Anagram

Decisive Thinking Pays

CURRENCY CORNER

30th July 2009

CURRENCY COMMENT

30 MIN NSE AUG USDINR

PERSPECTIVE

Recap: The dollar gained broadly on Wednesday, recovering from recent losses while investors took profits on currencies such as the euro and Australian dollar which have risen sharply recently. Also a late sell-off on Shanghai's stock market depressed emerging market stocks on Wednesday and took Asian shares off multi-month peaks, but the mood failed to carry over into Europe which rose sharply on corporate earnings. At home, Indian rupee also was triggered off badly amid sell-off across the board. It continued to fall for a second straight session as losses in local shares weighed on foreign outflows. The rupee ended at 48.42/43 per dollar, 0.4 percent below the previous close of 48.21/22. One-month offshore non-deliverable forward contracts were quoting at 48.47/57, marginally below the onshore spot rate.

View: USDINR (Aug) may rise vs 48.51 yesterday close on weakened risk appetite in global FX markets overnight and lower U.S. shares, while anticipated Sensex fall may further damp INR sentiment. To the pair 48.38 act as a firm support, while month end demand for dollar may emerge while its open trade. Upside resistance is at 48.72. We expect Aug contract to move in a band of 48.72-48.40 for intraday.

CURRENCY METER

FACTOR DESCRIPTION	EFFECT ON RUPEE
Fundamentals: India's software and services exports are seen rising 4 to 7 percent in the year to March 2010, sharply slowing from past years' robust growth on sluggish demand for outsourcing services, an industry body said on Wednesday. Export of software and back-office outsourcing services will rise to $48 billion to $50 billion in this fiscal year, up from $46.3 billion last year. Foreign direct investment in India fell 42% from a year earlier in the first two months of the fiscal year that began April 1.	Negative
RBI Measures: July 29, India sold 80 billion rupees of 91-day treasury bills and 10 billion rupees of 364-day treasury bills via a multiple price-based auction. Also, Three states will sell 10-year state development loans for a total of 20 billion rupees. July 31, India will auction 60 billion rupees of the 6.07 percent 2014 bonds, 40 billion rupees of the 7.94 percent 2021 bonds and 20 billion rupees of 8.24 percent 2027 bonds. Banks parked 1.19 trillion rupees in the central bank's reverse repo auction on Wednesday, highlighting the extent of the surplus cash in the banking system.	Positive
Money Markets: The benchmark 6.90 percent 2019 government bond yield ended at 6.91 percent, from its previous close of 6.89 percent, on absence of fresh cues after the central bank kept rates on hold, but concerns on a continuous flow of debt supplies weighed.	Negative
Equity Markets: Weak Asian trade following a sharp fall in China shares, coupled with heavy selling in select blue chips, including some heavyweights, pulled Indian shares lower Wednesday. The Bombay Stock Exchange's benchmark Sensitive Index closed down 158.48 points, or 1.0%, at 15,173.46. It traded between a low of 14,888.41 and a high of 15,379.43 in the session.	Negative
Top Events: New orders for long-lasting U.S. manufactured goods fell more sharply than expected in June, notching their biggest decline in five months as demand for communications and transportation equipment slumped. durable goods orders fell 2.5 percent, the largest drop since January, after rising by a revised 1.3 percent in May, previously reported as a 1.8 percent surge. Orders had advanced for two straight months.	Positive

CURRENCY MOVEMENT

	OPEN	HIGH	LOW	Close	CHG	Open Int	CHG	Volume	CHG
INR Future (AUG)	48.3600	48.6050	48.3600	48.5150	-0.22	302501	41754	698590	502351
INR Spot	48.3125	48.5125	48.2775	48.4200	-0.21				
1 Month Forward	48.3650	48.7500	48.2700	48.6850	-0.29				
12 Month Forward	49.2500	49.7712	49.0450	49.6500	-0.30				

FII INVESTMENT IN EQUITY

(RS CRORE)	GROSS PURC.	GROSS SALE	NET FLOW
29-Jul	3032	2586	446

RBI FIXING RATES

CURRENCY	EURO	POUND	100 YEN
Rupee	67.9966	79.2801	51.0117

OTHER MARKETS

POINTS	CLOSE	CHANGE
Sensex	15173.46	-158.48
Nifty	4513.5	-50.60
Dow Jones	9070.72	-26.00
Crude Oil ($/B)	63.35	-0.17
Gold ($/Oz)	927.2	3.00

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	1.00	-5.60	-11.90
China	-8.00	5.31	7.90	10.70
Japan	-1.10	0.10	-14.20	-23.40

INDIAN DATA WATCH

DATE	DAY	LOCAL/GMT	EVENT	PERIOD	PREVIOUS	FORECAST
28-July-09	Tuesday	1115/0545	RBI Policy Review	--	--	--
29-July-09	Thursday	1200/0630	WPI	18-Jul	-1.17 pct	--
30-July-09	Friday	1600/1030	Fiscal deficit	Apr-Jun	907.58 bln	--
30-July-09	Friday	1700/1130	Forex reserves	24-Jul	$266.19 bln	--
30-July-09	Friday	1700/1130	M3 money supply	17-Jul	20.0 pct	--
30-July-09	Friday	1700/1130	Bank credit	17-Jul	16.3 pct	--

INTRADAY CALLS COVERED

DATE	RECO	RECO. PRICE	COVERING PRICE	GAIN/ LOSS	LOT SIZE	MRGN %	MRGN MONEY	PER CNTRCT	ROI (%)	TARGET ACHVD
USDINR (Aug)	Long	48.23	48.42	0.19	1000	4%	1929	190	9.85%	Achieved
USDINR (Aug)	Long	48.50	48.46	-0.04	1000	4%	1940	-40	-2.06%	SL Trgd
USDINR (Aug)	Short	48.48	48.39	0.09	1000	4%	1939	92.5	4.77%	Achieved

CURRENCY TEAM

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