

THE MARKET THEME

The Indian rupee fell marginally against the US dollar and Japanese Yen on Monday with weakness persisted in the domestic share market. The domestic currency gained against the British pound and traded flat against the Euro. National Stock Exchange's Nifty ended at 4758.30, up 1.05 points or 0.02 per cent. The index hit a low of 4675.40 and high of 4799.05 in yesterday's trade. Bombay Stock Exchange's Sensex closed at 15910.39 down 5.26 points or 0.03 per cent. The 30-share index hit a high of 16061.41 and low of 15651.99.

On the NSE, the February USD/INR contract closed at 46.8575 per dollar compared with 46.8000 Friday. On the MCX-SX, the February contract ended at 46.8500 per dollar. The EURINR contract ended at 64.1600 rupees versus 64.1500 rupees Friday. The GBPINR contract ended at 72.9500 rupees versus Friday's close of 73.3500 rupees and the one-month JPYINR contract closed at 52.3400 rupees with volumes at 1,531.

The Euro was trading near the 8 month low against the US dollar on weak economic data from the Euro zone. Investor confidence in the European Monetary Union fell for the first time in seven months, according to the Sentix investor confidence report which dropped well below expectations to -8.2 in January from -3.7 in December. Market forecasts had called for an improvement to -2.3. The Sentix Investor Confidence release by the Sentix GmbH shows a study of investor confidence towards the Euro-zone economy.

The continuous sell off in the domestic share market taking cues from the global risk aversion is expected to put pressure on the Indian Rupee. While the Euro and the GBP are expected to see pressure on lingering concern of EU public debt. The US dollar and the Japanese Yen however should stay firm till risk aversion continues.

Greek 10-year bond price fell, driving the yield premium higher as investors demand to hold the debt instead of German bunds to the highest this month, as concern deepened that planned strikes will hurt government efforts to cut the deficit. The yield on the Greek bond climbed 11 basis points to 6.73 percent with the spread to bunds widening 10 basis points to 361 basis points. Greece's civil servants union said it may join a strike called for Feb. 24 by an umbrella group for the private sector. The yield on Portuguese 10-year securities rose 3 basis points to 4.75 percent, with the premium to bunds widening 2 basis points to 163 basis points, the highest since March 13. German 10-year yields climbed 1 basis point to 3.13 percent

We are mildly bullish on the USD and the JPY for 10-15 days and maintain a bearish stand on the GBP and the Euro.

Spot FX Quotes- Asia today

Pair	Close	Net Chg	% Chg
USDINR	46.55	-0.27	-0.58
EURINR	63.611	-0.30	-0.47
GBPINR	72.562	-0.46	-0.63
JPYINR	0.5208	0.00	-0.67

Forward Premium/ Discount USD/ INR

Rates	Forward Pre/ Dis	Net Change
1 Month	7.00	-0.25
3 Month	30.25	-0.8
6 Month	58.75	-1.5
1 Year	116.50	-1.5

Major currency pairs Spot

Rates	Closing	% Change
Euro/USD	1.3652	-0.073
GBP/USD	1.5597	-0.230
USD/JPY	89.30	-0.034
USD/CHF	1.073	-0.009

US and European Stock Indices

Index	Closing	% Change
DJIA	9908.39	-1.04
NASDAQ	1734.88	-0.64
FTSE	5092.33	0.62

Asian Trading session Stocks

Index	Trading at	Net Change
SGX Nifty	4760.40	0.00
Hang Sang	2744.47	-14.59
Nikkei	9951.82	-44.17

Indian Overnight Money Market Rates

Rates	Closing	Change
CBLO	3.2577	-0.3503
Repo	3.1500	-0.2127
Call	2.6995	0.5649

Global Benchmark Central Bank Rates

Central Bank	Closing
US Fed	0.25%
ECB	1.00%
BOE	0.50%
BoJ	0.1%

USDINR Feb MCXSX: The pair holds trades in the range of 46.91-46.75 and closed slightly higher. The immediate resistance of 47 will be a crucial level and a break of the same may push rates above 47.3 levels. Support lies at 46.70 and then 46.55 levels.

