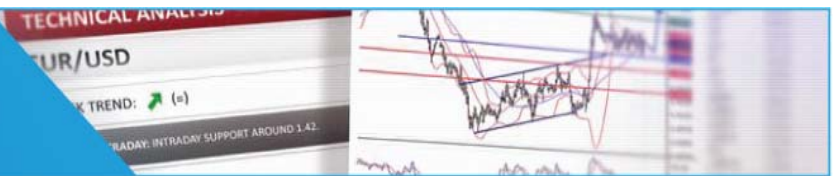
Dollar Index is currently trading at 80.27 levels. Immediate support comes near 79.60 levels (100days Weekly EMA) and strong resistance comes near 81.80 (200 days Weekly EMA). Only and only if dollar index trades above 80 levels then could see further upside. Buying on dips on the index remains the strategy. (Dollar Index – 80.27). [Bullish above 80 levels](#).

## FUNDAMENTAL COMMENTS

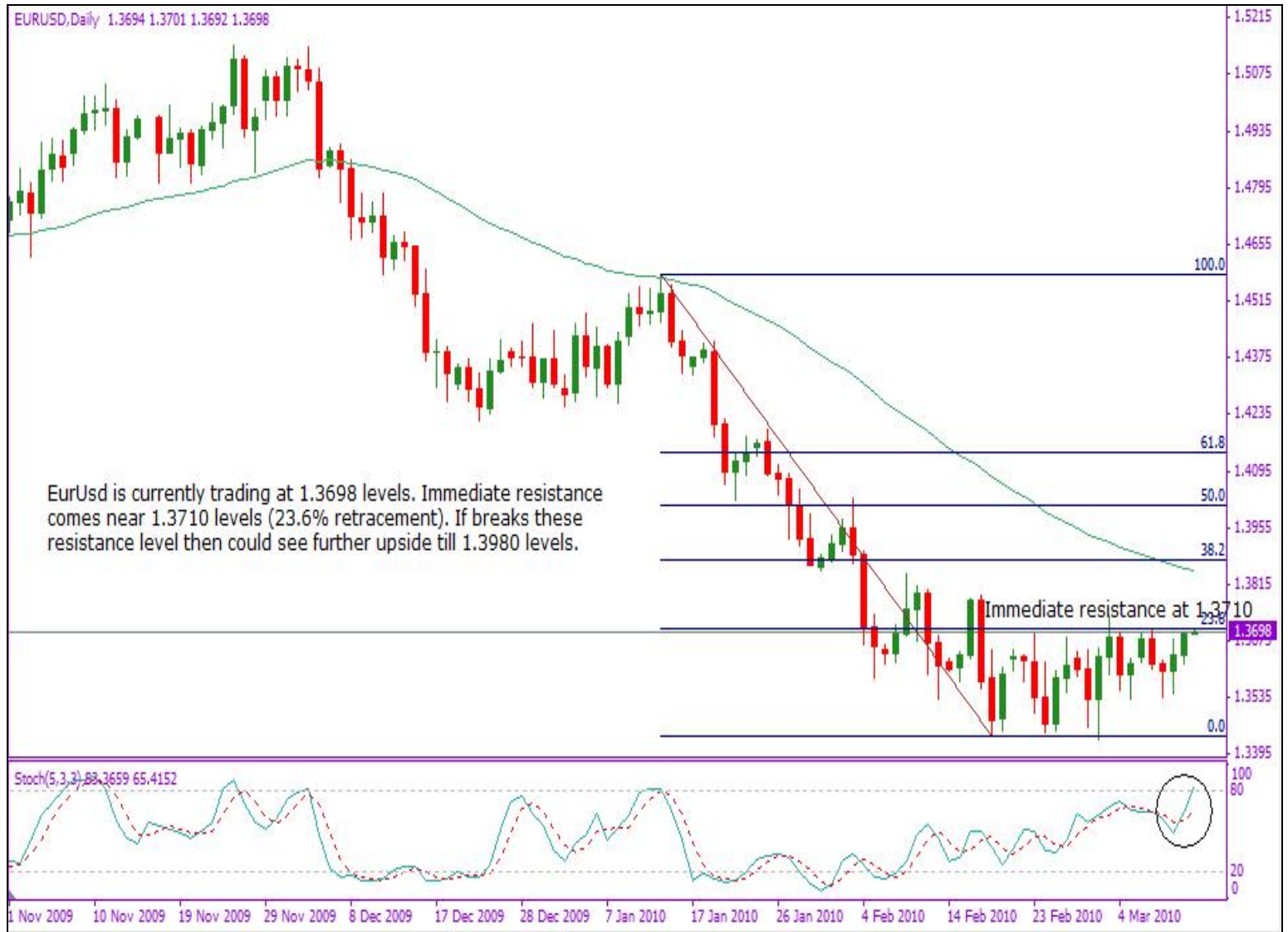


- Euro** The Euro was supported from heavy EUR/JPY buying throughout the day pushing EUR/USD to the mid 1.3650 area. January's German Trade Balance slumped to 8.7 vs. 16.4bn forecast at exports fell heavily even as the Euro weakened. Overall the EUR/USD traded with a low of 1.3543 and a high of 1.3682 before closing at 1.3645. Looking ahead, Swiss Libor Rate Decision forecast to remain at 0.25% vs. 0.25%.
- Sterling** The Sterling came under pressure in early Europe on weak economic data and struggled to rebound with the Euro later in the day. January Industrial Production slipped to -0.4% vs. 0.2% forecast. EUR/GBP broke above 0.9100 and is continuing to be well supported. Overall the GBP/USD traded with a low of 1.4871 and a high of 1.5017 before closing the day at 1.4970 in the New York session.
