Anagram
Decisive Thinking Pays

CURRENCY CORNER

10th July 2009

CURRENCY COMMENT

30 MIN NSE JULY USDINR

PERSPECTIVE

Recap: Thursday, The Indian rupee pared early losses from the eight weeks lows to end higher against the U.S. dollar after suspected intervention by the Reserve Bank of India capped the greenback`s gain. The dollar ended at INR48.71, down from INR48.89 Wednesday. It rose to INR49.05 - its highest since the federal election results in mid-May - during the day amid heightened risk aversion in global stock market. At forward front, One-year forward premium of dollar rupee remained almost flat at 1.07 vs 1.08. The volume remained thin as corporates were busy finding some specific cues from market reaction. Stock market movements also remain dull on inactive participation from Foreign investors. On FX side, dollar was beaten down badly by the major currencies especially pound which gained ground after BOE voted to keep its policy rate unchanged at 0.5%.

View: Asian shares were mostly higher Friday after a steady performance by Wall Street, There wasn`t much action in currency markets in Asia before the weekend, and as traders paused from the selling of the U.S. dollar and Japanese yen seen in New York. At home, Indian rupee is likely to open higher with USDINR (july) expected to tip at 48.65 in early session. Even today pair expected to maintain a corrective mode after the risk appetite improved further in FX markets overnight but the session would remain highly volatile. Key support is at 48.65 and 48.52. While upsisde resistance is at 48.93 and 49.10.

CURRENCY METER

FACTOR DESCRIPTION	EFFECT ON RUPEE
Fundamentals: India's annual monsoon rains for the week ended July 8 were 8% below normal, compared with 29% below normal the previous week, the India Meteorological Department said Thursday. The wholesale price index - the country's main gauge of inflation trends - fell 1.55% from a year earlier in the week ended June 27. he index had fallen 1.30% the previous week.	Negative
RBI Measures: July 9, India's central bank bought back a total of 75 billion rupees ($1.5 billion rupees) of government bonds on through auctions. July 10, India's central bank will auction government bonds worth 150 billion rupees. The sale would include 60 billion rupees of a new 10-year security, 50 billion rupees of 6.49 percent 2015 bonds and 20 billion rupees each of 7.35 percent 2024 and 7.50 percent 2035 bonds via a uniform price-based auction. Banks parked 1.47 trillion rupees in the central bank's reverse repo window on Wednesday.	Positive
Money Markets: The yield on the most traded 6.07 percent 2014 government bond ended at 6.37 percent, off the days lows, and almost steady from 6.38 percent at Wednesday's close, after the central bank bought back just a little over a fifth of the planned amount of bonds at its buyback auction. Call money rate ended at 3.20/30 percent, little changed from Wednesday's close of 3.20/25, on ample cash in the banking system.	Positive
Equity Markets: Indian shares ended flat Thursday as buying in select frontline stocks - including heavyweight Reliance Industries - was offset by selling in autos and other blue chips. The Bombay Stock Exchange's benchmark 30-stock Sensitive Index closed at 13,757.46, down slightly from Wednesday's finish of 13,769.15.	Negative
Top Events: The tally of continuing claims, those drawn by workers collecting benefits for more than one week in the week ended June 27 soared 159,000 to 6,883,000. The unemployment rate for workers with unemployment insurance increased 0.1 percentage point to 5.1%. The Bank of England`s Monetary Policy Committee Thursday unexpectedly kept its bond-buying program unchanged, saying it would need another month to complete its planned GBP125 billion of asset purchases. Further It has also kept its key interest rate at a record low of 0.5% since March.	Negative

CURRENCY MOVEMENT

	OPEN	HIGH	LOW	Close	CHG	Open Int	CHG	Volume	CHG
INR Future (JULY)	49.0600	49.0875	48.7225	48.8000	0.16	262081	-16040	850773	89414
INR Spot	48.9675	49.0525	48.6587	48.7150	0.18				
1 Month Forward	49.3300	49.3300	48.7400	48.7750	0.56				
12 Month Forward	50.5050	50.5050	37.8262	49.9750	0.53				

FII INVESTMENT IN EQUITY

(RS CRORE)	GROSS PURC.	GROSS SALE	NET FLOW
9-Jul	3451	2676	776

RBI FIXING RATES

CURRENCY	EURO	POUND	100 YEN
Rupee	68.0423	79.3421	52.4290

OTHER MARKETS

POINTS	CLOSE	CHANGE
Sensex	13757.46	-11.69
Nifty	4080.95	2.05
Dow Jones	8183.17	4.76
Crude Oil ($/B)	60.41	-0.25
Gold ($/Oz)	916.2	-2.80

ECONOMIC INDICATORS

COUNTRY	INFLATION	INT RATE	GDP	IND. PR.
India	-1.55	4.75	5.80	1.40
U.S.	-1.30	0.25	-5.50	-1.10
Europe	2.20	1.00	-4.90	-11.90
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
06-July-09	Monday	1100/0530	General Budget for 2009-10			--
09-July-09	Thursday	1200/0630	Wholesale price Index	Jun-27	-1.30 pct	--
10-July-09	Friday	1200/0630	Industrial output	May	1.4 pct	--
10-July-09	Friday	1700/1130	Forex reserves	Jul-03	$264.58 bln	--

INTRADAY CALLS COVERED

DATE	RECO	RECO. PRICE	COVERING PRICE	GAIN/ LOSS	LOT SIZE	MRGN %	MRGN MONEY	PER CNTRCT	ROI (%)	TARGET ACHVD
USDINR (JUL)	Short	49.04	48.93	0.11	1000	4%	1962	112.5	5.74%	Booked
USDINR (JUL)	Short	48.98	48.79	0.19	1000	4%	1959	190	9.70%	Booked
USDINR (JUL)	Short	48.90	48.79	0.11	1000	4%	1956	110	5.62%	Achieved
USDINR (JUL)	Short	48.81	48.80	0.00	1000	4%	1952	0	0.00%	Cost
USDINR (JUL)	Long	48.74	48.83	0.09	1000	4%	1950	90	4.62%	Booked
USDINR (JUL)	Long	48.83	48.79	-0.04	1000	4%	1953	-40	-2.05%	SL Trgd

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