JPYINR Feb MCXSX: The yen rose further on risk aversion. The pair if holds above the support of 52.30 levels then further gains above 52.50 is likely. The support is seen at 52.25 and then 52 levels. Trades below 52 should guide the market towards 51, 70 levels,

EURINR Feb MCXSX: The pair is expected to find resistance at 64.35 levels and breakout may send rates to 64.50 levels. Support lies at 63.80 level.

GBPINR Feb MCXSX: The pair is getting worse off with trading below the support of 73.00 and sustained trading below the support may push rates lower further. However, mild recovery can be spotted if rates hold above 73.00 and break the resistance of 73.11. We recommend buy only above 73.11

Technical levels

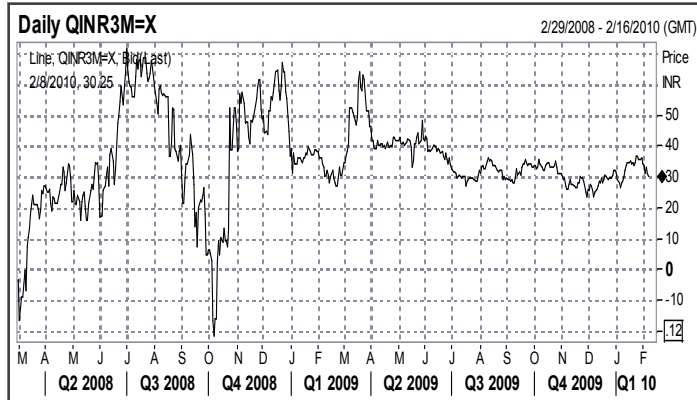
Pairs	S1	S2	R1	R2	View
USDINR Feb MCX SX	46.74	46.60	46.91	47.02	Sell at 46.95-46.98 TP 46.70 SL 47.05
EURINR Feb MCX SX	63.70	63.50	64.30	64.50	-----
GBPINR Feb MCX SX	73.00	72.70	73.11	73.30	Buy above 73.10 TP 73.35 SL 72.98
JPYINR Feb MCX SX	52.00	51.62	52.51	52.85	Sell at 52.45-50 TP 52.10 SL 52.58

ECONOMIC DATA FOR THE DAY

Time	Country	Event	Forecast	Previous
07:00 GMT	Germany	Consumer Price Index (MoM)	180.0K	0.80%
07:00 GMT	Germany	Consumer Price Index (YoY)	180.0K	0.90%
07:00 GMT	Germany	Trade Balance	180.0K	â,-17.4B
09:30 GMT	UK	DCLG House Price Index (YoY)	180.0K	0.60%
09:30 GMT	UK	Goods Trade Balance	-Â£6.6B	-Â£6.8B
09:30 GMT	UK	Total Trade Balance	-Â£6.6B	-Â£2.9B
15:00 GMT	US	Wholesale Inventories	-Â£6.6B	1.50%
23:50 GMT	Japan	Core Machinery Orders (MoM)	-Â£6.6B	-11.30%
23:50 GMT	Japan	Domestic Corporate Goods Price Index (YoY)	-Â£6.6B	-3.90%

