

## DOLLAR RUPEE VIEW



The Indian rupee opened strong at Rs 45.52 per dollar levels versus its close of Rs 45.63 yesterday. The dollar strengthened against the Euro and the British pound as credit ratings agencies sounded warnings on Europe, while a Labor Department report showed that US employers are creating more jobs than they are cutting.

The Dow ended up by 0.11% (Dow futures currently down by 0.04%), the NASDAQ was up by 0.36% and the S&P 500 was up by 0.17% yesterday. Asian markets are trading mixed, with Hang Seng up by 0.04%, Japan's Nikkei down by 0.13%, and Nifty is trading up by 0.65% (5135 levels) and it is expected to be range bound (5100-5150) today.

The yield on the 6.35% note due January 2020 fell 4 basis points to give a closing of 7.96% yesterday. RBI governor D Subbarao said while bonds yields have risen, they are still "reasonable". He said, "We'll manage the programme in such a way that yields are within reasonable limits and interest rates don't have a negative impact on the competitiveness of the economy."

The Commodity index futures (CRB index) are down by 0.70% due to dollar strength overseas. Crude oil is trading at 81.47 levels and gold is trading at 1124 levels. Gold rebounded after touching the support of 1108 levels.

*View: - The rupee has been trading strong post the strong release of Budget-2010. The inflows in local market may continue to boost the rupee. However, currently it is trading at the support zone of 45.50 levels which if held can take the rupee back to 45.80-46 levels again. Importers may take covers for the short term around these levels and exporters book near 45.80 levels and above. (USDINR 45.46) INR bullish.*

## 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). Initiate shorts near these levels with tight stoploss of 1.3800 levels. (EURUSD - 1.3612). [Neutral but Oversold.](#)

## Sterling

GBPUSD is currently trading at 1.4970 levels. Immediate resistance comes near 1.5034 levels (21 4hrly Ema). Initiate shorts near these resistance levels with stoploss of 1.5180. (GBPUSD 1.4970). [Neutral.](#)

## Yen

USDJPY is currently trading at 90.02 levels. Downside correction is expected till 89.40 levels. Importers in Yen may look at covers around 90.40 – 91.40. Overall the trend remains strong for yen below 93 levels. (USDJPY- 90.02). [Bullish.](#)

## Aud

AUDUSD is currently trading at 0.9150 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. Buying at dips close to \$1100 levels remains the strategy. (Gold- \$1125). [Rangebound.](#)

## Dollar Index

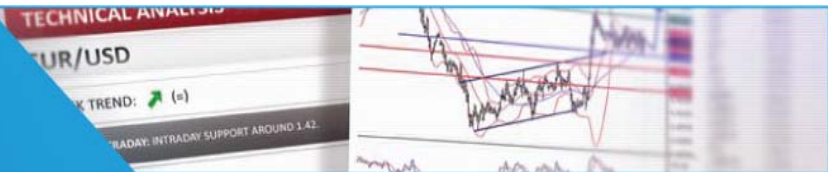
Dollar Index is currently trading at 80.63 levels. Immediate support comes near 79.60 levels (100days Weekly EMA) and strong resistance comes near 81.80 (200 days Weekly EMA). Only and only if dollar index trades above 80 levels then could see further upside. Buying on dips on the index remains the strategy. (Dollar Index – 80.52). [Bullish above 80 levels.](#)

