

DOLLAR RUPEE VIEW



The Indian rupee opened slightly weaker at Rs 45.44 per dollar levels versus its close of Rs 45.38 yesterday. The Rupee weakened on the back of the dollar's gains versus major currencies and a choppy start to the local share market.

The Dow ended up by 0.03% (Dow futures currently down by 0.31%), the NASDAQ was up by 0.78% and the S&P 500 was up by 0.45% yesterday. Asian markets are trading mixed, with Hang Seng down by 0.35%, Japan's Nikkei up by 0.49%, and Nifty is trading down by 0.08% (5112 levels) and it is expected to be flat today.

The yield on the 6.35% note due January 2020 eased and is trading at 7.94% after touching a high of 8.04%. January industrial output data due on Friday and February inflation data release on Monday are likely to provide cues on the central bank's April 20 monetary policy review.

The Commodity index futures (CRB index) are down by 0.17%. Gold is overall trading with a low of USD\$1103 and high of USD\$1128 and currently trading at USD\$1108 an ounce. Crude Oil gained on strong inventory numbers touching the highs of 81.91 levels and currently trading at 81.53 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 45.46) Medium term 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). Initiate shorts near these levels with tight stoploss of 1.3765 levels. (EURUSD - 1.3645). [Neutral](#).

Sterling

GBPUSD is currently trading at 1.4970 levels. Immediate resistance comes near 1.5000 levels (21 4hrly Ema) which if broken then could see further upside correction till 1.5224 level (21 days daily EMA). Initiate shorts near 1.5200 levels with stoploss of 1.5280. (GBPUSD 1.4970). [Neutral](#).

Yen

USDJPY is currently trading at 90.38 levels. Downside correction is expected till 89.40 levels. Immediate resistance comes near 90.40 levels, if breaks 90.40 levels then could see further upside till 91.40 levels (200 days daily EMA). Initiate shorts near 91.50 levels. Overall the trend remains strong for yen below 91.80 levels. (USDJPY- 90.02). [Bullish](#).

Aud

AUDUSD is currently trading at 0.9140 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 is currently trading at \$1109 levels and touched bottom of \$1103 yesterday. Immediate support comes near \$1100 levels (100 days daily EMA). Initiate buying near this support level with tight stoploss of \$1090 levels. (Gold- \$1109). ([Rangebound](#)).

Dollar Index

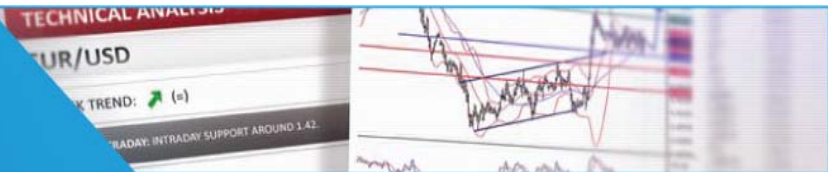
Dollar Index is currently trading at 80.44 levels. Immediate support comes near 79.60 levels (100days Weekly EMA) and strong resistance comes near 81.80 (200 days Weekly EMA). Only and only if dollar index trades above 80 levels then could see further upside. Buying on dips on the index remains the strategy. (Dollar Index – 80.52). [Bullish above 80 levels](#).

