

Currency Market Economy

CURRENCY MARKET

Asian stock fell once again as the worsening global economy brought down the commodity prices. Toyota motors slashed down their profits forecast. Toyota fell 12%, the most since 1987, after predicting smaller profits in nine years. The expectation is that world economy would weaken. Global financing costs fell, driven by cuts in borrowing costs. The major economies cutting down the rates. Europe, U.K, U.S have cut down the rates in last two weeks. Yesterday Bank of England cut down its interest rates by 1.5% and this cut down showed effect in the currency market the GBPUSD showed up rally while this news came in the market, and along with it we saw a bull candle in gold for few minutes but again the currency and gold came down.

GBPUSD Chart



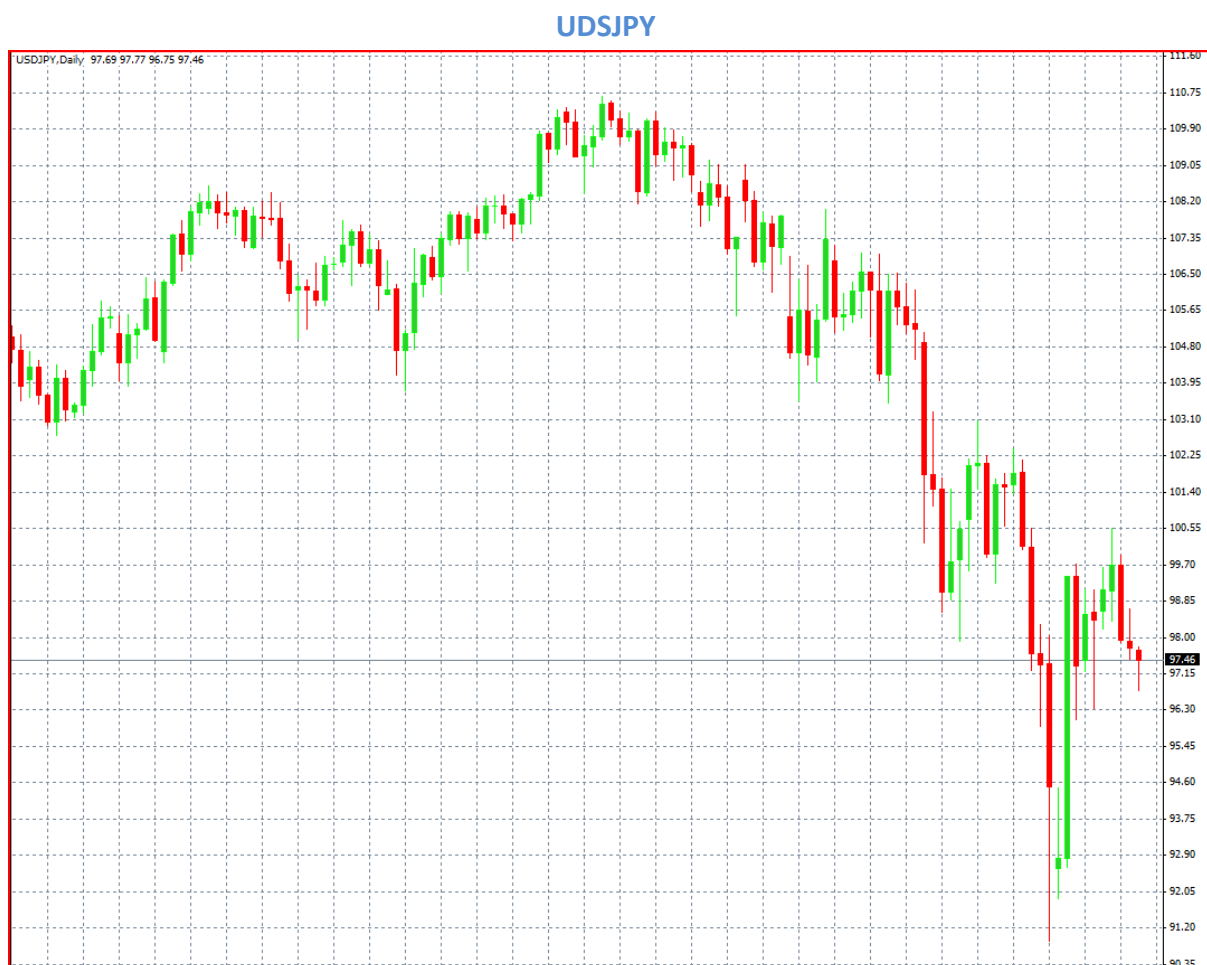
Against the pound, dollar declined to \$1.5683 from \$1.5627.

The bank of Korea reduced its interest rate for the third time in four weeks. The bank reduced the key rate by 25 basis points to 4 percent, the lowest since 2006, adding to 100 basis points of cuts in October. Contraction in the economy of US, Japan and Euro is expected next year and this may be a call for further cut in interest rates. And also it is expected that Korea may cut the borrowing cost today. South Korea's Economy slowdown is deepening day by days the exports are becoming weak.

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Exports seem to be the engine of the economy and the exports have reduced as in month of October the shipment to china fell since 2002.

It is expected that major advanced countries will be in recession in 2009. Global growth will be 2.2 percent next year, down from 3.7 percent this year. China's growth will measure 8.5 percent next year, weaker than the 9.3 percent forecast a month ago. Next year, Britain's economy may shrink 1.3 percent as the global credit squeeze deepens.



Yesterday yen appreciated against dollar. It got opened at 97.92 touched the level of 98.66 it was the highest level for yesterday and made a low of 97.49 and closed at 97.74. yen is the currency which is getting strong against dollar. Dollar fell for third day against yen. The yen may rise to as high as 80 per dollar. Japan will benefit from a strong yen because it will hold down prices for raw materials.

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EURO USD



Euro opened yesterday with level of 1.2954, and made a high of 1.2955 and low of 1.2680 and closed at 1.2712 against previous close of 1.2952.

World Economies

The growth rate of Indian economies is going to e down in year 2009. For the advanced economies, a negative growth of 0.3 per cent and 5.1 per cent for the emerging and low-income countries is expected in such world crises. The US job claims was expected to be 4, 77,000 and actual is 4.81,000. Because of the sharp worsening of credit conditions to emerging countries and lower exports demand is pulling the economy in down trend. The global growth in volume of trade in goods and services would slide from 7.2 per cent to 4.6 per cent in 2008 and dip to 2.1 per cent next year. The UK will be the worst hit on account of the global crisis and may witness contraction of its economy by 1.3 per cent in 2009. In addition, the advanced countries which will witness negative growth in 2009 include the US, Germany, France, Italy, Spain and Japan. The fundamentals of US seem to be poor and will take US towards contraction, the major thing is the exports are declining and is hitting the economy. U.S. economy battered by falling corporate profits and the highest unemployment in

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five years. Non-manufacturing index, which covers almost 90 percent of the world's largest economy, probably dropped to 47 from 50.2 in September.

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