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Decisive Thinking Pays

CURRENCY CORNER

19th June 2009

CURRENCY COMMENT

INTRADAY NSE JUNE USDINR

PERSPECTIVE

Recap: Thursday, The Indian rupee sank for the second consecutive trading session to fresh one month low of 48.32 as risk appetite waned from riskier assets and stock markets lost steam at home and abroad. Melt down in Asian peers caution foreign investors to book profit pressuring rupee to turn negative. While, dollar in overseas market traded subdued subject to indecisive moves both ways against major currencies. At spot market, Importers bought dollars above 48 just few days ahead of month-end to settle their payables amid perceiving for further weakness in rupee. One-year forward premium fell to 1.11 from an intra-day high of 1.16, hit in the early session against the previous day's close of 1.14.

View: Asian shares have been dragged down from its highs, after they opened in positive territory. While, dollar index is hover around NY close of 80.61 to 80.64. Asian currencies traded subdued on lack of directional view from stock market. At home, USDINR (jun) contract is likely to open higher at 47.36. So, we advise long traders can book partial profits at around those levels. Key resistance is seen at 48.42 and 48.56, while immediate support is at 48.15 and 48.00. We expect the pair to consolidate in the range of 48.42 to 48.10 but cues from stock movement would add momentum to the trade**.**

CURRENCY METER

FACTOR DESCRIPTION	EFFECT ON RUPEE
Fundamentals: India's WPI fell 1.61 percent from a year earlier in the week ended June 6, after a 0.13 percent increase a week earlier. The partially convertible rupee closed at 48.21/22 per dollar, 0.2 percent weaker than its previous close of 48.13/14. It fell as low as 48.32 during trade, its weakest since May 18.	Negative
RBI Measures: 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. The Reserve Bank of India absorbed 1.31 trillion rupees on Thursday through its daily reverse repo auction.	Negative
Money Markets: Better-than-expected prices at a buyback auction eased the federal bond yields on Thursday just a day ahead of bond auction worth 150 billion rupees. The yield on the benchmark 10-year bond ended at 6.91 percent, above its previous close of 6.89 percent. The overnight cash rate ended at 3.20/30 percent, unmoved from its previous close. Volume in the call money market was 134.53 billion rupees and in CBLO it was 715.50 billion rupees. The weighted average rate in the call money market was 3.26 percent and in CBLO, it was 1.98 percent.	Positive
Equity Markets: Global equity melt down pulled Indian shares lower for the second straight session, led by infrasturucture and cement stocks. BSE Sensex lost 1.8%, or 257.31 points, to close at 14265.53 after trading between 14188.25 and 14,630.73 in the session.	Negative
Top Events: U.K. industrial output declined for the 12th consecutive month in June as export orders slumped to their weakest level for more than a decade. Swiss National bank seems satisfied that currency volatility was diminishing, but will remain alert. Former PBOC Governor Dai Xianglong said that there was room for China to increase its US Treasuries investment if the USD remained stable. World Bank: raised China 2009 GDP forecast from 6.5% to 7.2%. It noted that further fiscal stimulus was unnecessary. However, any rapid broad-based recovery was unlikely.	Negative

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CURRENCY MOVEMENT

	OPEN	HIGH	LOW	Close	CHG	Open Int	CHG	Volume	CHG
INR Future (JUN)	48.0125	48.3400	47.9025	48.2775	NA	220613	NA	728881	NA
INR Spot	48.0200	48.3250	48.0150	48.2150	NA				
1 Month Forward	48.1200	48.4850	47.9650	48.4000	NA				
12 Month Forward	49.1950	49.7500	49.0300	49.6500	NA				

FII INVESTMENT IN EQUITY

(RS CRORE)	GROSS PURC.	GROSS SALE	NET FLOW
18-Jun	2168	2395	-227

RBI FIXING RATES

CURRENCY	EURO	POUND	100 YEN
Rupee	67.0344	78.6728	49.8874

OTHER MARKETS

POINTS	CLOSE	CHANGE
Sensex	14265.53	-257.31
Nifty	4251.4	-104.75
Dow Jones	8555.6	58.42
Crude Oil ($/B)	71.37	0.06
Gold ($/Oz)	934.6	-0.20

ECONOMIC INDICATORS

COUNTRY	INFLATION	INT RATE	GDP	IND. PR.
India	-1.61	4.75	5.80	1.40
U.S.	-1.30	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	48.10	48.22	0.12	1000	4%	1924	120	6.24%	Achieved
USDINR (JUN)	Short	48.27	48.30	-0.03	1000	4%	1931	-30	-1.55%	SL Trgd
USDINR (JUN)	Long	48.31	48.27	-0.04	1000	4%	1932	-40	-2.07%	SL Trgd
USDINR (JUN)	Long	48.28	48.28	0.00	1000	4%	1931	0	0.00%	Cost

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CURRENCY TEAM

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