Anagram

Decisive Thinking Pays

CURRENCY CORNER

24th July 2009

CURRENCY COMMENT

30 MIN NSE JULY USDINR

PERSPECTIVE

Recap: The Indian rupee hovered in a tight range on Thursday as gains in the sharemarket were offset by demand for U.S. dollars from importers to meet their month-end commitments. The partially convertible rupee closed at 48.455/48.465 per dollar, a little above Wednesday's close of 48.52/53, having held a 48.41-48.48 range for most of the day. However initial jump in rupee was likely amid overnight reports from Peru on issue of diversification of its forex reserve weighed on dollar. But weak European start helped dollar hold just above seven-week lows versus a basket of six major currencies. Talks of dollar buying from an Asian sovereign wealth fund against a range of currencies also curtailed the risk to some extent. EUR/USD traded 1.42-1.4267, GBP/USD peaked at 1.6550 after retail sales but slipped to 1.6480 and USD/JPY ranged 94.25-55.

View: Asian shares were buoyed Friday by Wall Street`s rise, though the gains were muted before the weekend. Overnight, Euro reversed course against dollar in volatile session, falling back from fresh 7-week high of 1.4292. Was sold aggressively after falling below technical level of 1.4260. At home, Indian rupee is likely to start higher at 48.40 against 48.48. Key resistance to the pair USDINR (july) is seen at 48.31 and 48.20. While upside resistance is at 48.59 and 48.78.

CURRENCY METER

FACTOR DESCRIPTION	EFFECT ON RUPEE
Fundamentals: India's wholesale prices fell for the sixth week in a row but the pace of decline continued to ease, signaling that prices will rise sooner than expected as effects of the recent retail fuel price hike play out. The index fell 1.17% from a year earlier in the week ended July 11, after falling 1.21% in the previous week. India's infrastructure output growth accelerated to 6.5% on year in June from a growth of 2.8% in May, mainly due to a pickup in the production of coal and cement, the government data showed. Indian.	Positive
RBI Measures: July 24 will auction 60 billion rupees ($1.2 billion) each of 6.49 percent 2015 bonds and 6.90 percent 2019 bonds via a uniform-price-based auction. Banks deployed 1.27 trillion rupees at Tuesday's reverse repo auction by the RBI. They have been mostly parking more than 1 trillion rupees through the central bank's daily liquidity adjustment auctions from April.	Negative
Money Markets: Indian federal bond yields closed flat on Thursday ahead of Friday's 120 billion ($2.5 bln) bond sale, despite disappointment the central bank did not buy the full amount of bonds it had offered to at a buy-back auction. The yield on the most traded 6.07 percent 2014 bond ended at 6.53 percent, one basis point above Wednesday's close. The 6.90 percent bond maturing in 2019 ended steady with Wednesday's close of 6.86 percent.	Neutral
Equity Markets: Positive trade in regional markets, coupled with broad-based buying after two straight sessions of losses, Thursday pushed Indian shares to their highest close in more than a month. The Bombay Stock Exchange's benchmark Sensitive Index closed up 387.92 points, or 2.6%, at 15,231.04. It traded between a low of 14,997.75 and a high of 15,264.84.	Positive
Top Events: The Thai baht broke a key level to hit a near 10-month high against the U.S. dollar. It has rallied more than 6% against the U.S. dollar since the latter`s 2009 peak of THB36.31 in early March due mainly to Thailand`s hefty current-account surplus and capital inflows. Japan's merchandise trade surplus widened for the first time in 20 months in June, expanding to Y508.0 billion from Y104.1 billion a year earlier, as a recovery in overseas demand slowed the fall in exports while imports dropped at about the same pace. French business sentiment improved in July to 78 vs 76 in june, as business leaders wereslightly more optimistic about both past and future production.	Positive

CURRENCY MOVEMENT

	OPEN	HIGH	LOW	Close	CHG	Open Int	CHG	Volume	CHG
INR Future (JULY)	48.4400	48.5150	48.3600	48.4800	0.07	307505	NA	731439	NA
INR Spot	48.3950	48.5025	48.3600	48.4525	0.07				
1 Month Forward	48.5550	48.5950	48.2250	48.3750	0.18				
12 Month Forward	49.5800	49.9950	49.1500	49.2700	0.31				

FII INVESTMENT IN EQUITY

(RS CRORE)	GROSS PURC.	GROSS SALE	NET FLOW
23-Jul	2936	2791	146

RBI FIXING RATES

CURRENCY	EURO	POUND	100 YEN
Rupee	68.5900	79.8855	51.2048

OTHER MARKETS

POINTS	CLOSE	CHANGE
Sensex	15231.04	387.92
Nifty	4523.75	124.85
Dow Jones	9069.29	188.03
Crude Oil ($/B)	67.16	-0.51
Gold ($/Oz)	954.8	-5.80

ECONOMIC INDICATORS

COUNTRY	INFLATION	INT RATE	GDP	IND. PR.
India	-1.17	4.75	5.80	2.70
U.S.	-1.40	0.25	-5.50	-0.40
Europe	1.80	0.50	-4.90	-11.90
China	-8.00	5.31	7.90	10.70
Japan	-1.10	0.10	-14.20	-29.50

INDIAN DATA WATCH

DATE	DAY	LOCAL/GMT	EVENT	PERIOD	PREVIOUS	FORECAST
23-July-09	Thursday	1200/0630	Wholesale Price	Jul-11	-1.21 pct	--
24-July-09	Friday	1700/1130	Forex reserves	Jul-17	$263.92bln	--

INTRADAY CALLS COVERED

DATE	RECO	RECO. PRICE	COVERING PRICE	GAIN/ LOSS	LOT SIZE	MRGN %	MRGN MONEY	PER CNTRCT	ROI (%)	TARGET ACHVD
USDINR (JUL)	Short	48.57	48.37	0.20	1000	4%	1943	200	10.29%	Achieved
USDINR (JUL)	Long	48.49	48.42	-0.07	1000	4%	1940	-70	-3.61%	SL Trgd
USDINR (JUL)	Long	48.46	48.40	-0.06	1000	4%	1938	-60	-3.10%	SL Trgd

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