Anagram

Decisive Thinking Pays

CURRENCY CORNER

30th June 2009

CURRENCY COMMENT

30 MIN NSE JULY USDINR

PERSPECTIVE

Recap: Despite, Indian rupee edged lower to 48.26 early in the session, the undertone for the Indian currency remained positive through out the day that closed almost steady at 48.10 to last week's close 48.02. Upbeat euro zone data boosted euro to recoup its losses against dollar with European equity markets taking the lead and supported local markets to advance further Meanwhile, renewed call by China for a super sovereign currency also added pressure on dollar which pushed the dollar index below 80.00 just ahead of US session. The euro inched up 0.07 percent to $1.4059, recouping losses earlier in the session, and the dollar was up 0.16 percent against the yen at 95.35. At home, USDINR forward premium were steady amid drying flows. The premiums remained range bound across all tenors.

View: Asian shares were seen rising, buoyed by the overnight gains in US stock market and higher crude oil prices. Stock market gains inturn fueled risk appetite in currency markets, sending the euro higher At $1.4125, from $1.4077 late in New York. Against yen, the U.S. dollar was at Y95.93, from Y96.04. On Asian side, currencies have strengthened against dollar. USDINR (july) is expected to open higher at 48.10 vs last close at 48.22. However, for rest of the day it would follow cues from Asian as well as local markets. Technical key resistance for the pair lies at 48.48 and 48.62. While downside support is seen at 48.10, which acts as a crucial support, breach of the level can open move below 48 levels. Intraday trading range 48.05-48.29. Traders should closely watch Importers buying in spot market amid rising crude prices can interrupt rupee's appreciation for a while.

CURRENCY METER

FACTOR DESCRIPTION	EFFECT ON RUPEE
Fundamentals: State-run refiner Indian Oil Corp plans to sell 10 billion rupees worth of oil bonds on Thursday. The sale of bonds would be followed by 8 percent 2026 bonds sale. The partially convertible rupee ended at 48.10/11 per dollar, off an intraday peak of 47.98, its strongest since June 17, and steady from Friday's close.	Positive
RBI Measures: July 1, The government will auction 20 billion rupees of 91-day treasury bills and 10 billion rupees of 364-day treasury bills. July 9. India's central bank will conduct the next auction-based open market operation to buy back bonds. Banks parked 1.05 trillion rupees at Monday's one-day reverse repo auction, showing the surplus liquidity.	Mixed
Money Markets: The yield on India's most traded federal bond dropped on Monday, supported by the absence of a government sale announcement this week but borrowing uncertainties limited a bigger fall. The yield on the 7.94 percent bond maturing in 2021 ended at 7.24 percent, lower than its previous closing of 7.33 percent. The one-day money closed at 3.25/30 percent, unchanged from Friday's closing.	Positive
Equity Markets: Lower Asian shares and uncertainty ahead of the budget next week, eked out a modest rise of 0.1 percent in Indian shares on Monday after investors locked in profits erasing the early gains of as much as 1.3 percent. BSE Sensex ended up 0.14 percent, or 21.10 points, at 14,785.74 points.	Positive
Top Events: Euro zone economic sentiment improved 73.3 points in June from 70.2 in May, the third improvement from a trough of 64.6 points in March. Oil prices rose nearly 4 percent on Monday, lifted by word of fresh rebel attacks on oil installations in Nigeria and gains in equity markets. Further the U.S. Energy Information Administration revised up April U.S. oil demand by 1.18 percent from its early estimate of 18.255 million barrels per day, suggesting a potential turnaround in the U.S. economy. Japanese industrial output jumped 5.9 percent in May as car and electronics production pulled out of a deep slump, although an inventory buildup in some sectors suggested the rebound would soon lose momentum.	Positive

CURRENCY MOVEMENT

	OPEN	HIGH	LOW	Close	CHG	Open Int	CHG	Volume	CHG
INR Future (JULY)	48.2600	48.3925	48.1750	48.2225	NA	248705	NA	655462	NA
INR Spot	48.0750	48.2650	48.0550	48.1050	NA				
1 Month Forward	48.3000	48.3950	48.1800	48.2300	NA				
12 Month Forward	49.3850	49.5000	49.1400	49.3250	NA				

FII INVESTMENT IN EQUITY

(RS CRORE)	GROSS PURC.	GROSS SALE	NET FLOW
29-Jun	2548	1875	673

RBI FIXING RATES

CURRENCY	EURO	POUND	100 YEN
Rupee	67.9184	80.0546	50.1433

OTHER MARKETS

POINTS	CLOSE	CHANGE
Sensex	14785.74	21.10
Nifty	4390.95	15.45
Dow Jones	8529.38	90.99
Crude Oil ($/B)	71.49	1.27
Gold ($/Oz)	940.7	1.20

ECONOMIC INDICATORS

COUNTRY	INFLATION	INT RATE	GDP	IND. PR.
India	-1.14	4.75	5.80	1.40
U.S.	-1.30	0.25	-5.50	-1.10
Europe	2.20	1.00	-4.10	-12.30
China	-7.60	5.31	6.10	8.90
Japan	-1.10	0.10	-14.20	-29.50

INDIAN DATA WATCH

DATE	DAY	LOCAL/GMT	EVENT	PERIOD	PREVIOUS	FORECAST
30-June-09	Tuesday	1700/1130	BoP	Jan-Mar	-$17.88 bln	--
30-June-09	Tuesday	1700/1130	Current a/c	Jan-Mar	-$14.64 bln	--
01-July-09	Wednesday	1200/0630	PMI data	June	55.7	--
01-July-09	Wednesday	1200/1130	Trade balance	May	-$5 bln	--
02-July-09	Thursday	1200/0630	Economic Survey for 2008/09			--
02-July-09	Thursday	1200/0630	WPI	Jun-20	-1.14 pct	--
03-July-09	Friday	1100/0530	Railway Budget for 2009/10			--
03-July-09	Friday	1700/1130	Forex reserves	Jun-26	$263.7 bln	--
03-July-09	Friday	1700/1130	M3 money supply	Jun-19	20.2 pct	--
03-July-09	Friday	1700/1130	Bank Credit	Jun-19	15.7 pct	--

INTRADAY CALLS COVERED

DATE	RECO	RECO. PRICE	COVERING PRICE	GAIN/ LOSS	LOT SIZE	MRGN %	MRGN MONEY	PER CNTRCT	ROI (%)	TARGET ACHVD
USDINR (JUL)	Long	48.20	48.35	0.15	1000	4%	1928	150	7.78%	Achieved
USDINR (JUL)	Short	48.36	48.28	0.08	1000	4%	1934	80	4.14%	Achieved
USDINR (JUL)	Short	48.23	48.28	-0.05	1000	4%	1929	-50	-2.59%	SL Trgd
USDINR (JUL)	Long	48.27	48.26	-0.01	1000	4%	1931	-10	-0.52%	Exit

CURRENCY TEAM

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