- Yen** The Japanese Yen volatility continued with a major day of Yen weakness with USD/JPY pushing into the mid to high Y90 region. Yen crosses all shot higher with EUR/JPY closing above the Y123 level. Overall the USDJPY traded with a low of 89.92 and a high of 90.84 before closing the day around 90.50 in the New York session. Update Q4 GDP revised to 3.8% vs. 4.6% y/y.
- Aud** The Australian Dollar shrugged off some weak housing finance data (-8% January) to test 0.9180 resistance before falling back ahead of today's Jobs data. AUD/JPY pushed above Y83 briefly but was pulled down by the large slump in Gold. Overall the AUD/USD traded with a low of 0.9125 and a high of 0.9195 before closing the US session at 0.9145. Looking ahead, February Jobs Change forecast at 15k vs. 52k previously.
- Oil & Gold** Oil & Gold slumped over \$15 an ounce in the US session as Sovereign debt Credit default spreads continued to tighten. Overall trading with a low of USD\$1103 and high of USD\$1128 before ending the New York session at USD\$1108 an ounce. Crude Oil gained on strong inventory numbers. Crude Oil was up \$0.42 ending the New York session at \$81.91.

## TECHNICAL CHARTS



### EURUSD Chart – Daily



Support Levels		Resistance Levels		Remarks
S2	S1	R1	R2	
1.3250	1.3440	1.3705	1.4020	EURUSD- Initiate shorts between 1.3705 - 1.3750 levels.

