

DOLLAR RUPEE VIEW



The Indian Rupee made the 19th month high as it opened the day at 44.35 in the morning. However, it shed close to 15paise immediately as the dollar demand overseas weighed on the sentiment of the rupee. The strength in the local equity markets would restrict the fall in the Indian rupee. The near-term to immediate term importers can look for covers around these levels. Indian shares climbed to their highest level in more than 25 months on Monday, as investors focused on their long-term outlook on the back of robust economic growth.

The Dow ended up by 0.43 % (DOW futures is trading negative 0.14% currently), the NASDAQ was also up by 1.12% and the S&P 500 was up by 0.79% overnight. Asian markets are trading weak, HangSeng (Closed), Japan's Nikkei down by 0.50%, and Nifty is trading weaker by 8points (5360 levels) and it is expected to remain flat for the day.

The 10 year bond yield resumed its strength on the speculation that the banks would purchase the securities to cover rising deposits. The yield on the 6.35% note due January 2020 dropped 5 basis points to 7.80% from March 31. The nation's lenders added Rs 14,690 crore (\$3.3 billion) to their holdings of federal debt in the two weeks ended March 12 which weighed on the bond yields.

Gold was restricted in the \$10 move yesterday making the high of \$1133 and currently trading at \$1128 levels. Oil has been trading strong backed by the bouyant US economic data and the market sentiment. Commodities would hold the strength for the day.

View: - The excessive strength is due to the Chinese revaluation speculation. We feel the momentum in rupee strength may not continue in such an aggressive manner in the days to come. A bounce back towards a 45 levels is most likely. Importers use opportunities to cover around 44.40 - 50 levels. (USDINR 44.45) Medium Term Target Achieved 44.50.

FUNDAMENTAL COMMENTS

**Euro**

The Euro (EUR) traded around the 1.3500 level as rallies above the figure were sold and support at 1.3480 was tested. EUR/JPY tracked the USD/JPY lower but was generally well supported above the Y127 figure. EUR/GBP tested new multiweek lows after the GBP receive a boost. Overall the EUR/USD traded with a low of 1.3459 and a high of 1.3540 before closing at 1.3490. Looking ahead, April Sentix Index is forecast at -6 vs. -7.5.

Sterling

The Sterling (GBP) opened higher in Asia on the back of weekend reports that the Conservatives have extended their lead going into elections expected to be called this week. GBP/JPY is also holding near highs with interest to buy on dips towards Y140. Overall the GBP/USD traded with a low of 1.5221 and a high of 1.5322 before closing the day at 1.5290 in the New York session.

Yen

The Japanese Yen (JPY) was stronger most of the day after profit taking set in. USD/JPY eased from 94.80 to 94.10 in the US session before solid US data inspired a bounce. The major rally higher in many pairs has set the staged for some pull back. Overall the USDJPY traded with a low of 94.07 and a high of 94.80 before closing the day around 94.40 in the New York session.

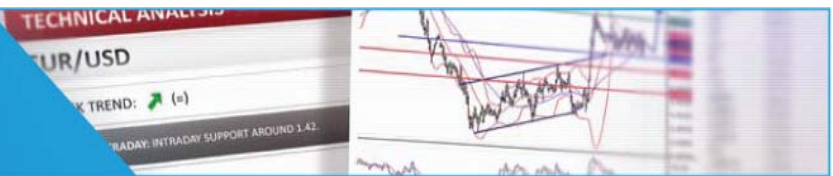
Aud

The Australian Dollar (AUD) closed above the 0.9200 figure as Oil and Gold extended gains. Attention now turns to the RBA announcement with the market fairly evenly split on whether another rate hike is on the cards. AUD/NZD had a bullish day extending gains to 1.31. Overall the AUD/USD traded with a low of 0.9189 and a high of 0.9224 before closing the US session at 0.9210. Looking ahead, RBA rate announcement forecast to rise to 4.25% vs. 4.0% previously.

Gold

Oil & Gold (XAU) pushed above \$1130 resistance as the precious metal slowly grinds higher. Overall trading with a low of USD\$1122 and high of USD\$1133 before ending the New York session at USD\$1130 an ounce. Crude Oil seized upon the improving US economic data to surge to fresh Year highs. WTI Oil Closed +\$1.75 at \$86.62 a barrel

TECHNICAL CHARTS



USDCHF Chart – Weekly



Support Levels		Resistance Levels		Remarks
S2	S1	R1	R2	
1.0400	1.0465	1.0800	1.0950	USDCHF- Initiate buying on dips is recommended.

