

## DOLLAR RUPEE VIEW



The Indian rupee opened strong at Rs 45.76 per dollar levels versus its close of Rs 45.81 yesterday. The rupee has sustained a positive bias since the Budget unveiled plans to cut the fiscal deficit and boost revenues from privatization. In the overseas market U.S. Dollar Trading (USD) was strong even as stock markets remained positive as the EUR/USD slumped after the ECB's dovish comments on economic recovery and USD/JPY also rallied on increasing US Bond Yields.

The Dow was up by 0.46%, the NASDAQ was up by 0.51% and the S&P 500 was up by 0.37% yesterday. Asian markets are trading higher, with Hang Seng up by 0.73%, Japan's Nikkei was up by 2%, and Nifty is trading higher by 0.70% (35 points) and it is expected to trade higher today.

The yield on the 6.35% note due January 2020 was unchanged at 7.94% yesterday. An index measuring wholesale food prices rose 17.87% in the week ended February 20 from a year earlier, following a 17.58% gain in the previous week. The Freight rates have also increased due to the increase in fuel prices adding more concerns to inflation.

The Commodity index futures (CRB index) are down by 1% due to increase in dollar strength overseas and mixed US economic data which weighed on commodities. Gold rallied to as high as \$1140 and trading at \$1133 levels halting the two days rally. Crude oil is trading at \$80.6 levels today.

*View: - The rupee has decisively broken the range of 46.00-46.60 levels maintained since a long time and would confirm bullishness in Rupee if we get a closing below 45.90 for 2-3 days. The bias remains bullish until 46.60 is held. Importers may take covers for the short term near 45.60-45.80 levels and exporters may start booking at every dip in USDINR above 46 levels.(USDINR 45.80) INR bullish below 46.60 levels.*

## TECHNICAL COMMENTS

## Euro

The EURUSD bias remains neutral in nearest term and the bearish scenario remains intact. Immediate resistance comes near 1.3750 (61.8% retracement levels with 200 days Weekly EMA). Initiate cautious shorts near these levels with tight stoploss of 1.3840 levels. (EURUSD - 1.3593). [Neutral but Oversold.](#)

## Sterling

GBPUSD is currently trading at 1.5034 levels and touched high of 1.5138 yesterday. Immediate strong resistance comes near 1.5350 levels (21 days Daily Ema). Below 1.5350 pressure should remain downside. (GBPUSD 1.5034). [Neutral but Oversold.](#)

## Yen

USDJPY is currently trading at 89.26 levels. Downside correction is expected till 88.40 levels. Importers in Yen may look at covers around these levels. Overall the trend remains strong for yen below 93 levels. (USDJPY- 89.26). [Bullish.](#)

## Aud

AUDUSD is currently trading at 0.9003 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 - 0.9003) [Bullish.](#)

## Gold

Gold moved up taking support from \$1087 levels and holding above \$1100 levels. It touched the high of \$1141 yesterday. Buying at dips close to \$1100-10 levels remains the strategy. (Gold-\$1134). ([Rangebound to slight bearish](#)).

## Dollar Index

Dollar index broke the 80 levels and tested the lows of 79.94 levels yesterday. Only and only if dollar index trades above 80 levels then could see further upside corrections till 82 levels. Buying on dips on the index remains the strategy. (Dollar Index - 80.52). [Bullish above 80 levels.](#)

## FUNDAMENTAL COMMENTS

**Euro**

The Euro lost ground after the ECB held rates at 1.0% and described the current levels as appropriate with economic growth uneven. EUR/JPY held its own as stock markets improved but EUR/AUD slumped back close to the key 1.50 handle. Also released, Q4 GDP confirmed at 0.1%. Overall the EUR/USD traded with a low of 1.3551 and a high of 1.3714 before closing at 1.3570. Looking ahead, January Factory Orders are forecast at 1.5% vs. -2.3% m/m.

**Sterling**

The Sterling rallied on heavy GBP/JPY buying in New York to trade above 1.5100 but this was short lived as the Euro fell back late in the day and the pair ended on a slightly weak footing. EUR/GBP moved lower but is still contained inside the 90-91 range. The BOE held at 0.5% and kept the Asset Purchase Program at 200bn. Overall the GBP/USD traded with a low of 1.5004 and a high of 1.5139 before closing the day at 1.5040 in the New York session. Looking ahead, February PPI input is forecast at 0.25 vs. 2% previously m/m.

**Yen**

The Japanese Yen suffered a major reversal of fortune against the USD with the 3 month Libor turning to the dollars favor for the first time since August 2009. General USD strength and solid crosses also underpinned. GBP/JPY is beginning to rally from 9 month lows at Y132. Overall the USDJPY traded with a low of 88.12 and a high of 89.27 before closing the day around 89.10 in the New York session.

