

DXY tumbled to a low of 76.25 and is struggling to find support even after its 5th consecutive weekly fall as US Dollar approaches parity level with respect to currency like Australian dollar and Canadian Dollar and is trading near its all time low versus Japanese Yen after the confirmation given by the Fed about more quantitative easing measures such as purchase of long-term Treasury bonds to revive the economy. It has already trading at an all time low against CHF.

As discussed in the previous FOMC minutes, policymakers discussed strategies to boost inflation expectations, which would help the economy to revive. In the first three session of the week there was no major data lined up, but later weaker trade balance & unemployment data led to slight US Dollar strength on the back of increase in risk aversion. Still, the overall bias in medium terms remains USD bearish.

Fed Chairman Bernanke's speech & few of the important economic data scheduled in today's session would helps to decide the further trend of the market.

In the upcoming week, DXY is expected to hold immediate support of rising trend line at around 75.80. All major stochastic are extremely oversold, which indicates that corrective up move till the 21 daily EMA at 78.30 cannot be ruled out.

**USDINR (44.10)**

**Exp. Weekly Range: 43.50- 45.30**

Rupee remained highly volatile as it traded within 79-paisa during the week but managed to maintain its appreciation momentum. USDINR completely ignored the movement in domestic equity market that plunged sharply from a 33-month high of 20,854 by almost 700 points (down by 3.5%).

Rupee appreciation was highly influenced by Fed's announcement about additional asset purchases to stimulate the economy as investors moved towards high yielding riskier markets. Most of Asian emerging markets have quickly adopted measures to stem the inflow of cheap money from developed nations. RBI has refrained from taking such measures till date but it seems to be a matter of time before they take some serious action. The US dollar weakness and FII flows into the market has helped to push the Rupee 1.7% higher to close at 44.10. If the significant inflows persists it would enforce RBI to intervene in the market more aggressively as indicated by the RBI Governor.

India's industrial production growth rose 5.6% vs 15.2%, which was much slower than expected; this might prevent the central bank from tightening the monetary further despite higher inflation. India's WPI Monthly YoY rose to 8.62% from 8.51% in the preceding month. Food Inflation, Primary articles and Fuel, Power and light printed slightly higher.

Any opening in USDINR below the 44.00 mark on Monday, would pave a way for further downside till 43.80. On the other hand, an up move should be restricted to the 21 2-Hourly EMA at 44.26.

## EURINR (61.98)

**Exp. Weekly Range: 61.00 –63.00**

Euro climbed by almost 350 pips to touch a high of 1.4122 especially due to comments by ECB member Weber that security purchases should be phased out permanently.

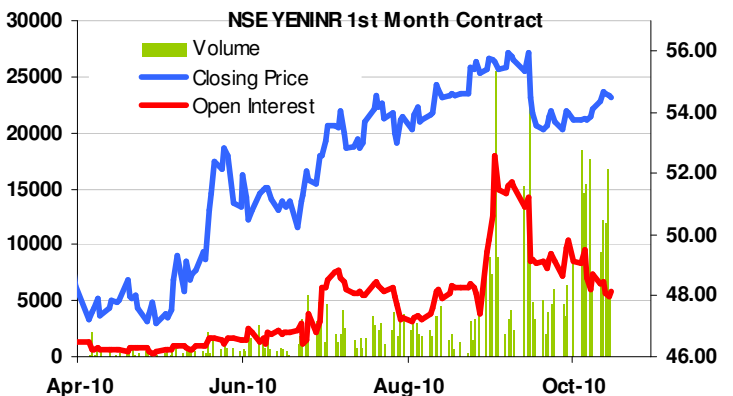
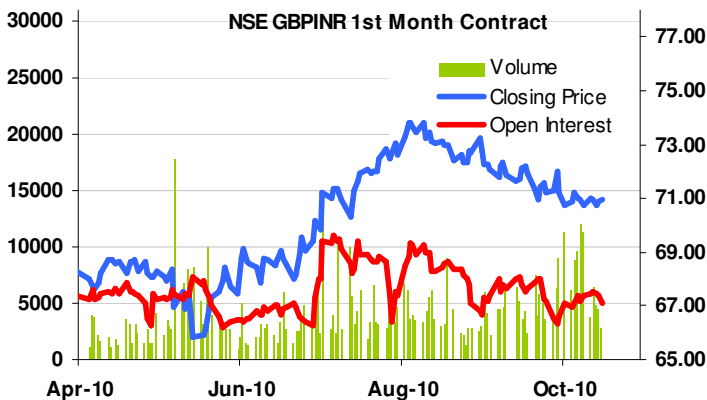
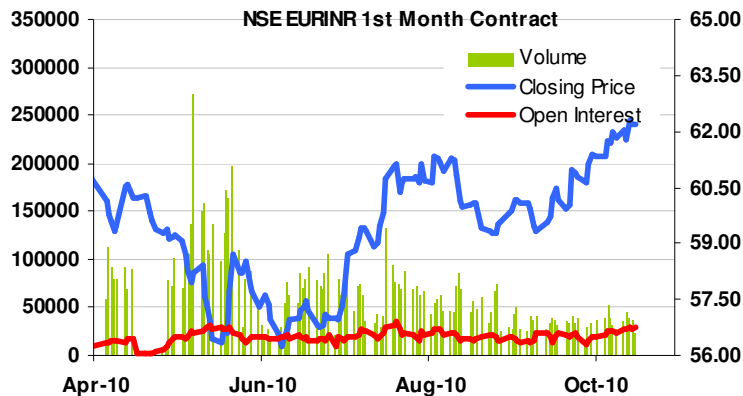
Apart from this, euro surged because of better than expected industrial production data. Data to be released next week like ZEW sentiments & German IFO will be crucial to decide the further trend of the market.

Technically, in the coming week Euro is expected to face resistance at 1.4220 (Horizontal line). Daily stochastic indicate selling, which may take the pair close to the 21 Daily EMA at 1.3740.

EURINR surged further to touch a high of 62.64, but unable to sustain at that level & fell back to 62.02, before closing at 62.09. As long as it is trading below 62.50 (100 weekly EMA), bias remain towards down side for the target of 21 daily EMA at 61.20.

*(This week, 1 trade call was suggested in USDINR that has been exited with take profit.)*

### Appendix Cross Currency Pairs



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