FUNDAMENTAL COMMENTS

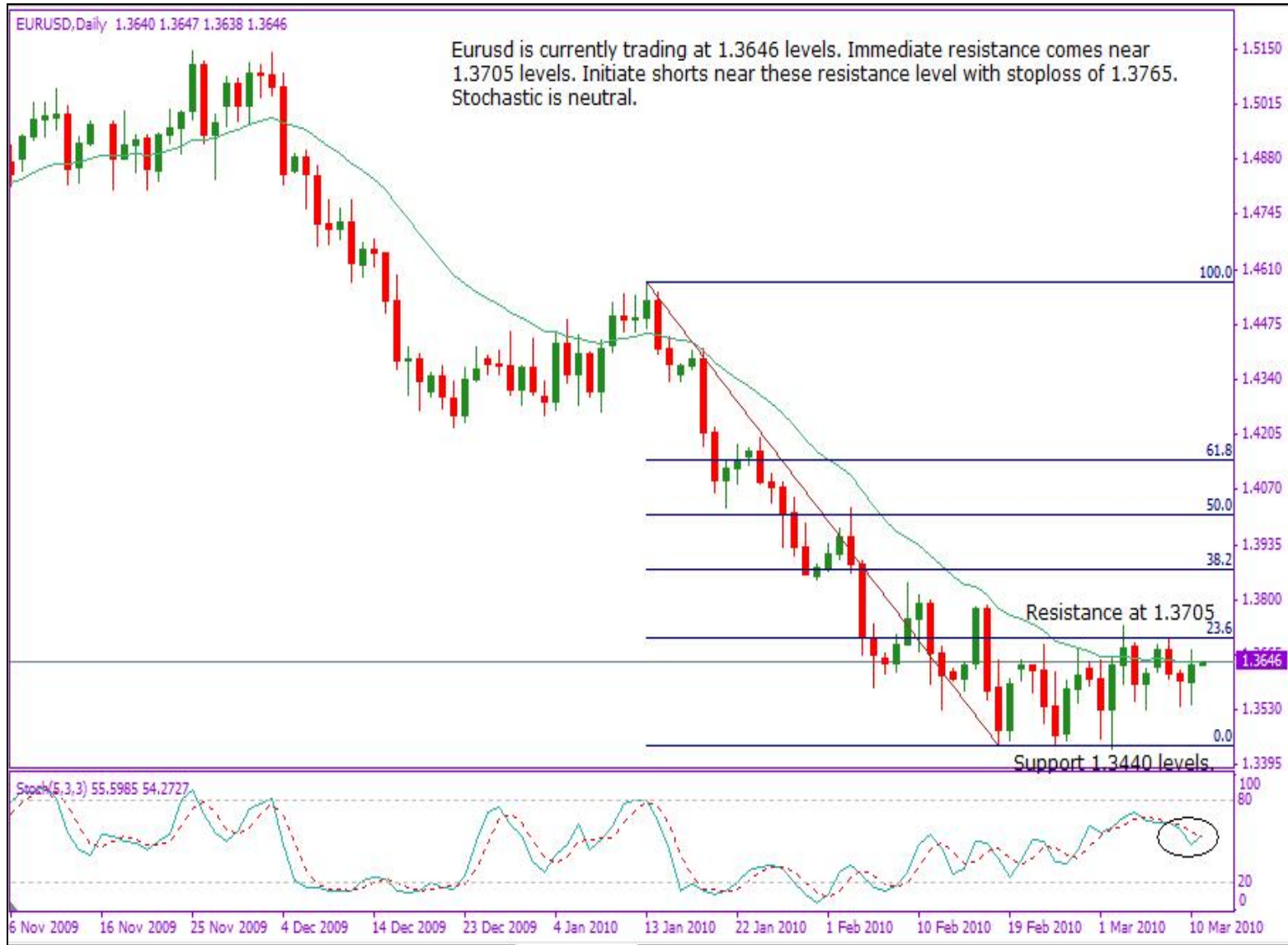


- Euro** The Euro was supported from heavy EUR/JPY buying throughout the day pushing EUR/USD to the mid 1.3650 area. January's German Trade Balance slumped to 8.7 vs. 16.4bn forecast at exports fell heavily even as the Euro weakened. Overall the EUR/USD traded with a low of 1.3543 and a high of 1.3682 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

