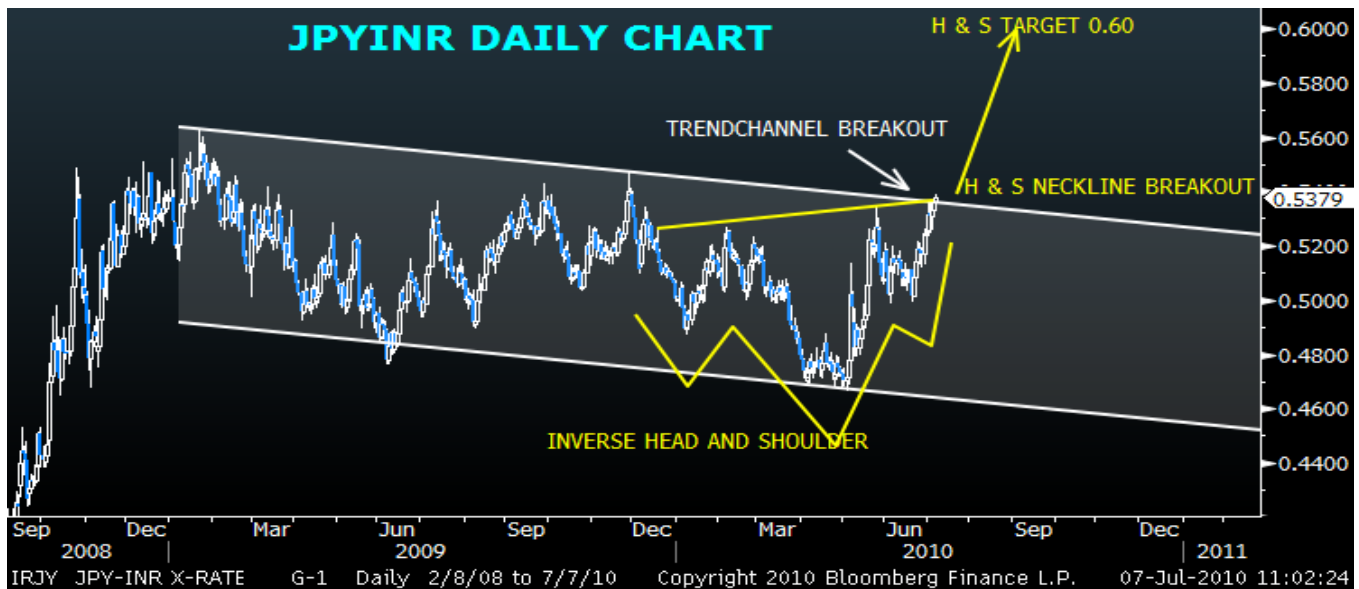




07, July 2010

TECHNICAL BUY: JPYINR AT CMP 0.54, SL 0.50, TGT 0.60



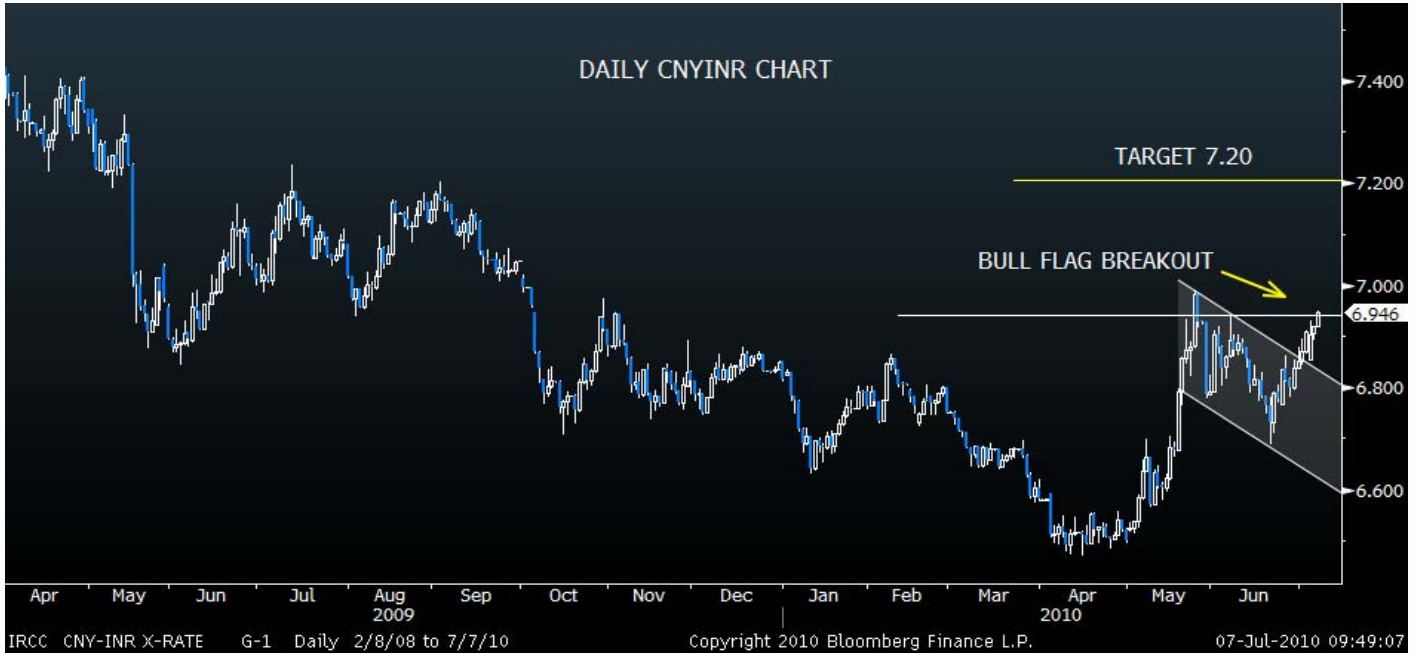
In the above daily chart of JPYINR, we can see technical breakout of two prominent chart pattern resulting into short-term bullish trend in the pair.

Firstly, an inverse head and shoulders pattern is formed predicting a trend reversal. It is formed when prices reach a trough, then rally, then form a lower trough, then rally, then form a higher trough near the same level as the first trough, then rally above the neckline (formed by the line joining the two intervening peaks). The head tips out at 0.4683 and the neckline are at 0.5386. A close on the daily charts above 0.54 is necessary to complete the signal and would open up a re-challenge of 0.60 (100% retrace of neckline to top of head).

Secondly, breakout occurs above the resistance line at 0.5386 of the downtrend channel after a large consolidation between early Jan 2009 to June 2010.

TECHNICAL BUY: CNYINR AT CMP 6.94, TGT 7.26, SL 6.77.

"BULL" FLAG FORMATION IN CNYINR



The daily chart of CNYINR reveals a well define bullish flag formation, which represents the digestion period of May-June is ready for a breakout. For starters, bullish flag or bull flag is a bullish trend continuation chart pattern indicating the continuation of an existing bullish trend after a small pause. A unique characteristic of the bull flag is that volume tends to decline as the flag forms but the breakouts are noticeable with considerable rise in trading volume. With that said, the set-up will be triggered and confirmed if and only if prices breakout above the flag's upper border on expanding volume. That, if and when it happens, could trigger a massive short-covering rally, which has the potential propel prices directly into the important sentiment 7.200 level. Support is at the higher border of channel, currently around 6.80. A close below that level will raise the odds for a test of key support at 6.50.

In summary, there is a distinct possibility that a bull flag formation is currently setting up in the CNYINR currency. And we should know for sure over the next couple of days as to whether this bullish setup will be confirmed and triggered or not

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