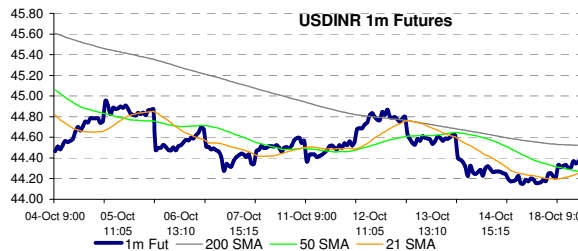
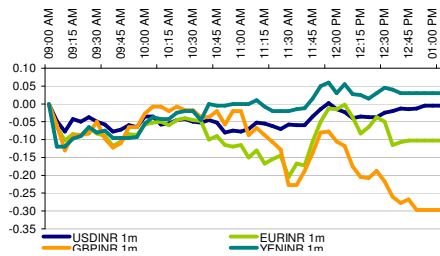


Report Date and Time : 18-Oct-2010 1:20 PM



Market Comments

Dollar was under pressure for most of the week but recovered impressively on Friday; it seems that the market has discounted the effect of QE2 to be announced in the November meeting. The pessimism of Fed reserve and plans that has been laid down for future monetary policy should limit the upside in dollar, unless ECB comes up with additional stimulus package.

USDINR is tightly trading within 10-paisa range in a down ward channel. Strong medium term support is at 43.97 (this month low). The pair has broken the resistance of 21 2-Hourly EMA at 44.26, which can cause an up move till 44.36 (21 4-Hourly EMA).

Dollar Story Against Majors										
Currency	Trend		Expected Range	Spot	Support			Resistance		
	Short Term	Medium Term			S3	S2	S1	R1	R2	R3
EURUSD	Down	Neutral	1.3750-1.4100	1.3879	1.3685	1.3765	1.3824	1.3920	1.3972	1.4030
GBPUSD	Down	Neutral	1.5920-1.6160	1.5873	1.5700	1.5764	1.5855	1.5917	1.5960	1.6065
USDJPY	Up	Down	80.00-81.90	81.21	80.20	80.60	80.89	81.50	81.80	82.20
USDCHF	Up	Down	0.9450-0.9750	0.9618	0.9484	0.9524	0.9576	0.9550	0.9580	0.9630

EURUSD: A bearish trend in the pair has started as it slipped by almost 300 pips from Friday's high and is presently trading at 1.3880 (below the rising trend line). As long as the pair stays below the same a move towards 1.3580 (38.2% retracement from 1.2643 to 1.4159) is probable in medium term.

GBPUSD: Cable retreated by 100 pips in Asian session and is currently trading below short term moving averages. Immediate support is at 1.5855 (100 4-hourly EMA), a break of which could push the pair further down towards next support of 1.5764 (200 4-hourly EMA).

USDJPY: USDJPY is trading below falling trend line and 21 4-Hourly EMA of 81.48. 4-Hourly stochastic is indicating a fall, which can take the pair towards 15-year low of 80.89. On the other hand, a break of this trend line could trigger further upside till 82.00 mark.

DX: The dollar index opened with a gap of 40 pips on upside at 77.36 and simultaneously breached the downward channel, which indicates a further room on the up side till 78.27 (21 Daily EMA).

USDINR Futures	
Spot:	44.29
Near Month Future:	44.38
Trend	Down
Support	44.10
Resistance	44.26
Trading Call	
For Expiry:	28/10/10
Entry Level:	44.33
Buy / Sell:	BUY
Take Profit:	44.48
Stop Loss:	44.20

EURINR Futures	
Spot:	61.47
Near Month Future:	61.50
Trend	Neutral
Support	61.10
Resistance	61.70
Trading Call	
For Expiry:	
Entry Level:	
Buy / Sell:	
Take Profit:	
Stop Loss:	

Futures, Forwards & NDF*				
	1m Price	2m Price	Volume	OI
USDINR				
Forward	44.3938	44.6825	-	-
Futures	44.3800	44.6500	1,370,870	829,893
NDF	44.5900	44.7700	-	-
EURINR				
Forward	61.6065	61.9883	-	-
Futures	61.5125	61.9000	24,973	17,448
GBPINR				
Forward	70.4554	70.8981	-	-
Futures	70.4100	70.8000	5,433	5,066
JPYINR				
Forward	54.68	55.05	-	-
Futures	54.65	54.90	1,273	8,363

* - All Futures Prices are MCX-SX / NSE Avg & Volumes, OI is MCX-SX / NSE Total For Previous Day. NDF adjusted to Futures expiry date.

Trading Notes : USDINR intraday trade call no 2 is presently in the money.

Disclaimer : Currency trading carries a high level of risk, and may not be suitable for all currency market participants. Before engaging in a currency trading relationship in any form, you must evaluate your investment objectives, risk appetite, experience level and be aware of all the risks associated with trading currencies including conditions and requirements put forward by your broker such as margin money. You may very well lose some or all of your capital invested and therefore make sure that you apply your understanding and discretion. Any advice, opinions, trading signals, prices, research and other communication (written, electronic or oral) with Mecklai / FRR are provided as-is. Neither Mecklai / FRR nor its affiliates will accept any liability whatsoever, which may arise directly or indirectly from use or reliance on such information.