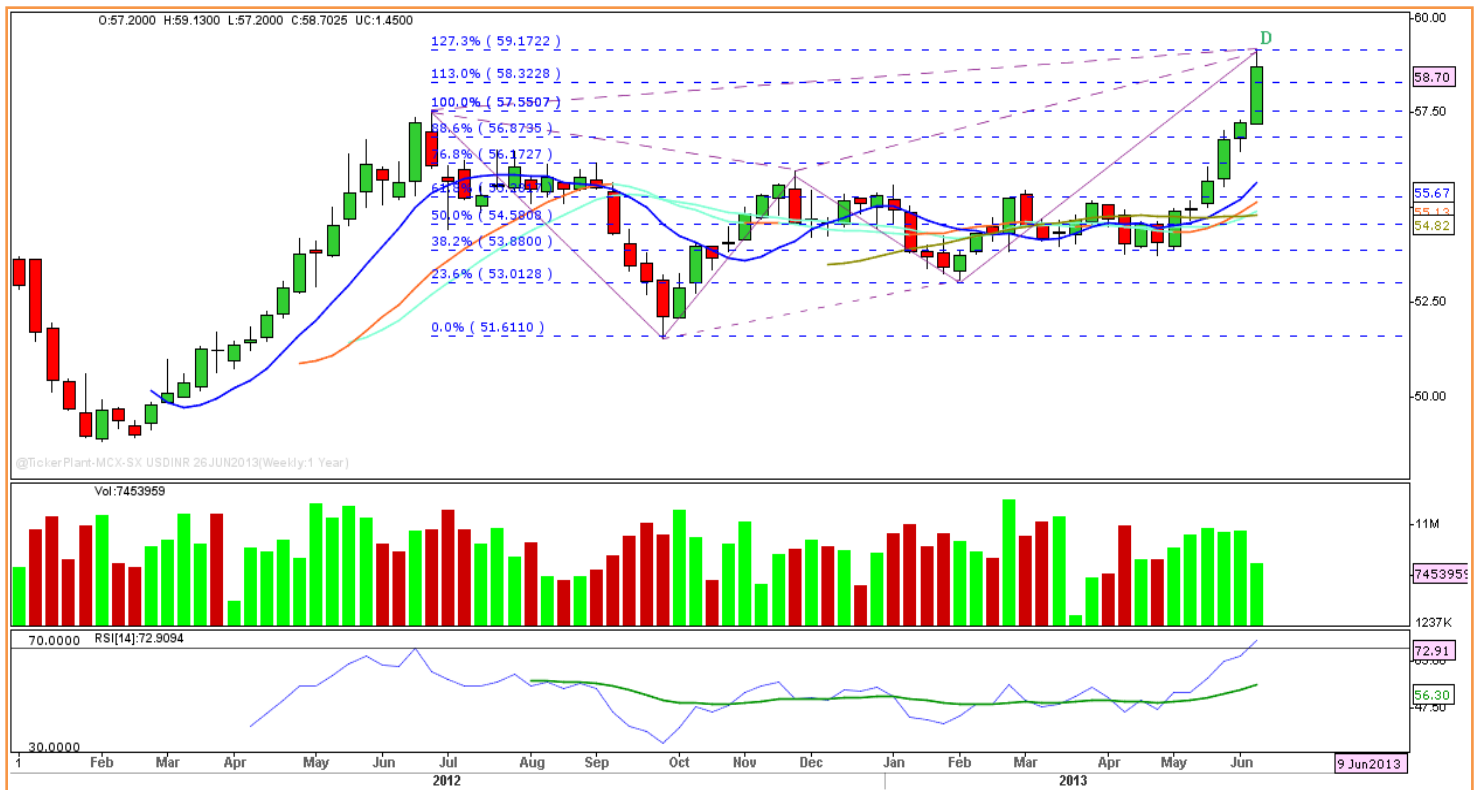




USDINR at D point as per the Harmonic Butterfly Pattern



As expected, USDINR enjoyed an extreme bullish rally, and made a **NEW RECORD HIGH of 59.13**. Now according to the Bearish Butterfly pattern on weekly chart a completion of **D point** at 127% is signaling for the significant trend reversal.

The swing from A to D is stand at 127% or 59.25 level, only beyond this level may suggest a potential strong bullish continuation up to the next level of 60.15. Or else, correction is being expected from the D point.

Distribution of volume on the daily chart also decreased. RSI 14 is at 72.32 overbought zones.

**Trading Strategy:** Short position is recommended in USDINR June future with stop loss above 59.30 for the first target of 57.40 then 56.90. In case the price able to moves in upside from the resistance and moves beyond its 59.30 on the closing basis level then trading in upper range is the may be possible for the 60.15 level.



**A Note on H1 2013 Forecast** - As per the forecast in our January 2013 Value plus Addition, USDINR Future slipped downside and made a low of 53.08 levels (04/02/2013). On the basis of our findings target for H1 2013 was that of 52.80 levels and the Spot USDINR hit 52.88 levels (06/02/2013) on downside, very much near to our projected target of January 2013 for H1 2013.

