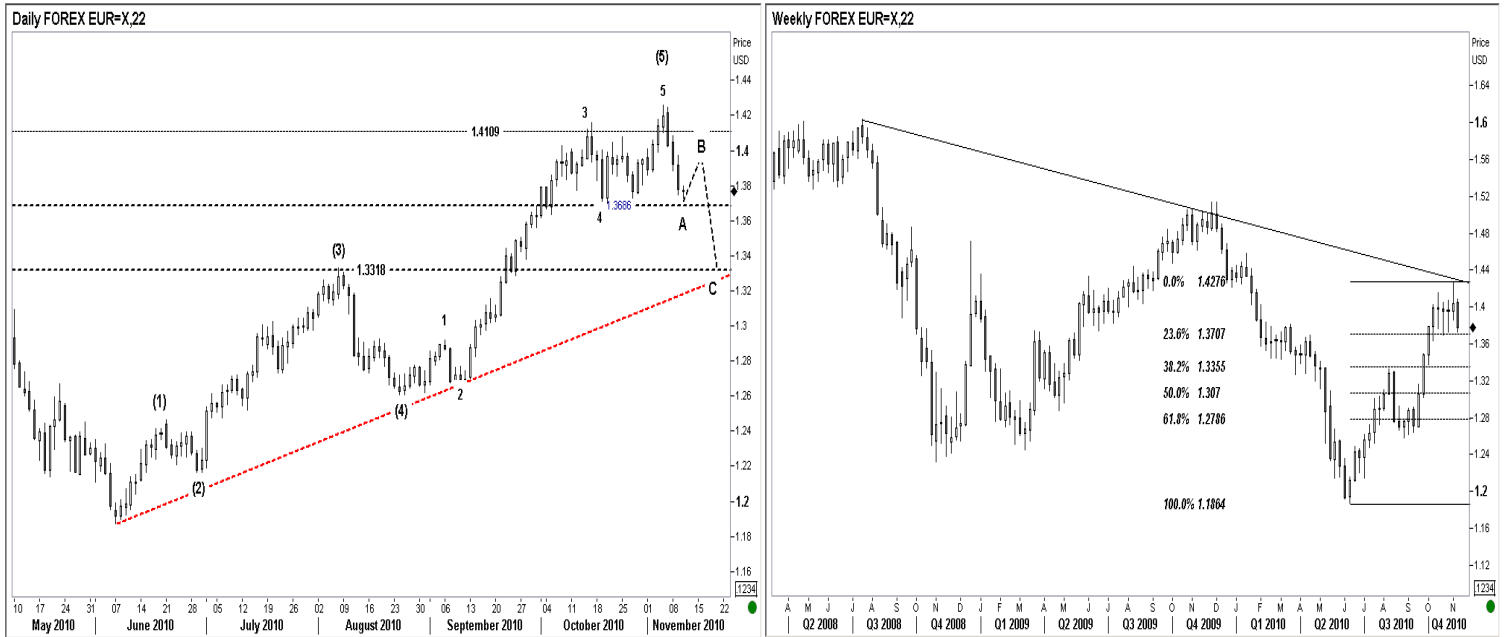


The rally of the EURUSD which started from the 1.18 level has halted at the resistance mark of 1.43. The market is now turning lower posting a high of 1.4282 and currently trading above the 1.38 mark.



As per wave counting the 5th wave at 1.4282 (rally from 1.18) or the intermediate bull has ended and trading at the ABC corrective trend of the intermediate cycle.

Breakup of the Intermediate Trend

- 1.1874 to 1.2467- 1st Impulse Wave
- 1.2148 to 1.3308- 3rd Impulse Wave
- 1.2584 to 1.4282- 5th Impulse Wave
- 1.2467 to 1.2148 – 2nd Corrective Wave
- 1.3308 to 1.2584- 4th Corrective waves

Breakup of the Minor trend (Started in the 5th Wave of the intermediate trend)

- 1.2584 - 1.2919- 1st impulse
- 1.2641-1.4159 – 3rd Impulse
- 1.3692 to 1.4282-5th Impulse
- 1.2919 to 1.2641- 2 corrective
- 1.4159-1.3692- 4 corrective

The market seems trading in the A-B-C structure and presently is at the “A” wave of the corrective trend.

The market is expected to be under pressure with immediate support at 1.3696 (20th Oct, 2010 low and also 23.6% retracement of the intermediate rally) and break below the same may push rates lower towards the support pegged at 1.3334 (top of August 06, 2010)

The 1.3340 is the critical support for the market and break and close below will suggest further decline to 1.30 mark. The 1.3340 is the trend line support and it is almost the 38.2% retracement of the intermediate rally.

On the higher side 1.4110-1.4150 will mark as resistance for the correction.

As per our analysis the EURUSD should decline towards 1.33 marks in the short term.

Implication to the USDINR: The USDINR generally gains tracking the EURUSD decline. While the Indian rupee has domestic fundamental which has been dominant from past few weeks will keep major gains in check. We see recovery towards 44.80-45.00 on decline in the EURUSD to 1.3300. The downside is seen limited at 44.20-44.30 in the short term

USDINR Nov trading Strategy: Buy the future contract at 44.20-44.10 targeting 44.80-45.00 with stop loss below 43.80

Implication to the EURINR: The EURINR cross is derived from EURUSD and USDINR move. When the EURUSD declines to 1.33 and the USDINR reaches at 45.00 the EURINR should come down towards 59.85. In a conservative view, we expect the EURINR to test 60.20-60.30 mark.

Trading Strategy: EURINR Nov: Sell 50% at 61.55-61.60 and remaining 50% at 61.80-61.90 targeting 60.00. Preferred stop loss at 62.30.

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