

Monday, September 24, 2012

Dollar

Currency	Trend		Exp.Range	Support			Spot	Resistance		
	Weekly	Fortnightly		S3	S2	S1		R1	R2	R3
DXY Index	Neutral	Up	78.50 - 80.50	78.30	78.50	79.00	79.52	79.65	79.90	80.20

- The dollar finally managed to bounce this past week and continued its momentum today as riskier assets declined boosting demand for the go-to haven currencies on the heel of sour mood over differences between EU leaders on the banking union.
- On global front, much movement haven't seen on Friday considering lack of fundamentals and few jitters coming from Spain which is on the verge of asking bailout plan as well as political and geopolitical concerns around the globe. Nevertheless, Investors don't only have to take into account the same concerns rather also focus need to shift towards on the fundamentals.
- A number of Fed speakers in the last couple of days suggested that the Central Bank is in much control of current tools being announced in case if things go out of hand until the US economy starts to recover. Later on Friday, Atlanta President Dennis Lockhart too supported the easing of monetary policy warrant to generate employment and boost economic growth.
- Asian equity markets opened the week on renewed concern about a potential hard landing for the Chinese economy. In the FX markets, commodity currencies were initially the weakest currencies against the greenback before coming off the lows while majors continue to stay under pressure.
- A lacklustre day not only from US but across the regions on calendar front, which advocates that risk trends will continue to guide the greenback's destiny while over the course of this week market participants will be focused on the incoming U.S data pulse in the context of QE3 for further answer.

DXV: DXY index is trading higher in Asian session from last weeks close to currently linger at 79.52. For the complete reversal of trend we must witness index clawing back further above previous week high of 79.66 and then towards cluster resistance of 80.00 mark. However, if the price couldn't do so in coming sessions another downtrend becomes probable to test another fresh multi month lows which could be below 78.00 mark. Today, if the index stays below 79.66 levels, a fall back towards 79.35 is most likely. Overall a range bound is expected for the course of the day.

Rupee

Currency	Trend		Exp.Range	Support			Spot	Resistance		
	Weekly	Fortnightly		S3	S2	S1		R1	R2	R3
USDINR	Neutral	Down	53.20-53.50	52.88	53.00	53.20	53.26	53.40	53.55	53.70

- Rupee after opening unchanged at 53.43 touched 53.0550 earlier, the strongest level since May 10, adding to last week's 1.6 percent gain. The rupee is Asia's best-performing currency this quarter after strengthening 4.5 percent. It lost 8.6 percent in the three months through June.
- Currency surged 1.7% on Sept. 21 after finance ministry said tax on interest paid by local companies to lenders abroad has been cut to 5% from 20%.
- Prime Minister Manmohan Singh vowed to unveil more policy changes to spur growth, saying new rules on foreign investment will restore confidence in economy.
- The dollar is likely to face stiff selling pressure against the rupee in the coming session but month-end dollar demand by oil companies will cap the greenback's fall.

USD/INR: USD/INR after opening at unchanged levels made a very quick and a brief dip to 53.04 and quickly surged back and is trading in a steady range of 53.20 and 53.30, the next major support for the pair comes in at 52.80 and break of that pivotal support will call for broad based rupee strength in the near term. Upticks up to 53.65 on account of month end demand cannot be ruled hence exporters are recommended to cap that opportunity.

Euro

Currency	Trend		Exp.Range	Support			Spot	Resistance		
	Weekly	Fortnightly		S3	S2	S1		R1	R2	R3
EURUSD	Down	Up	1.2850-1.3050	1.2850	1.2870	1.2900	1.2959	1.2990	1.3020	1.3050

- Euro started its week on a softer note where the pair initiated its session at 1.2967 and extended its fall till 1.2927 and if the price continue to stay around the same range, will indicate a range bound movement for the course of the day.
- Last week market witnessed some 'Risk on' sentiments on the news that Spain was moving closer to requesting a sovereign bailout, however Germany's Finance Minister Wolfgang Schaeuble, said recently that Spain did not need a sovereign bailout on top of a rescue package which is already arranged for the Banking sector because Spain is closer to regain its confidence in financial markets.
- Market is waiting for some developments in Spain and further movement in the pair is dependent on the outcome of the meet. During the day Germany will release data on its business climate, a leading indicator of the country's economic health.

