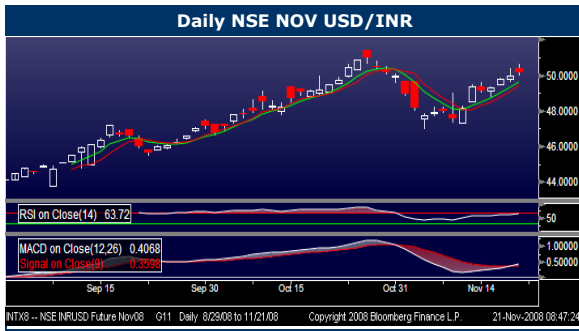


## CURRENCY COMMENT



### Perspective

**NSE NOV USDINR** spurt on impressive bids above 50.50 climbing to record highs of before an aggressive effort by state-banks curbed gains on behalf of the central bank. It is estimated nearly \$1.5bln have been sold by state banks to cap rally of spot USDINR above 50.60. Aggressive intervention by RBI in forex market in late trade couple with weak appearance on charts below 50.46, induced steep technical sell-off in active Nov contract. However NSE USDINR edged higher to close 50.15,16up by pips from previous close of 49.99 . The pair has key technical resistance is at 50.38 and 50.71. While break below 49.99 can retest to 49.86.

## CURRENCY METER

Factor	Description	Effect on Rupee
<b>Fundamentals</b>	India's inflation dipped for the second straight week ended November 8 to 8.90% from 8.98% in the previous week and 3.20% during the corresponding week of the previous year. It cooled mainly due to lower prices of food items, light diesel oil, aviation fuel and certain manufacturing items. The partially convertible rupee closed up at 50.18/22. It has lost 21.5 percent so far this year	Positive
<b>RBI Measures</b>	Thursday, India's central bank bought back 83.68 billion rupees of market stabilisation scheme (MSS) bonds. It set a cut-off price of 99.22 rupees, or a yield of 6.6056 percent at the buyback of 5.87 percent, 2010 bonds. Whereas a cut-off price of 101.15 rupees, or a yield of 6.7142 percent, at the buyback of 7.55 percent 2010 bonds. Friday, the government will auction 90 billion rupees (\$1.8 billion rupees). The central bank infused a paltry 26 billion rupees into the system through the two repo auctions, the lowest since Nov. 6, while it absorbed 275.45 billion rupees via the reverse repo auction, the highest since Nov. 6, indicating adequate funds in the system.	Positive
<b>Money Markets</b>	Indian overnight cash rates closed at 6.20/6.30 percent, lower than 6.40/6.50 at close on Wednesday as demand for funds was low on the eve of the reporting Friday as most banks had completely funded their reserve requirements. The benchmark 10-year bond yield ended at 7.26 percent, off Wednesday's close of 7.40 percent. It struck 7.20 percent during trade, its lowest since January 2006.	Negative
<b>Other Markets</b>	BSE Sensex shed 3.68 percent, or 322.77 points to 8451.01, its lowest close since Nov. 10, 2005. The benchmark has lost 58.3 percent this year, making it one of the worst performers in Asia. Heavy foreign withdrawals of \$13.2 billion from the stock market have been reported in 2008.	Negative
<b>Overnight events</b>	Oil dived under \$50 a barrel on Thursday for the first time since May 2005. World economic woes prompted Switzerland's central bank to make a surprise one percentage-point interest rate cut and analysts said the poor U.S. jobs picture almost guaranteed a Federal Reserve Board rate cut at its next meeting on Dec. 16. The International Monetary Fund stepped in to bail out troubled Iceland, leading a \$10.2 billion help package, and was set to make as much as \$40 billion available to Turkey	Negative

## CURRENCY MOVEMENT

	Open	High	Low	Close	Open Int	Volume
<b>INR Future (NOV)</b>	50.4000	50.6550	50.0300	50.1500	83948	203034
<b>INR Spot</b>	50.4250	50.6050	49.8625	50.1500		
<b>1 Month Forward</b>	50.8500	52.0565	50.8500	51.9000		
<b>12 Month Forward</b>	54.9500	56.6500	54.9000	56.6500		

## FII INVESTMENT IN EQUITY

(Rs Crore)	Gross Purc.	Gross Sale	Net Flow
<b>20-Nov</b>	1884	2092	-208

## RBI FIXING RATES

Currency	Euro	Pound	100 Yen
<b>Rupee</b>	62.4751	74.0056	53.1800

## OTHER MARKETS

Points	Close	Change
<b>Sensex</b>	8451.01	-322.77
<b>Nifty</b>	2553.15	-81.85
<b>Dow Jones</b>	7552.29	-444.99
<b>Crude Oil (\$/B)</b>	49.42	-0.79
<b>Gold (\$/Oz)</b>	748.7	-2.30

## ECONOMIC INDICATORS

Country	Inflation	Int Rate	GDP	Ind. Pr.
<b>India</b>	8.90	6.00	7.90	4.80
<b>U.S.</b>	3.70	1.00	-0.30	1.30
<b>Europe</b>	4.50	3.00	0.30	-2.20
<b>China</b>	4.00	6.66	9.00	8.20
<b>Japan</b>	2.10	0.30	-0.40	0.20

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