Anagram
Decisive Thinking Pays

CURRENCY CORNER

14th July 2009

CURRENCY COMMENT

10 MIN NSE JULY USDINR

PERSPECTIVE

Recap: The Indian rupee bounced off a two-month low as the dollar fell against major currencies on Monday, but it still ended weaker as losses in the sharemarket renewed worries about foreigners pulling out funds. The partially convertible rupee closed at 49.08/09 per dollar, off an early low of 49.47, which was its weakest since May 15 but about 0.1 percent below Friday's close of 49.01/02. One-month offshore non-deliverable forward contracts were quoted at 49.20/30, weaker than the onshore spot rate. Most likely, with other Asian central banks, RBI also seemed to have intervene in spot around 49.35 to cap dollar's gain and smoothen volatility in forex market. Also, exporters were also seen selling dollars heavily around those levels. Offshore forwards, particularly NDF saw some buying interest yesterday, as spread between one month NDF and spot rupee tend to widen to 10 basis pts.

View: Early morning, Asian share markets were solidly higher Tuesday after a strong night on Wall Street, with commodity stocks showing renewed heft. An upbeat advance reading on Singapore second quarter gross domestic product helped sentiment in Asia. GDP rose 20.4% on the quarter, on an adjusted basis, from a revised 12.7% decline in the first quarter and better than the market expectations. At home, USDINR (july) is set to fall on offshore weakness in USD, tipped to slip to 49.00 vs 49.17, with day`s range likely 48.80-49.30. Traders watch monsoon progress to gauge impact on economy.

CURRENCY METER

FACTOR DESCRIPTION	EFFECT ON RUPEE
Fundamentals: Monsoon rains in India are expected to improve in the next week, which could minimise the damage to the overall crop output, Farm Minister Sharad Pawar said Monday. The annual monsoon rains were deficient in June and have remained below normal despite a slight pickup in July.	Positive
RBI Measures: July 17, The government will sell 120 billion rupees of bonds. Banks parked 1.32 trillion rupees in the central bank's reverse repo window on Monday, indicating the extent of surplus cash in the banking system.	Positive
Money Markets: Indian federal bond yields fell on Monday after the finance minister said the government would make sure its record borrowing did not crowd out private firms, and a smaller-than-expected weekly auction lent further support. The government may take more steps to make cheaper and adequate funds available to the private sector while ensuring the smooth progress of its own borrowing, the finance minister said on Saturday. The yield on the most traded 2019 bond, which was auctioned on Friday, ended at 6.79 percent, down from an auction cut-off yield of 6.90 percent. The yield on the second-most traded 7.94 percent 2021 bond fell to 7.16 percent from a close of 7.33 percent. There were no deals in the benchmark 10-year bond for a second day. Volumes were a high 136.85 billion rupees ($2.8 billion) on the central bank's trading platform.	Positive
Equity Markets: Weak trade in global markets and selling in metals, Autos and infrastructure stocks pulled Indian shares lower for the fourth straight session Monday. But strength in technology stocks and late buying in some other blue chips helped the Bombay Stock Exchange's benchmark Sensitive Index recover from the day's low of 13,219.99 and end at 13,400.32, down 0.8%, or 103.90 points from Friday's closing level. The 30-stock index hit a high of 13,461.68 in the session.	Negative
Top Events: Oil prices slipped more than 1 percent to near $59 a barrel on Monday, hitting their lowest level in almost two months, on concerns over the state of the global economy. Chinese banks extended a massive 1.53 trillion yuan ($223.9 billion) in new loans in June in a fresh show of support for the government's drive to boost growth. Japan's industrial output rose 5.7 percent in May, revised data showed, reinforcing the view that the world's No.2 economy is recovering from its deepest recession since World War Two.	Positive

CURRENCY MOVEMENT

	OPEN	HIGH	LOW	Close	CHG	Open Int	CHG	Volume	CHG
INR Future (JULY)	49.1525	49.4825	49.1225	49.1400	NA	272789	NA	1106062	NA
INR Spot	49.1100	49.4525	49.0600	49.0825	NA				
1 Month Forward	49.0600	49.6037	49.0100	49.0500	NA				
12 Month Forward	50.2450	50.8350	50.1200	50.2800	NA				

FII INVESTMENT IN EQUITY

(RS CRORE)	GROSS PURC.	GROSS SALE	NET FLOW
13-Jul	1898	2521	-623

RBI FIXING RATES

CURRENCY	EURO	POUND	100 YEN
Rupee	68.5443	79.7000	52.7920

OTHER MARKETS

POINTS	CLOSE	CHANGE
Sensex	13400.32	-103.90
Nifty	3974.05	-29.85
Dow Jones	8331.68	185.16
Crude Oil ($/B)	59.69	0.39
Gold ($/Oz)	922.5	-4.10

ECONOMIC INDICATORS

COUNTRY	INFLATION	INT RATE	GDP	IND. PR.
India	-1.55	4.75	5.80	2.70
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
16-July-09	Thursday	1200/0630	Wholesale Price	Jul-04	-1.55 pct	--
17-July-09	Friday	1700/1130	Forex reserves	Jul-10	$264.48 bln	--
17-July-09	Friday	1700/1130	M3 money supply	Jul-03	20.2 pct	--
17-July-09	Friday	1700/1130	Bank Credit	Jul-03	15.8 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	49.24	49.33	0.09	1000	4%	1970	90	4.57%	Achieved
USDINR (JUL)	Long	49.33	49.33	0	1000	4%	1973	0	0.00%	Cost
USDINR (JUL)	Short	49.33	49.36	-0.03	1000	4%	1973	-30	-1.52%	SL Trgd
USDINR (JUL)	Short	49.28	49.15	0.13	1000	4%	1971	130	6.59%	Achieved

CURRENCY TEAM

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