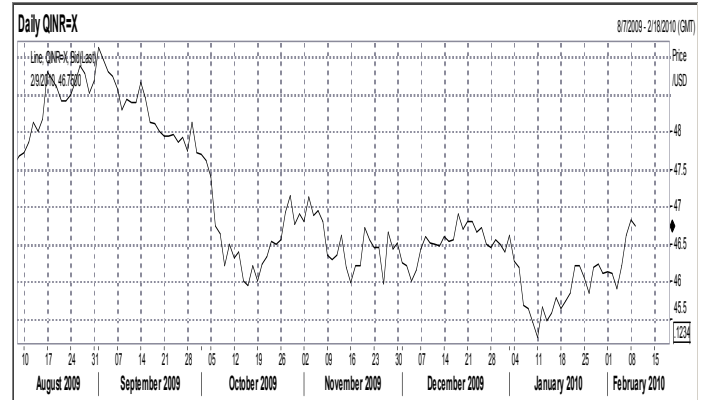
MARKET DATA

USDINR 3M Forward Premium discount

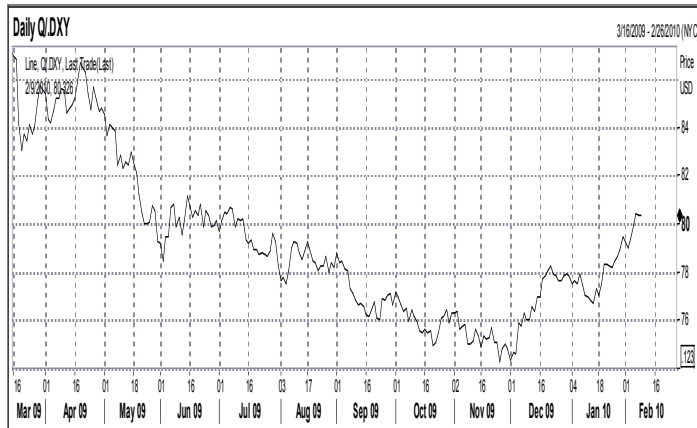


CURRENCY PAIR

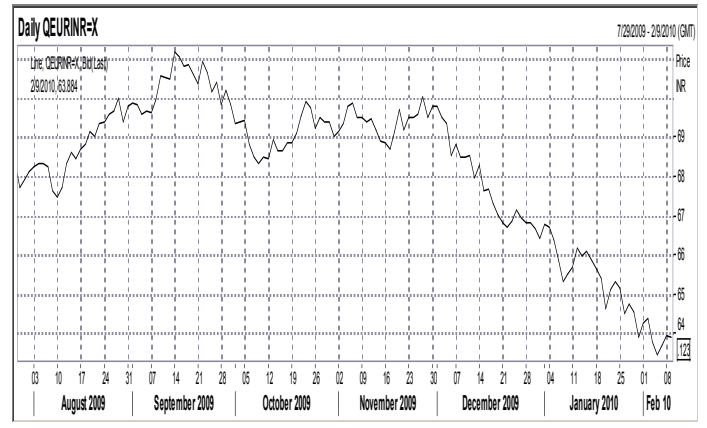
USDINR



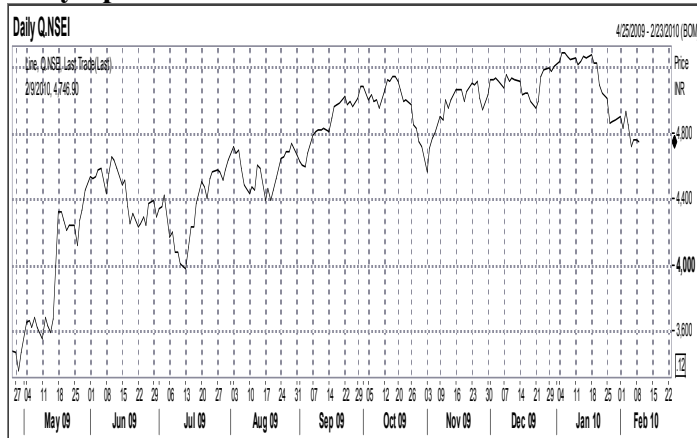
US dollar index



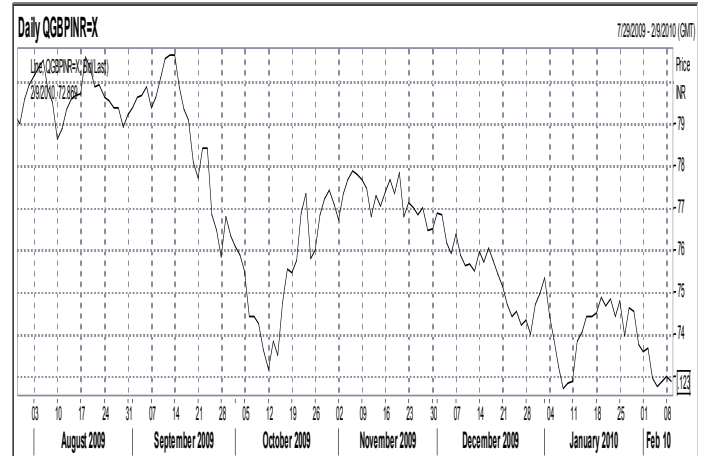
EUROINR



Nifty Spot



GBPINR



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