### USDINR Quarterly Chart



**Current Technical Overview (June 5, 2013) – Pennant Pattern Formation (Quarterly Chart)** – On the above quarterly chart USDINR has given breakout at 55.40 after a three quarter of consolidation with the formation of a **Pennant Pattern**. This pattern generally has a bullish breakout bias, especially as it occurs during the course of a strong and steep uptrend and this has been in place on USDINR chart for the past seven months. Breakout in pennant pattern will result in a bullish rally towards just 58.50 levels in weeks to come. Also, **along with above pattern**, USDINR is found forming a **Bullish Rising Three Method Continuation Candlestick pattern**. It is ideally a five candle pattern in which second, third, and fourth candles are opposite in color of the first candle. It is also suggesting for 57.50/58.50 levels for USDINR in coming weeks.



### Contracting Symmetrical Patterns

Over the weekly chart of spot USDINR prices hovered between the *Contracting Symmetrical Patterns* since



24.06.2012 to 05/04/2013 and after more than one year it gave the bullish breaks out above 54.80 levels. For coming trading weeks 57.35 levels, the swing of life time high, will act a strong resistance levels and sustained trading above it will result in sharp rally. Height of the triangle from high point (57.32) to low point (50.50) is 6.82 and we are expecting that the pair will break all time high of 57.35 levels and ***may move towards 61.00 levels in H2 2013***. However, weekly MACD is trading above the zero line at 0.41 and RSI indicators not giving any clear direction over here.

### Harmonic Pattern – Butterfly





On the above weekly chart, USD-INR was found forming Butterfly Pattern also. Which is may be valid as on the chart, 0.786 retracement of XA (From the high of 17/06/2012 high 57.32, to low point at 51.35 of 30/09/2012) at B point (25/11/2012). Now the bullish rally from the low of C Point at 52.88, low of 03/02/2013 towards 127% retracement will be the projected D point (59 levels projected Target)

### Important events later in the Month –

The India economic data and events are likely to start from the **12<sup>th</sup> June** with Index of Industrial Production for April, in the previous month it stand positive at 2.50%. WPI Inflation **on 14<sup>th</sup> June** will determine the trend for the dollar as well as may provide hint for a coming RBI policy. In the month of May WPI was 4.89%. **On 17<sup>th</sup> June** Mid-quarter review of Monetary Policy for 2013-14 is due. It is to be watched that whether RBI keep a lid on prices or promote growth. Unfortunately for RBI, these 2 goals appear to be mutually exclusive when it comes to using interest rates as the means. In the end of the May month RBI governor commented that the central bank is concerned about the country's wide current-account deficit (CAD) and inflation rate is still high, indicated that the RBI would shackle to cut rates. Elsewhere, at the end of the month, Balance of Payments for Jan-Mar 2012-13 and Government finances for May on 28<sup>th</sup> June is to stand to dictate the trend for the dollar.

On global front, US Dollar maintained its strength against major currencies supported by speculations that US Federal Reserve would start trimming their monetary measures by this summer. FOMC member and San Francisco Fed President John Williams commented that considering improvements in economic growth and gains in the job market, Fed could begin reducing its \$85 billion monthly monetary easing “as early as this summer”.

### Outlook and Recommendation –

All above the factors is providing bullish sentiment in to the dollar in the coming weeks. We could see a potential buying with a rally from 57.10 to 58.50 or even above up-to 60 levels. Support can be found below around 54.15 and resistance at 57.10, above it being the ultimate target to 57.35/58.00. Monthly Pivot is stand at 55.85. We recommend going long in the dollar around 56.00-55.90 targeting 57.50/58.50 with Stop loss 54.70.



## Data and Events from India later in the Month

Date	Time	Economic Indicators	Period	Forecast	Previous
Jun 10-13	Tentative	Foreign Merchandise Trade			
		Exports (y/y chg)	May	--	1.68%
		Imports (y/y chg)	May	--	10.96%
Jun 10-13	Tentative	Automobile output (y/y chg)	May	--	-2.81%
		Automobile domestic sales(y/y chg)May	--	-	-0.34%
		Automobile exports (y/y chg)	May	--	-9.14%
12-Jun	11:00 AM	IIP (y/y chg)	Apr	-	2.50%
12-Jun	Tentative	CPI inflation (Base 2010=100)			
		Rural	May	--	9.16%
		Urban	May	--	9.73%
		Combined (rural+ urban)	May	--	9.39%
14-Jun	11:00 AM	WPI inflation (y/y chg)	May	-	4.89%
17-Jun	11:AM	Mid-quarter review of Monetary Policy for 2013-14			
20-Jun	Tentative	CPI inflation			
		Agricultural laborers	May	--	12.32%
		Rural laborers	May	--	12.15%
28-Jun	Tentative	Balance of Payment	Jan-Mar		
		Current Account (Net \$ bln)	--		-32.6
		Capital Account (Net \$ bln)	--		nil
		Financial Account (Net \$ bln)	--		31.1
28-Jun	Tentative	Government Finances	Apr-May	--	17.30%
		Fiscal deficit (pct of Budget estimate)			
28-Jun	Tentative	CPI inflation			
		Industrial Workers	May	--	10.24%

Impact - High Medium Low



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Arihant is Forbes Asia's '200 Best under a \$Billion' Company  
'Best Emerging Commodities Broker' awarded by UTV Bloomberg

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