**Aud**

The Australian Dollar tracked the EURO lower as AUD/JPY broke down through Y80 in early Europe before heavy buying emerged later in New York to keep the AUD/USD near the 0.9000 level. January Trade Balance was at -1.2bn vs. -1.5bn forecast. Overall the AUD/USD traded with a low of 0.8977 and a high of 0.9056 before closing the US session at 0.9040.

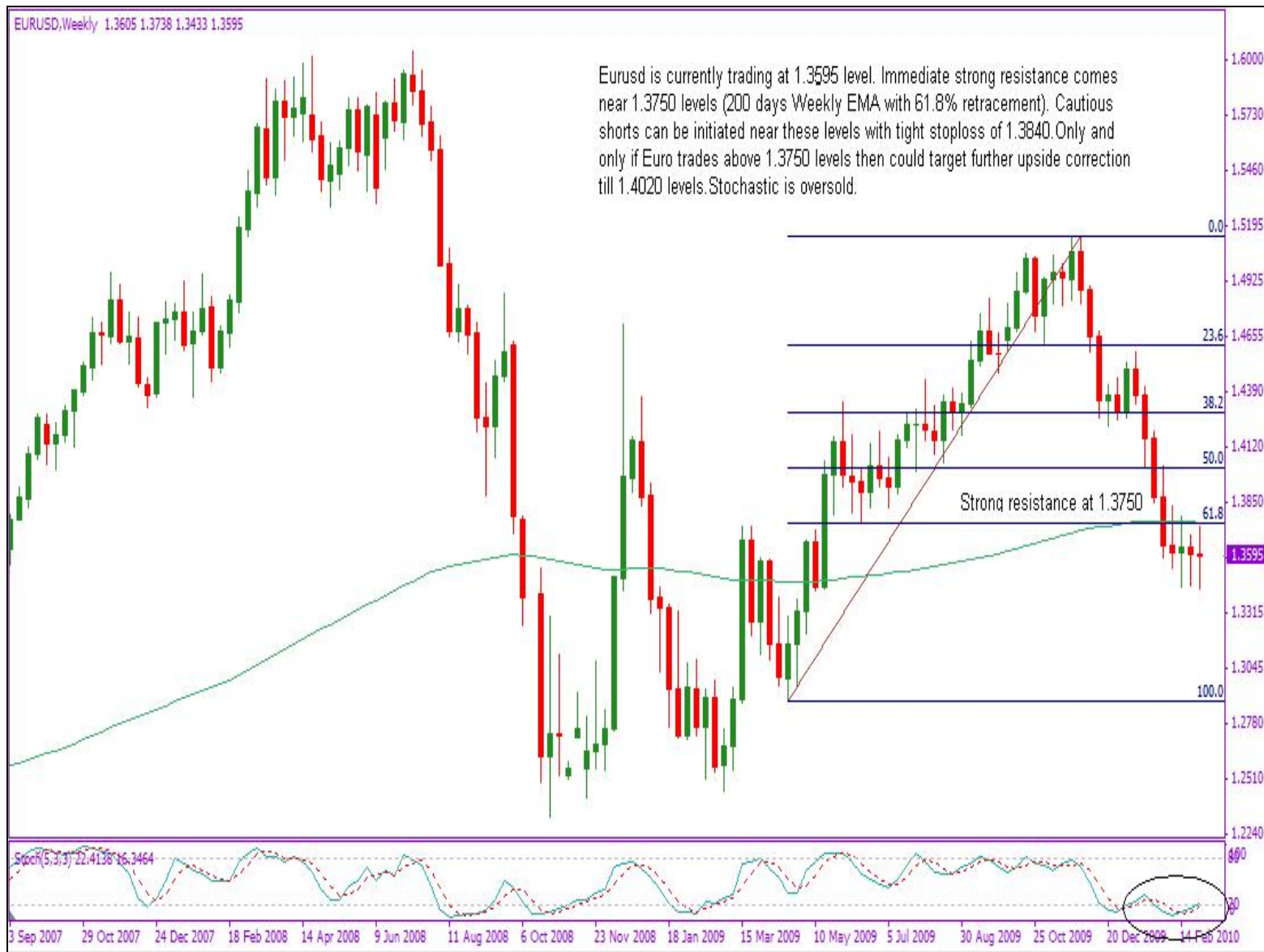
**Oil & Gold**

Oil & Gold fell back as the strong USD discouraged commodity buying. Overall trading with a low of USD\$1125 and high of USD\$1142 before ending the New York session at USD\$1132 an ounce. Held ground as the improving sentiment countered the stronger dollar. Crude Oil was down -\$0.30 ending the New York session at \$80.60.