										11-03-2010	
USD/INR			BID	ASK		INDEX	CHANGE	Commodities			
BID	45.45	C/SPOT	45.4470	45.456	BSE	17100.88	2.55	OIL(Nym 1M)		\$81.57	
ASK	45.46	T/SPOT	45.45	45.46	NSE	5117.25	1.00	GOLD \$/Oz		\$1,109.20	
OPEN	45.44	O/N MIBOR	3.31	3.31	NIKKIE	10611.45	47.53	SILVER \$/OZ		\$16.89	
HIGH	45.48	1m MIFOR	3.99	3.99	DOW	10567.33	2.95	HangSeng	21134.22	74.07	
LOW	45.42	6M MIFOR	3.47	3.47	NASDAQ	2358.95	18.27	Dollar Index (DI)		80.46	
USD/INR FORWARD PREMIUM											
Month-end					LIBOR						
	Export	%	Import	%		O/N	1M	3M	6M	12M	
Mar-10	0.08	3.17	0.09	3.59	USD	0.2	0.3	0.33	0.55	0.85	
Apr-10	0.21	3.75	0.22	3.93	GBP	0.5031	0.62	0.7	0.95	1.35	
May-10	0.32	3.25	0.33	3.35	EURO	0.33	0.45	0.6	0.9	1.25	
Jun-10	0.44	3.09	0.45	3.16	YEN	-	0.15	0.25	0.4	0.6	
Jul-10	0.55	3.14	0.56	3.20	CHF	-	0.26	0.47	0.6	0.81	
Aug-10	0.66	3.10	0.67	3.15	Major Currencies - Against INR			USD/INR -NDF			
Sep-10	0.77	3.07	0.78	3.11	GBP	68.03			Bid	Ask	
Oct-10	0.88	3.04	0.89	3.07	EURO	62.02		Spot	45.44	45.47	
Nov-10	0.98	3.00	0.99	3.03	YEN(100)	50.30		1W	45.44	45.49	
Dec-10	1.09	2.97	1.10	3.00	AUD	41.47		1M	45.45	45.55	
Jan-11	1.19	2.94	1.20	2.97	CAD	44.30		3M	45.57	45.67	
Feb-11	1.29	2.92	1.30	2.94	CHF	42.44					
Option Prices (USD/INR)					RESERVE BANK POLICY RATES						
		1MONTH	6MONTH	12MONTH	Repo Rate		4.75%				
At the Money Strike		45.45	45.45	45.45	Reserve Repo Rate		3.25%				
Call		0.4996	1.4553	2.2486	CRR Ratio		5.50%				
Put		0.3644	0.7578	0.9520	SLR Ratio		25.00%				
USD/INR -Currency Future NSE											
TERM	BEST BID		BEST ASK		SPREAD	LTP	Volume		OI		
29-03-2010	37	45.5425	2377	45.545	0.0025	45.5425	253939		486430		
28-04-2010	100	45.6575	200	45.6625	0.005	45.66	16166		260492		
27-05-2010	200	45.7525	2	45.7575	0.005	45.74	218		12176		
Major Cross Currencies against US Dollar -Spot & Forwards											
Currency	Bid	Ask	1 Month	2 Month	3 Month	6 Month	9 Month	12 Month			
GBP	1.4960	1.4965	1.4962	1.4958	1.4955	1.4946	1.4937	1.4926			
EURO	1.3639	1.3642	1.3642	1.3641	1.3640	1.3634	1.3627	1.3623			
JPY	90.35	90.37	90.36	90.35	90.33	90.28	90.19	90.04			
CHF	1.0707	1.0711	1.0709	1.0707	1.0705	1.0698	1.0690	1.0677			
AUD	0.9127	0.9123	0.9092	0.9064	0.9033	0.8936	0.8839	0.8745			
CAD	1.0258	1.0263	1.0263	1.0263	1.0262	1.0258	1.0246	1.0230			
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%	18:30	CHF	Interest Rate Decision		Neutral			
GBP	0.50%	CAD	0.25%	19:00	CAD	CAD Trade Balance M/M Jan		Better			
EURO	1.00%	CHF	0.25%	19:00	USD	US Trade Balance M/M Jan		Weak			
YEN	0.10%	NZD	2.50%	19:00	USD	US initial Jobless Claims		Better			

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