EURUSD: Some risk off is seen today. The oscillating rally in the pair on Friday was dampened very quickly by the might of deadlock between France and Germany over EU banking union. It looks now that the move to the 1.3480 areas is postponed as of now. It looks the pair will have a quick fall to the 1.2835 areas before trying to rally afresh. Intraday upticks to the 1.2995 /3005 areas should see selling interest with interim resistance at 1.2960 areas holding firm. Supports are at 1.2900 and 1.2865.

Sterling

Currency	Trend		Exp.Range	Support			Spot	Resistance		
	Weekly	Fortnightly		S3	S2	S1		R1	R2	R3
GBPUSD	Down	Neutral	1.6150-1.6330	1.6110	1.6175	1.6200	1.6216	1.6250	1.6280	1.6338

- The Sterling ended the week on the positive note after breaching the level of 1.6300. The pair posted the fresh 13-month high of 1.6309 after public sector net borrowing data outperformed the market expectations. However, the pair was unable to sustain its gain and ended the week at 1.6228.
- Official data released showed that U.K. public sector net borrowing rose to GBP12.4 billion in August, below the expected increase to GBP13.3 billion, following a reading of minus GBP1.9 billion the previous month. Report also showed that net debt to GDP ratio surged to 66.1% in August.
- Moreover, Prime Minister David Cameron said that austerity will remain till 2020 to eliminate deficit by 2017 as the lingering effects of the debt crisis continue to weigh on the British economy.
- However, the rally could not sustain for long and the pair retreated from the high after prospects for Spain's bailout were denied by German's Finance Minister. Looking ahead, there are no data releases scheduled for release today from UK. As such, the pair is likely to take cues from the data release from its European counterpart.

GBPUSD – In daily chart, the candlestick pattern of Inverted hammer is being formed while a Doji candle has been formed in the weekly charts. Both these candlestick pattern are hinting at trend reversal in the pair, though this has to be confirmed with the following candles. Moreover, the upside rally seems to be saturated with indecision amongst investors regarding the trend. Based on this, the intra-day bias in the pair remains on the downside with possible target seen at 1.6181 (100-day EMA).

Yen

Currency	Trend		Exp.Range	Support			Spot	Resistance		
	Weekly	Fortnightly		S3	S2	S1		R1	R2	R3
USDJPY	Down	Neutral	77.50-78.80	77.50	77.80	78.00	78.06	78.30	78.50	78.80

- BoJ increased the asset purchase program by two fold. The uncollateralized overnight call rate was kept unchanged at around 0 to 0.1%. The asset purchase program was raised by JPY 10 trillion i.e. \$127 billion this was done very much in line with Fed and ECB.
- The central bank stated that all the steps taken are with a view to ensure that Japanese economy resumes sustainable growth and price stability. Looking ahead the Territorial

tensions between China and Japan along with Global economic slowdown would dampen the pace of recovery of Yen.

- S&P lowered the GDP forecast for Japan to 2%.

USD/JPY: The pair was unable to break its strong resistance of 78.40 levels (Upside of Bollinger band in 8H chart) and is currently trading at 78.06 levels. Intraday bias remains on the downside which has also been favored by daily stochastic. The pair is expected to take support at 77.50 levels (Lower line of the Bollinger band).

Australian Dollar

Currency	Trend		Exp.Range	Support			Spot	Resistance		
	Weekly	Fortnightly		S3	S2	S1		R1	R2	R3
AUD	Neutral	Neutral	1.0450 – 1.0520	1.0275	1.0345	1.0396	1.0420	1.0496	1.0545	1.0625

- Commodity currencies remained under pressure this morning as confusion prevailed in Europe and disagreement amongst interested parties caused the debt situation to look magnified, strengthening the dollar in trade amongst most other currencies. The AUD is currently trading at 1.0420 levels down 0.43% this morning.
- For the past few years the export of Iron ore from Australia caused the Aussie to appreciate but the softening of iron prices with subdued demand from China has reversed the trend and the currency has been a bit under pressure since then.
- There is very little in terms of economic data especially in the early part of the week. The RBA financial stability review is due tomorrow and Assist Gov. DeBelle will address a talk as well.

AUD/USD: The pair has retrenched its gains for the previous week to currently trades at 1.0420 levels. The first levels of support would be visible at 1.0396 levels (50% retracement of the rise from 1.0167 to 1.0624 in daily). On the upside the pair would be capped at 1.0496 and a clear breach of the 1.0500 mark would help it surge towards the recent days high of 1.0624 levels.

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