Anagram
Decisive Thinking Pays

CURRENCY CORNER

18th June 2009

CURRENCY COMMENT

INTRADAY NSE JUNE USDINR

PERSPECTIVE

Recap: Wednesday, Indian rupee dropped to one-month low, one of the biggest drop in two month that flushed almost 2 percent this month. Indian rupee weakened after Indian stock market fell almost 2.9 percent and breached the crucial supports of the benchmark. This fretted foreign investors to book their profits for a while until there seemed signs of stabilizing. The fall in the Sensex was the fourth biggest drop in this year. Further on International FX side, Dollar index jumped off its lows and returned back to the day's high of 80.87 after Euro was pulled down below $1.39 by pound which extended its weakness for the second consecutive. At spot market, offshore players rushed to buy dollars above 48 level as intense sell-off in all riskier assets worried traders to accumulate funds for their margin call requirements. **View:** There exist a mixed trend in Asian markets, Nikkie is heavily down while China and korea have turned in green followed by Hang Seng. On FX side, Euro is regaining strength against dollar amid pull back above 1.39 support the pair. Today, USDINR (june) contract is expected to open higher at 48.32. For now key resistance is seen at 48.42 and 48.50, while downside support seen at 48 and 47.88. Watch for India's WPI today, forecasted down to 1.52% against the rise of 0.13% a week earlier.

CURRENCY METER

FACTOR DESCRIPTION	EFFECT ON RUPEE
Fundamentals: The partially convertible rupee ended at 48.13/14 per dollar after hitting 48.16, which was its lowest since May 18, and about 0.8 percent weaker than Tuesday's close of 47.75/76. One-month offshore non-deliverable forward contracts were quoting at 48.22/48.32.	Negative
RBI Measures: Wednesday, RBI sold 60 billion rupees of treasury bills for which cut-off price were kept steady from previous auction price. June 18, It will buy back bonds worth 60 billion rupees ($1.3 billion). June 19 it will auction 150 billion rupees ($3.2 billion) of government bonds of which 50 billion rupees were of 6.49 percent 2015 bonds, 50 billion rupees of 6.35 percent 2020 bonds, 30 billion rupees of a new 15-year bond, and 20 billion rupees of 7.50 percent 2034 bonds. On June 23, the government would auction 10-year loans worth 59.5 billion rupees for 10 states. Banks parked 1.27 billion rupees with the central bank in its reverse repo auction.	Positive
Money Markets: Yields on short tenor bonds ended lower while long tenor bonds faced selling pressure fuelled by large outflows by banks. The yield on the 6.07 percent bond maturing in 2014 ended at 6.61 percent after rising as high as 6.70 percent, compared with the previous close of 6.67 percent. While the benchmark 10-year bond yield closed up at 6.89 percent from the previous day's 6.88 percent. The one-day money ended at 3.20/30 percent, steady from its previous close of 3.25/30. Volume in the call money market reported down to 120.83 billion rupees but surge in CBLO to 748.99 billion rupees.	Negative
Equity Markets: Indian shares fell 2.9 percent on Wednesday to their lowest close in three weeks, as doubts about the health of the global economy dampened sentiment worldwide and sparked profit-taking on an 86 percent rally since early March. BSE Sensex ended down 2.91 percent, or 435.07 points, at 14,522.84, its lowest close since May 22.	Negative
Top Events: U.S. consumer prices rose just 0.1 percent in May despite higher gasoline costs, and had the biggest decline over the past 12 months since 1950. Further, U.S. current account deficit shrank in the first quarter to $101.5 billion, the lowest since the fourth quarter of 2001.	Negative

CURRENCY MOVEMENT

	OPEN	HIGH	LOW	Close	CHG	Open Int	CHG	Volume	CHG
INR Future (JUN)	48.0450	48.0450	47.7500	47.8200	0.05	232222	-13917	602596	-98684
INR Spot	47.7300	47.9375	47.7125	47.7450	0.00				
1 Month Forward	48.0000	48.1800	47.7600	47.9600	0.04				
12 Month Forward	49.1250	49.3000	48.7300	49.0600	-0.01				

FII INVESTMENT IN EQUITY

(RS CRORE)	GROSS PURC.	GROSS SALE	NET FLOW
16-Jun	2579	2792	-213

RBI FIXING RATES

CURRENCY	EURO	POUND	100 YEN
Rupee	66.1992	78.3684	49.5904

OTHER MARKETS

POINTS	CLOSE	CHANGE
Sensex	14957.91	82.39
Nifty	4517.8	33.80
Dow Jones	8504.67	-107.46
Crude Oil ($/B)	70.47	-0.05
Gold ($/Oz)	932.2	2.80

ECONOMIC INDICATORS

COUNTRY	INFLATION	INT RATE	GDP	IND. PR.
India	0.13	4.75	5.80	1.40
U.S.	-0.70	0.25	-5.70	-1.10
Europe	2.20	1.00	-4.10	-12.30
China	-7.60	5.31	6.10	8.90
Japan	-0.10	0.10	-14.20	-30.70

INDIAN DATA WATCH

DATE	DAY	LOCAL/GMT	EVENT	PERIOD	PREVIOUS	FORECAST
18-June-09	Thursday	1200/0630	Inflation	6-Jun	0.13 pct	--
19-June-09	Friday	1700/1130	Forex reserves	12-Jun	$261.22 bln	--
19-June-09	Friday	1700/1130	M3 money supply	5-Jun	20.5 pct	--
19-June-09	Friday	1700/1130	Bank credit	5-Jun	15.9 pct	--

INTRADAY CALLS COVERED

DATE	RECO	RECO. PRICE	COVERING PRICE	GAIN/ LOSS	LOT SIZE	MRGN %	MRGN MONEY	PER CNTRCT	ROI (%)	TARGET ACHVD
USDINR (JUN)	Long	47.9	47.97	0.07	1000	4%	1916	70	3.65%	Achieved
USDINR (JUN)	Short	47.975	47.905	0.07	1000	4%	1919	70	3.65%	Achieved
USDINR (JUN)	Long	47.93	48	0.07	1000	4%	1917	70	3.65%	Achieved
USDINR (JUN)	Long	47.98	48.07	0.09	1000	4%	1919	90	4.69%	Achieved
USDINR (JUN)	Short	48.11	48.14	-0.03	1000	4%	1924	-30	-1.56%	SL Trgd
USDINR (JUN)	Short	48.08	48.11	-0.03	1000	4%	1923	-30	-1.56%	SL Trgd

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