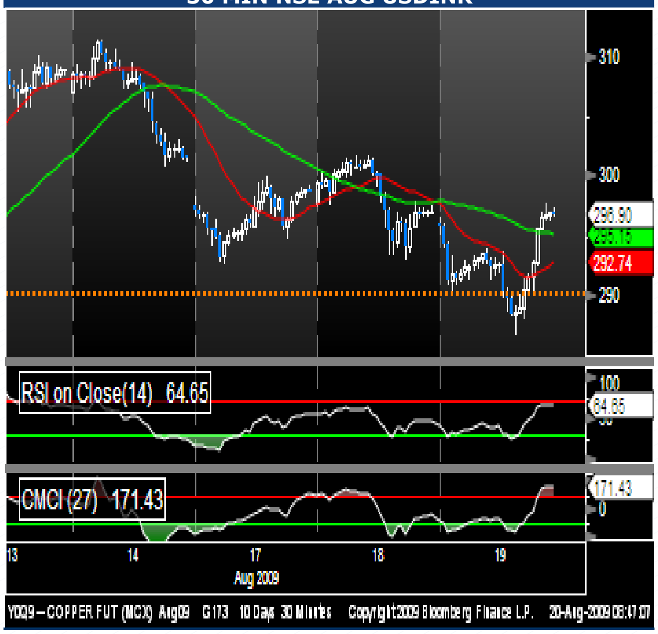
Anagram
Decisive Thinking Pays

CURRENCY CORNER

20th Aug 2009

CURRENCY COMMENT

30 MIN NSE AUG USDINR



PERSPECTIVE

Recap: Forex market in India was closed for a local holiday on Wednesday. On global front, the pro-risk currencies such as EUR, GBP and the commodity trio of AUD, NZD and CAD all came under pressure and skid from the day's high after Chinese stocks dived sharply lower and boosted demand for the safe haven unit – dollar and yen. **On Tuesday,** the Indian rupee gained, a day after it saw its biggest one-day drop in 5-½ months, as a stock market rebound coupled with a market holiday on Wednesday spurred investors to square their positions. The partially convertible rupee ended at 48.78/79 per dollar, 0.4 percent above Monday's close of 48.955/965. One-month offshore non-deliverable forward contracts were quoted at 48.88/48.98, weaker than the onshore spot rate. Concerns of Poor monsoons that have pushed India to the brink of drought, putting pressure on food prices and energy supplies can have a prolong impact on rupee.

View: Across Asia, sentiments are positive with Chinese shares and the overnight gains in crude oil. Crude is near 2 months high following news of surprise drop in US oil inventories. Dollar has depreciated by half a percent since our close on Tuesday, USDINR (Aug) future is expected gap down between 48.55-48.60. Key resistance to the pair is at 48.96 and 49.12. While downside 48.55 and 48.42 act as an immediate supports. Positive cues from stock market likely to support rupee and cap dollar gains.

