

CURRENCY COMMENT



PERSPECTIVE

Dollar's rise versus sterling and euro, slackening demand in crude oil over expiry and sell-off triggering Asian equity markets weighs on sentiment to put rupee under pressure. USDINR (jan) contract opened the day slightly higher 49.85 while ended the day up nearly around its freshly posted peak at 49.21 while closing the day at 49.18 as concerns for foreign outflows and grim outlook for economy had risen. Also Approaching month-end bolstered demand for dollar in spot market mainly from importers to end up with their payable commitments. Technically speaking, the pair is mainly found trading in the range of 48.50-49.20. Break above 49.35 would open a move towards 49.50. While support is seen back at 49.06 and 49.91. In early deals dollar is slightly recouping its extended gains. Rupee is likely to appreciate on account of global currency reversals and local govt bond auction. Likely Gap down opening is expected in USDINR (jan) contract. Today's trading range 48.65-49.05.

CURRENCY METER

FACTOR DESCRIPTION	EFFECT ON RUPEE
<p>Fundamentals:</p> <p>The partially convertible rupee ended at 49.20/22 per dollar, just off the session's trough of 49.25, its lowest since Jan. 9, about 1 percent lower than Monday's close of 48.70/71. One-month offshore non-deliverable forward contracts were quoting at 49.35/45, weaker than the onshore spot rate.</p>	Positive
<p>RBI Measures:</p> <p>RBI will sell 95 billion rupees of treasury bills on Wednesday and eight states will auction 65.51 billion rupees of 10-year bonds on Thursday. Banks did not borrow any funds from the central bank at its repo auctions on Tuesday, while they have parked 492.25 billion rupees, up from 432 billion rupees on Monday, through the reverse repo window.</p>	Positive
<p>Money Markets:</p> <p>Call money rates ended at 4.20/30 percent, lower than Monday's close of 4.30/40 percent. Indian federal bond yields jump to their highest in a week. The 10-year benchmark bond yield ended at 5.68 percent, off an early low of 5.52 percent and above Monday's close of 5.60 percent.</p>	Negative
<p>Equity Markets:</p> <p>BSE Sensex ended down 229.02 points at 9100.55 points, after falling as much as 3.2 percent during trade. Foreigners have dumped shares worth about \$660 million this month, after having sold more than \$13 billion in 2008.</p>	Negative
<p>Other Events:</p> <p>Dollar gained against basket of currencies after Royal Bank of Scotland recorded the biggest loss in British corporate history. Both euro and sterling paved off vs dollar with pound hitting 7-yr low and euro dipped 6-week low. Sterling also threatened 14-year lows against the yen after the impact of Britain's rescue plans quickly dissipated in the face of tumbling European shares. Oil dips below \$33 after Russia-Ukraine gas deal.</p>	Negative

CURRENCY MOVEMENT

	OPEN	HIGH	LOW	CLOSE	OPEN INT	VOLUME
INR Future (JAN)	48.8500	49.2125	48.8500	49.1875	164389	235248
INR Spot	48.9350	49.2325	48.9037	49.2325		
1 Month Forward	48.8650	49.4425	48.8050	49.3575		
12 Month Forward	50.7650	51.4650	50.4400	51.3500		

FII INVESTMENT IN EQUITY

(RS CRORE)	GROSS PURC.	GROSS SALE	NET FLOW
20-Jan	778	1217	-440

RBI FIXING RATES

CURRENCY	EURO	POUND	100 YEN
Rupee	64.0329	68.8654	54.6747

OTHER MARKETS

POINTS	CLOSE	CHANGE
Sensex	9100.55	-229.02
Nifty	2796.6	-49.60
Dow Jones	7949.09	-332.13
Crude Oil (\$/B)	40.84	0.61
Gold (\$/Oz)	855.2	-2.80

ECONOMIC INDICATORS

COUNTRY	INFLATION	INT RATE	GDP	IND. PR.
India	5.24	5.50	7.60	2.40
U.S.	0.10	0.25	-0.50	-2.00
Europe	3.10	1.50	0.30	-6.90
China	-0.40	5.31	9.00	5.40
Japan	1.00	0.10	-1.80	-16.60

INTRADAY CALLS COVERED

PRODUCT	RECO	RECO. PRICE	COVERING PRICE	GAIN /LOSS	LOT SIZE	MARGIN %	MARGIN MONEY	PER CONTRACT	ROI (%)	TARGET ACHIEVED
USDINR (JAN)	Sell	48.87	48.95	-0.08	1000	4	1955	-80	-4.09	SL Trgd
USDINR (JAN)	Buy	48.89	48.99	0.10	1000	4	1956	100	5.11	Achieved
USDINR (JAN)	Buy	49.05	49.13	0.08	1000	4	1962	80	4.08	Achieved

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