## TECHNICAL CHARTS



### EURUSD Chart – Weekly



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

# GLOBAL MARKET DATA

USD/INR			BID	ASK		INDEX	CHANGE	Commodities	
BID	45.80	C/SPOT	45.80	45.81	BSE	17056.87	85.17	OIL(Nym 1M)	\$80.71
ASK	45.81	T/SPOT	45.8	45.81	NSE	5107.65	27.40	GOLD \$/Oz	\$1,133.75
OPEN	45.76	O/N MIBOR	3.32	3.32	NIKKIE	10352.97	207.25	SILVER \$/OZ	\$17.22
HIGH	45.81	1m MIFOR	3.77	3.77	DOW	10444.14	47.38	HangSeng	20754.30
LOW	45.74	6M MIFOR	3.19	3.19	NASDAQ	2292.31	11.63	Dollar Index (DI)	80.52

## USD/INR FORWARD PREMIUM

Month-end					LIBOR					
	Export	%	Import	%		O/N	1M	3M	6M	12M
Mar-10	0.08	2.30	0.09	2.60	USD	0.18	0.3	0.33	0.55	0.85
Apr-10	0.22	3.30	0.23	3.45	GBP	0.5031	0.62	0.7	0.95	1.35
May-10	0.32	2.97	0.33	3.06	EURO	0.3	0.45	0.6	0.9	1.25
Jun-10	0.43	2.82	0.44	2.89	YEN	-	0.15	0.25	0.4	0.6
Jul-10	0.53	2.87	0.54	2.93	CHF	-	0.28	0.46	0.69	0.85
Aug-10	0.64	2.84	0.65	2.89	Major Currencies - Against INR			USD/INR -NDF		
Sep-10	0.74	2.82	0.75	2.86	GBP	68.91		Spot	45.78	45.81
Oct-10	0.85	2.82	0.86	2.85	EURO	62.27		1W	45.78	45.83
Nov-10	0.95	2.79	0.96	2.82	YEN(100)	51.32		1M	45.78	45.88
Dec-10	1.05	2.78	1.06	2.80	AUD	41.30		3M	45.93	46.03
Jan-11	1.15	2.76	1.16	2.78	CAD	44.44				
Feb-11	1.25	2.74	1.26	2.76	CHF	42.55				

## Option Prices (USD/INR)

	1MONTH	6MONTH	12MONTH	RESERVE BANK POLICY RATES	
At the Money Strike	45.775	45.775	45.775	Repo Rate	4.75%
Call	0.4893	1.466	2.2321	Reserve Repo Rate	3.25%
Put	0.3828	0.8087	1.0045	CRR Ratio	5.50%
				SLR Ratio	25.00%

## USD/INR - Currency Future NSE

TERM	BEST BID		BEST ASK		SPREAD	LTP	Volume	OI
29-03-2010	35	45.855	1129	45.8575	0.0025	45.855	169781	434258
28-04-2010	400	45.9775	200	45.9825	0.005	45.98	9971	237596
27-05-2010	200	46.0675	299	46.08	0.0125	46.0675	2	11723

## Major Cross Currencies against US Dollar - Spot & Forwards

Currency	Bid	Ask	1 Month	2 Month	3 Month	6 Month	9 Month	12 Month
GBP	1.5037	1.5042	1.5039	1.5035	1.5032	1.5023	1.5016	1.5012
EURO	1.3591	1.3594	1.3593	1.3593	1.3592	1.3588	1.3582	1.3580
JPY	89.250	89.270	89.2577	89.2415	89.2250	89.1590	89.0500	88.8600
CHF	1.0761	1.0765	1.0763	1.0761	1.0759	1.0751	1.0738	1.0722
AUD	0.9008	0.9016	0.8991	0.8961	0.8933	0.8844	0.8753	0.8663
CAD	1.0303	1.0308	1.0307	1.0307	1.0307	1.0304	1.0299	1.0290

## Interest Rate of Major Currencies

Currency	Rate	Currency	Rate	Important Economic Data of the Day			
				IST Time	Currency	Data	Expected
USD	0.25%	AUD	4.00%	15:30	GBP	PPI O/P M/M Feb	Weak
GBP	0.50%	CAD	0.25%	17:30	EUR	German Factory Orders M/M Jan	Better
EURO	1.00%	CHF	0.25%	18:15	EUR	Change in Non Farm payrolls Feb	Weak
YEN	0.10%	NZD	2.50%	19:00	USD	Unemployment Rate Feb	Weak

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