Anagram
Decisive Thinking Pays

Currency Corner

25th June 2009

CURRENCY COMMENT

30 MIN NSE JUNE USDINR

PERSPECTIVE

Recap: The Indian rupee was pulled back from its early gains to end slightly weaker on Wednesday as a rise in the stock market a day ahead of expiry was discounted by importers buying dollars to pay month-end bills and a fall in the euro. However, initially the dollar remained under pressure against most other majors till the European bourses have started as the market hunkers down for the results of the U.S. Federal Open Market Committee meeting later in the day. Forward markets too remain subdued on unclear clues. However one-year premium moved in a tight range of 1.08-1.10 the entire day.

View: Asian share markets were on the rise Thursday with Japan`s Nikkei 225 up 1.0%, Australia`s S&P/ASX 200 up 0.4% and Korea`s Kospi Composite up 0.7%. On FX bousers, in the wake of Fed statement, euro was pushed back in NY, however seems to be recovering a little up in Asia, currently trading at $1.3961 from $1.3901 in New York and an overnight low of $1.3888. However dollar is up against yen at Y96.10, from Y95.68. At home, We expect Indian rupee to open higher and then rebound from its low, if dollar attains its strength and surpasses yesterday's crucial resistance of 80.75 vs six major currencies. USDINR (jun) contract is likely to open around 48.46. Key support is seen at 48.40, decisive break of it could open move deeper to 48.30. While upside resistance is seen at 48.62 and 48.78.

CURRENCY METER

FACTOR DESCRIPTION	EFFECT ON RUPEE
Fundamentals: India's textile industry had been worst hit by declining demand from key markets like the United States and Europe, as well as a firming rupee. Therefore India has decided to spend 11 billion rupees annually till 2012 to provide subsidies to textile mills upgrading their technology, the textiles minister said on Wednesday. The partially convertible rupee ended at 48.56/57 per dollar, off an early high of 48.3825, and a shade weaker than a close of 48.53/55 on Tuesday, when it had fallen during trade to 48.90, its lowest since May 15.	Medium-term Positive
RBI Measures: **June 26**, India will auction 150 billion rupees ($3.1 billion) of bonds. The bonds includes 60 billion rupees of 6.07 percent, 2014 bonds and 40 billion rupees of 7.94 percent, 2021 bonds and 30 billion rupees of 8.24 percent, 2027 bonds and 20 billion rupees of 7.4 percent, 2035. Banks parked 1.18 trillion rupees with the central bank on Wednesday, showing the current level of liquidity surplus.	Positive
Money Markets: Indian federal bond yields fell on Wednesday ahead of the Federal Reserve's policy decision, helped by a drop in oil prices, but traders remained wary of the government increasing its borrowing needs in next month's budget. The yield on the most traded 6.05 percent 2014 bond ended at 6.54 percent, below Tuesday's closing of 6.61 percent. The yield on the benchmark 10-year bond was at 6.99 percent, below its previous close of 7.01 percent. The overnight cash rate closed at 3.25/30 percent, unmoved from previous close. Volume in the call money market was 112.50 billion rupees and in CBLO it was 578.45 billion rupees.	Positive
Equity Markets: Indian shares erased an early fall and climbed 0.7 percent on Wednesday as investors covered their short positions ahead of the monthly derivatives expiry, but the market undertone was weak due to a delay in monsoon. BSE Sensex to end 0.69 percent, or 98.72 points, higher at 14,422.73 points	Positive
Top Events: The volume of sales at U.K. retailers remained weak in June, fueled by sharp drops in household goods sales and clothing. The OECD has upgraded this year`s forecast for the U.S. to a 2.8% contraction in GDP from a 4% drop previously. However, it has cut its projections for the euro zone and now expects a 4.8% contraction in GDP compared with a 4.1% fall previously. US durable-goods orders rose 1.8% in May, contrary to expectations for a slight retreat. But new-home sales sank 0.6% last month and prices fell 3.4% year over year, while inventories fell slightly.	Mixed

CURRENCY MOVEMENT

	OPEN	HIGH	LOW	Close	CHG	Open Int	CHG	Volume	CHG
INR Future (JUN)	48.4500	48.5900	48.4000	48.5400	0.04	157489	-16593	676710	-93099
INR Spot	48.3750	48.5850	48.3750	48.5550	0.01				
1 Month Forward	48.6000	48.7000	48.3600	48.5200	0.08				
12 Month Forward	49.8050	49.8670	49.4450	49.6700	0.08				

FII INVESTMENT IN EQUITY

(RS CRORE)	GROSS PURC.	GROSS SALE	NET FLOW
23-Jun	1617	1814	-197

RBI FIXING RATES

CURRENCY	EURO	POUND	100 YEN
Rupee	67.7637	79.8356	50.5877

OTHER MARKETS

POINTS	CLOSE	CHANGE
Sensex	14422.73	98.72
Nifty	4292.95	45.95
Dow Jones	8299.86	-23.05
Crude Oil ($/B)	68.67	-0.11
Gold ($/Oz)	934.4	1.60

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
25-June-09	Thursday	1200/0630	WPI	13-Jun	-1.61 pct	--
26-June-09	Friday	1700/1130	Forex reserves	19-Jun	$263.6 bln	--

INTRADAY CALLS COVERED

DATE	RECO	RECO. PRICE	COVERING PRICE	GAIN/ LOSS	LOT SIZE	MRGN %	MRGN MONEY	PER CNTRCT	ROI (%)	TARGET ACHVD
USDINR (JUN)	Long	48.46	48.52	0.06	1000	4%	1938	60	3.10%	Booked
USDINR (JUN)	Short	48.54	48.47	0.07	1000	4%	1942	75	3.86%	Booked
USDINR (JUN)	Short	48.50	48.44	0.06	1000	4%	1940	65	3.35%	Booked
USDINR (JUN)	Long	48.44	48.52	0.08	1000	4%	1938	80	4.13%	Achieved

CURRENCY TEAM

ANAGRAM CAPITAL LTD
Bandra Kurla Complex, Bandra(E), Mumbai 400 051.
Regd. Office: Anagram House, H.L. Commerce Collage - Stadium Road, Navrangpura, Ahmedabad – 380 009.
www.anagram.co.in

NAME	DESIGNATION	EMAIL	TELEPHONE
	Research Team		
Devarsh Vakil	Manager Research	devarsh.vakil@anagram.co.in	+91 79 3981 9985
Tina lodha	Research Analyst	tina.lodha@anagram.co.in	+91 79 3981 9897
	Sales Team		
Ashish Buch	AVP Currency Derivatives	ashish.buch@anagram.co.in	+91 9227260005
Kashyap Darji	Manager Currency Derivatives	kashyap.darji@anagram.co.in	+91 9227260070

For any clarification and more information: Help Desk Toll free: 1800 233 1818

DISCLAIMER

This document has been prepared by Anagram Capital Ltd. (Anagram), for use by the recipient only and not for circulation. The information and opinions contained in the document have been compiled from sources believed to be reliable. Anagram does not warrant its accuracy, completeness and correctness. This document is not, and should not be construed as, an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from us. Anagram and the analyst(s), including his dependant family members may have an interest in the securities recommended above.
To unsubscribe, send a mail to unsubscribechinta@gmail.com