GLOBAL MARKET DATA

USD/INR			BID	ASK		INDEX	CHANGE	Commodities			
BID	44.44	C/SPOT	44.44	44.45	BSE	17932.00	(3.00)	OIL(Nym 1M)		\$86.58	
ASK	44.45	T/SPOT	44.44	44.45	NSE	5359.00	(8.00)	GOLD \$/Oz		\$1,127.80	
OPEN	44.35	O/N MIBOR	3.56	3.56	NIKKEI	11282.00	(57.00)	SILVER \$/OZ		\$17.99	
HIGH	44.53	1m MIFOR	3.65	3.65	DOW	10974.00	47.00	HangSeng	21537.00	298.00	
LOW	44.35	6M MIFOR	3.7	3.7	NASDAQ	2429.00	27.00	Dollar Index (DI)		81.28	
USD/INR FORWARD PREMIUM											
Month-end					LIBOR						
	Export	%	Import	%		O/N	1M	3M	6M	12M	
Apr/10	0.01	0.24	0.01	0.27	USD	0.21688	0.24788	0.2903	0.4425	0.9146	
May/10	0.19	2.89	0.20	3.04	GBP	0.5381	0.5468	0.6479	0.8765	1.3167	
Jun/10	0.32	3.08	0.33	3.18	EURO	0.2793	0.3662	0.5806	0.89	1.18875	
Jul/10	0.44	3.11	0.45	3.18	YEN	-	0.15313	0.2418	0.44875	0.6775	
Aug/10	0.56	3.17	0.57	3.22	CHF	-	0.085	0.2467	0.4917	0.6383	
Sep/10	0.67	3.10	0.68	3.15	Major Currencies - Against INR			USD/INR -NDF			
Oct/10	0.77	3.10	0.78	3.13	GBP	67.68			Bid	Ask	
Nov/10	0.88	3.05	0.89	3.08	EURO	59.71			Spot	44.42	44.45
Dec/10	0.99	3.03	1.00	3.06	YEN(100)	47.26			1W	44.43	44.48
Jan/11	1.09	3.00	1.10	3.03	AUD	41.09			1M	44.44	44.54
Feb/11	1.20	2.98	1.21	3.01	CAD	44.38			3M	44.56	44.66
Mar/11	1.30	3.00	1.31	3.02	CHF	41.69					
Option Prices (USD/INR)							RESERVE BANK POLICY RATES				
		1MONTH	6MONTH	12MONTH			Repo Rate	5.00%			
At the Money Strike		44.4000	44.4000	44.4000			Reserve Repo Rate	3.50%			
Call		0.4128	1.2545	1.8553			CRR Ratio	5.75%			
Put		0.3053	0.5734	0.6657			SLR Ratio	25.00%			
USD/INR -Currency Future NSE											
TERM	BEST BID		BEST ASK		SPREAD	LTP	Volume	OI			
4/28/2010	247.00	44.4950	2460.00	44.4975	0.0025	44.4975	1440375	416854			
5/27/2010	55.00	44.6150	20.00	44.6175	0.0025	44.6175	18061	52475			
6/28/2010	50.00	44.7325	68.00	44.7425	0.0100	44.7450	3006	11608			
Major Cross Currencies against US Dollar - Spot & Forwards											
Currency	Bid	Ask	1 Month	2 Month	3 Month	6 Month	9 Month	12 Month			
GBP	1.5222	1.5225	1.5222	1.5218	1.5215	1.5206	1.5197	1.5186			
EURO	1.3430	1.3434	1.3434	1.3433	1.3432	1.3426	1.3419	1.3415			
JPY	94.01	94.05	94.04	94.03	94.01	93.96	93.87	93.72			
CHF	1.0658	1.0662	1.0660	1.0658	1.0656	1.0649	1.0641	1.0628			
AUD	0.9241	0.9245	0.9214	0.9186	0.9155	0.9058	0.8961	0.8867			
CAD	1.0012	1.0015	1.0015	1.0015	1.0014	1.0010	0.9998	0.9982			
Interest Rate of Major Currencies					Important Economic Data of the Day						
Currency	Rate	Currency	Rate	IST Time	Currency	Data	Expected				
USD	0.25%	AUD	4.25%								
GBP	0.50%	CAD	0.25%	14:00	EUR	Eurozone Sentix Investor Confidence	Better				
EURO	1.00%	CHF	0.25%	14:00	GBP	PMI Construction Mar	Better				
YEN	0.10%	NZD	2.50%	23:30	USD	FOMC Meeting Minutes	-				

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