## FUNDAMENTAL COMMENTS

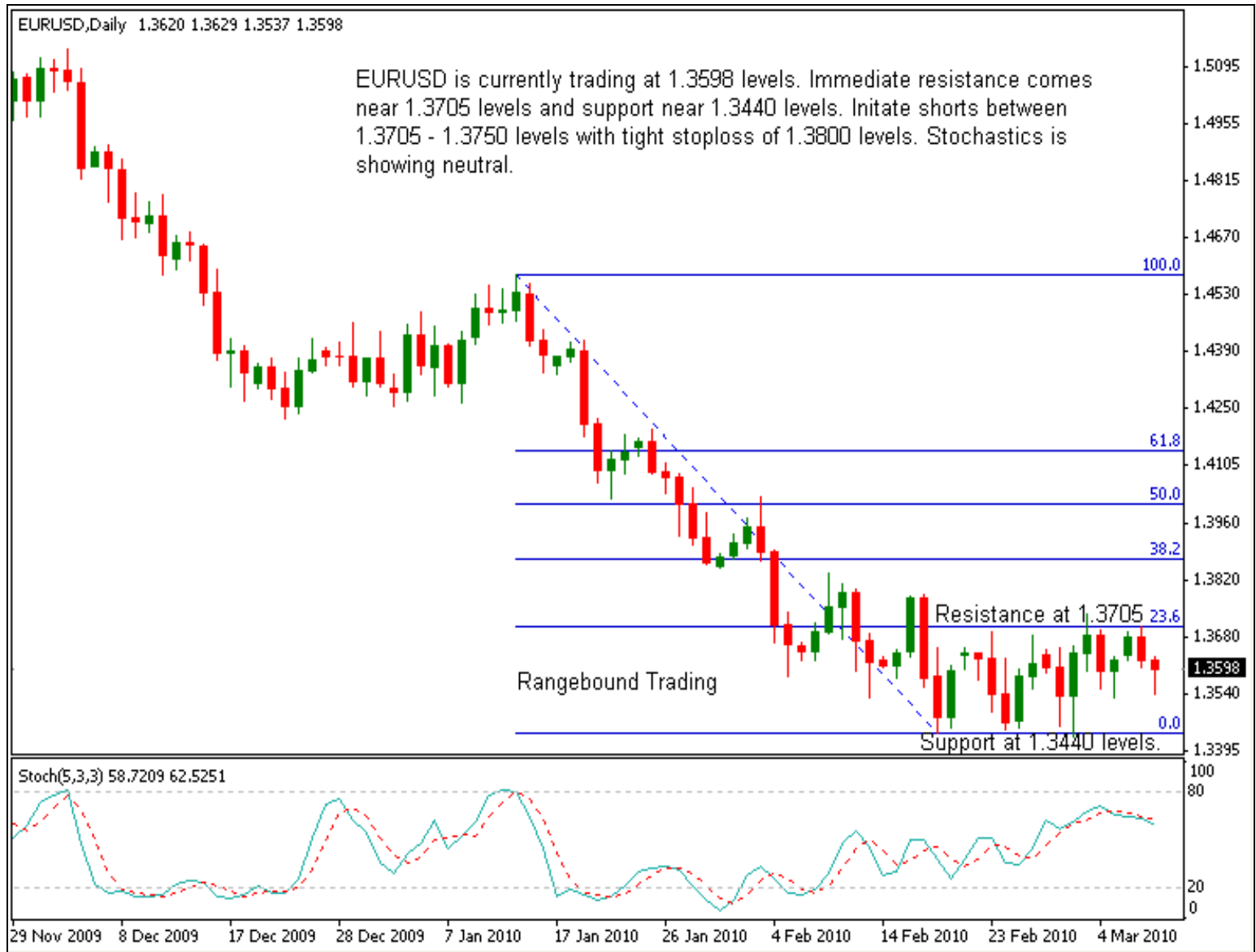


- Euro** The Euro slumped in Europe through the 1.3600 level on heavy EUR/JPY selling but the downside pressure did not last and the single currency finished at the 1.3600 level. EUR/GBP continued to grind higher as the Pound suffered the most of the majors. Overall the EUR/USD traded with a low of 1.3536 and a high of 1.3637 before closing at 1.3600. Looking ahead, January German Trade Balance is forecast at 16bn vs. 16.7bn previously.
- Sterling** The Sterling broke below 1.5000 in Early Europe and remained heavy for the rest of the day as markets continue to take a dim view of the political situation and economic data weakened. January Trade Balance was at -8bn vs. -6.9bn forecast as exports deteriorated. Overall the GBP/USD traded with a low of 1.4934 and a high of 1.5046 before closing the day at 1.4995 in the New York session. Looking ahead, January Industrial Output is forecast at 0.3% vs. 0.5% previously.
- Yen** The Japanese Yen was strong as the major slipped below the key Y90 level in Europe and heavy crosses led by the GBP/JPY made the Yen the best performer of the day. Friday's big sell off in the Yen has nearly been fully retraced and the market is looking for a new catalyst before new direction can be found. Overall the USDJPY traded with a low of 89.62 and a high of 90.33 before closing the day around 89.95 in the New York session. Update January Machine Orders -3.7% vs. -4.1% forecast.
- Aud** The Australian Dollar did well to end in the black as the market reacted to extremely positive jobs data. February Jobs ads increased 20% vs. January. GBP/AUD trade at fresh 25 year lows under 1.64 and EUR/AUD slumped to under 1.4900. Overall the AUD/USD traded with a low of 0.9054 and a high of 0.9165 before closing the US session at 0.9145. Update February Consumer Sentiment 0.2% vs. -2.6% previously.
- Oil & Gold** Oil & Gold was heavy as the market digested news that China was not as bullish on gold as first thought at current levels. \$1111 held well and the market bounced in the US session back above the \$1120. Overall trading with a low of USD\$1108 and high of USD\$1124 before ending the New York session at USD\$1121 an ounce. Crude Oil dipped early and then recovered later in the day as US stocks extended gains. Crude Oil was up -\$0.31 ending the New York session at \$81.20.