CURRENCY METER

FACTOR DESCRIPTION	EFFECT ON RUPEE
Fundamentals: Finance Secretary Ashok Chawla said on Tuesday, India's federal government expects to sell stakes in six to seven more state-run firms over the next 12 months. He also said there were no immediate plans to revise the government's market borrowing figure of INR4.51 trillion for the current financial year through March in the wake of a drought in the country. In other news, India's merchandise exports fell for the 10th straight month in July, but its balance-of-trade account improved as imports declined at a faster pace. The merchandise exports fell 26% from a year earlier in July, while imports during July fell 35%-36% from the same month last year.	Positive
RBI Measures: ***Aug 18***, India's central bank sold 50 billion rupees of 91-day treasury bills and15 billion rupees of 182-day treasury bills. ***Aug 20***, India's central bank will buy back up to 60 billion rupees of government bonds via multiple price auction. The bonds that will be on offer at the buy back auction are: 7.37 percent 2014 bonds, 8.24 percent 2018 debt, 6.05 percent 2019 bonds and 7.50 percent 2034. ***Aug 21***, The government will auction 50 billion rupees of 6.49 percent 2015 bonds, 50 billion rupees of 6.90 percent 2019 bonds and 20 billion rupees of 8.24 percent 2027 through a price-based auction, RBI mopped up 1.14 trillion rupees at its daily money market operations.	Positive
Money Markets: Indian government bond prices fell Tuesday, weighed by unceasing supply worries from the government's heavy market borrowing. The fall came despite a sharp overnight rally in U.S. Treasurys on the back of waning global risk appetite that prompted investors to buy safe-haven securities. The 7.02% 2016 bond in India ended at INR99.57, down from Monday's close of Rs. 99.85. The 6.90% 2019 bond fell to Rs.98.50 from Rs.98.75 Monday.	Positive
Equity Markets: Weak regional cues and profit-taking in blue chips hurt Indian shares Wednesday, erasing most of the previous session's gains. The Bombay Stock Exchange's Sensitive Index ended down 225.62 points, or 1.5%, at 14,809.64, after trading between 14,684.45 and 15,096.94	Negative
Top Events: U.K. industrial output improves for a second straight month in August to the highest level since June last year, the Confederation of British Industry says. The industrial output balance rises to -5 in August from -14 in July. GDP in the OECD 30 member countries stabilized between April and June with support from exporters Germany and Japan, but it remained sharply lower than in the second quarter of last year. Germany's producer prices fell 1.5% on the month in July, and 7.8% from a year ago, the sharpest on-year decline since 1949. Both declines were steeper than anticipated by the market.	Mixed

CURRENCY MOVEMENT

	OPEN	HIGH	LOW	Close	CHG	Open Int	CHG	Volume	CHG
INR Future (AUG)	48.5525	49.0100	48.5475	48.9675	NA	395875	NA	996707	NA
INR Spot	48.4888	48.9925	48.4700	48.9625	NA				
1 Month Forward	48.4475	49.1400	48.3787	49.1400	NA				
12 Month Forward	49.4950	50.4450	49.0300	50.0400	NA				

FII INVESTMENT IN EQUITY

(RS CRORE)	GROSS PURC.	GROSS SALE	NET FLOW
17-Aug	2640	1609	1031

RBI FIXING RATES

CURRENCY	EURO	POUND	100 YEN
Rupee	69.0845	80.0683	51.6148

OTHER MARKETS

POINTS	CLOSE	CHANGE
Sensex	14784.92	-626.71
Nifty	4387.9	-192.15
Dow Jones	9135.34	-186.06
Crude Oil ($/B)	66.75	0.38
Gold ($/Oz)	935.8	3.80

ECONOMIC INDICATORS

COUNTRY	INFLATION	INT RATE	GDP	IND. PR.
India	-1.74	4.75	5.80	7.80
U.S.	-2.10	0.25	-1.00	0.50
Europe	1.80	1.00	-5.60	-11.10
China	-8.00	5.31	7.90	10.80
Japan	-1.80	0.10	3.70	-23.50

INDIAN DATA WATCH

DATE	DAY	LOCAL/GMT	EVENT	PERIOD	PREVIOUS	FORECAST
20-Aug-09	Thursday	1200/0630	Wholesale Price Index	8-Aug	-1.74 pct	--
21-Aug-09	Friday	1700/1130	Forex reserves	14-Aug	$271.24 bln	--

INTRADAY CALLS COVERED

DATE	RECO	RECO. PRICE	COVERING PRICE	GAIN/ LOSS	LOT SIZE	MRGN %	MRGN MONEY	PER CNTRCT	ROI (%)	TARGET ACHVD
USDINR (Aug)	Long	48.87	48.83	-0.04	1000	4%	1955	-40	-2.05%	SL Trgd
USDINR (Aug)	Short	48.85	48.76	0.09	1000	4%	1954	90	4.61%	Achieved
USDINR (Aug)	Short	48.77	48.74	0.04	1000	4%	1951	35	1.79%	Achieved
USDINR (Aug)	Short	48.75	48.80	-0.05	1000	4%	1950	-50	-2.56%	SL Trgd
USDINR (Aug)	Short	48.76	48.80	-0.04	1000	4%	1950	-40	-2.05%	SL Trgd

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