# GLOBAL MARKET DATA

										12-03-2010	
USD/INR			BID	ASK		INDEX	CHANGE	Commodities			
BID	45.44	C/SPOT	45.4325	45.4375	BSE	17217.78	49.82	OIL(Nym 1M)		\$82.20	
ASK	45.45	T/SPOT	45.44	45.45	NSE	5151.65	18.25	GOLD \$/Oz		\$1,112.65	
OPEN	45.52	O/N MIBOR	3.33	3.33	NIKKIE	10737.76	72.81	SILVER \$/OZ		\$16.89	
HIGH	45.55	1m MIFOR	4.12	4.12	DOW	10611.84	44.51	HangSeng	21211.36	16.84	
LOW	45.42	6M MIFOR	3.59	3.59	NASDAQ	2368.46	9.51	Dollar Index (DI)		80.29	
USD/INR FORWARD PREMIUM											
Month-end					LIBOR						
	Export	%	Import	%		O/N	1M	3M	6M	12M	
Mar-10	0.06	2.45	0.07	2.90	USD	0.2	0.3	0.33	0.55	0.85	
Apr-10	0.19	3.18	0.20	3.35	GBP	0.5031	0.62	0.7	0.95	1.35	
May-10	0.30	3.04	0.31	3.14	EURO	0.33	0.45	0.6	0.9	1.25	
Jun-10	0.41	2.98	0.42	3.06	YEN	-	0.15	0.25	0.4	0.6	
Jul-10	0.52	2.98	0.53	3.03	CHF	-	0.26	0.47	0.69	0.89	
Aug-10	0.63	2.95	0.64	3.00	Major Currencies - Against INR			USD/INR -NDF			
Sep-10	0.74	2.94	0.75	2.98	GBP	68.51		Spot	Bid	Ask	
Oct-10	0.84	2.92	0.85	2.96	EURO	62.26		1W	45.44	45.47	
Nov-10	0.95	2.90	0.96	2.93	YEN(100)	50.13		1M	45.45	45.55	
Dec-10	1.05	2.88	1.06	2.91	AUD	41.66		3M	45.57	45.67	
Jan-11	1.15	2.86	1.16	2.88	CAD	44.37					
Feb-11	1.25	2.84	1.26	2.85	CHF	42.57					
Option Prices (USD/INR)						RESERVE BANK POLICY RATES					
		1MONTH	6MONTH	12MONTH		Repo Rate	4.75%				
At the Money Strike		45.425	45.425	45.425		Reserve Repo Rate	3.25%				
Call		0.4728	1.4246	2.1901		CRR Ratio	5.50%				
Put		0.3568	0.7512	0.9296		SLR Ratio	25.00%				
USD/INR -Currency Future NSE											
TERM	BEST BID		BEST ASK		SPREAD	LTP	Volume	OI			
29-03-2010	1473	45.485	734	45.4875	0.0025	45.4875	342552	461723			
28-04-2010	600	45.605	300	45.615	0.01	45.6125	29161	266293			
27-05-2010	201	45.705	200	45.7175	0.0125	45.715	692	16263			
Major Cross Currencies against US Dollar -Spot & Forwards											
Currency	Bid	Ask	1 Month	2 Month	3 Month	6 Month	9 Month	12 Month			
GBP	1.5069	1.5074	1.5071	1.5067	1.5064	1.5055	1.5046	1.5035			
EURO	1.3695	1.3698	1.3698	1.3697	1.3696	1.3690	1.3683	1.3679			
JPY	90.65	90.67	90.66	90.65	90.63	90.58	90.49	90.34			
CHF	1.0673	1.0677	1.0675	1.0673	1.0671	1.0664	1.0656	1.0643			
AUD	0.9159	0.9167	0.9136	0.9108	0.9077	0.8980	0.8883	0.8789			
CAD	1.0238	1.0243	1.0243	1.0243	1.0242	1.0238	1.0226	1.0210			
Interest Rate of Major Currencies				Important Economic Data of the Day							
Currency	Rate	Currency	Rate	IST Time	Currency	Data	Expected				
USD	0.25%	AUD	4.00%	15:30	EUR	Eurozone Industrial Production M/M	Better				
GBP	0.50%	CAD	0.25%	17:30	CAD	Unemployment Rate Feb	Neutral				
EURO	1.00%	CHF	0.25%	19:00	USD	Advance Retail Sales Feb	Weak				
YEN	0.10%	NZD	2.50%	20:30	USD	Business Inventories Jan	Better				

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