## 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

										10-03-2010	
USD/INR			BID	ASK		INDEX	CHANGE	Commodities			
BID	45.44	C/SPOT	45.4365	45.446	BSE	17173.61	121.07	OIL(Nym 1M)	\$81.58		
ASK	45.45	T/SPOT	45.44	45.454	NSE	5134.85	33.35	GOLD \$/Oz	\$1,125.75		
OPEN	45.52	O/N MIBOR	3.3	3.3	NIKKIE	10577.05	(10.60)	SILVER \$/OZ	\$17.42		
HIGH	45.53	1m MIFOR	3.8	3.8	DOW	10564.38	11.86	HangSeng	21215.50	7.95	
LOW	45.40	6M MIFOR	3.37	3.37	NASDAQ	2340.68	8.47	Dollar Index (DI)	80.56		
USD/INR FORWARD PREMIUM											
Month-end					LIBOR						
	Export	%	Import	%		O/N	1M	3M	6M	12M	
Mar-10	0.07	2.71	0.08	3.11	USD	0.2	0.3	0.33	0.55	0.85	
Apr-10	0.20	3.45	0.21	3.62	GBP	0.5031	0.62	0.7	0.95	1.35	
May-10	0.30	2.96	0.31	3.06	EURO	0.33	0.45	0.6	0.9	1.25	
Jun-10	0.41	2.85	0.42	2.92	YEN	-	0.15	0.25	0.4	0.6	
Jul-10	0.51	2.91	0.52	2.96	CHF	-	0.21	0.47	0.6	0.88	
Aug-10	0.62	2.87	0.63	2.92	Major Currencies - Against INR			USD/INR -NDF			
Sep-10	0.72	2.85	0.73	2.89	GBP	68.04		Spot	Bid	Ask	
Oct-10	0.82	2.83	0.83	2.86	EURO	61.81		1W	45.39	45.44	
Nov-10	0.92	2.80	0.93	2.83	YEN(100)	50.48		1M	45.40	45.50	
Dec-10	1.02	2.79	1.03	2.81	AUD	41.65		3M	45.53	45.63	
Jan-11	1.12	2.77	1.13	2.79	CAD	44.26					
Feb-11	1.22	2.75	1.23	2.77	CHF	42.26					
Option Prices (USD/INR)							RESERVE BANK POLICY RATES				
		1MONTH	6MONTH	12MONTH			Repo Rate	4.75%			
At the Money Strike		45.52	45.52	45.52			Reserve Repo Rate	3.25%			
Call		0.4738	1.4487	2.2378			CRR Ratio	5.50%			
Put		0.3591	0.7824	0.9965			SLR Ratio	25.00%			
USD/INR -Currency Future NSE											
TERM	BEST BID		BEST ASK		SPREAD	LTP	Volume	OI			
29-03-2010	511	45.555	3501	45.5575	0.0025	45.5575	127106	444106			
28-04-2010	236	45.6725	50	45.68	0.0075	45.68	8360	245285			
27-05-2010	300	45.765	199	45.7825	0.0175	45.81	260	11109			
Major Cross Currencies against US Dollar -Spot & Forwards											
Currency	Bid	Ask	1 Month	2 Month	3 Month	6 Month	9 Month	12 Month			
GBP	1.4965	1.497	1.4967	1.4963	1.4960	1.4951	1.4942	1.4931			
EURO	1.3597	1.36	1.3600	1.3599	1.3598	1.3592	1.3585	1.3581			
JPY	90.01	90.03	90.02	90.01	89.99	89.94	89.85	89.70			
CHF	1.0752	1.0756	1.0754	1.0752	1.0750	1.0743	1.0735	1.0722			
AUD	0.9155	0.9163	0.9132	0.9104	0.9073	0.8976	0.8879	0.8785			
CAD	1.0265	1.027	1.0270	1.0270	1.0269	1.0265	1.0253	1.0237			
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%	12:30	EUR	German Trade Balance Jan	Better				
GBP	0.50%	CAD	0.25%	15:00	GBP	Industrial Production M/M Jan	Weak				
EURO	1.00%	CHF	0.25%	15:00	GBP	Manufacturing Production M/M Jan	Weak				
YEN	0.10%	NZD	2.50%	21:00	USD	US Crude oil inventories	Better				

Derivatives & Market Advisory Desk: abhishek@indiaforex.in, ritu@indiaforex.in

Trade Finance: nitika@indiaforex.in

Currency / Commodity / Interest Rate Futures Dealing Desk: ramdas@indiaforex.in

Business Enquiries and Partnerships: haresh@indiaforex.in, anurag@indiaforex.in

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