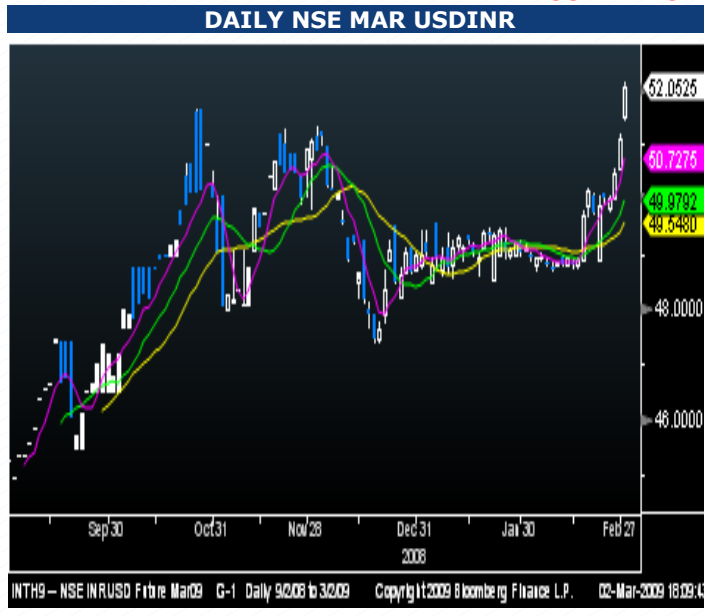


CURRENCY COMMENT



PERSPECTIVE

Early Morning: Asians stocks followed the Dow suit significantly opening in red. However asian currencies seen retreating from its earlier lows on central banks intervention setting Indian rupee to start lower but eventually heading towards its appreciation. DXY index is slightly down at 88.78, while EUR is trading almost in green but below 1.26. Sell USDINR (Mar) below at top around 52.15, SL 52.30, TGT 51.90 and 51.82.

Recap: Dollar continued winning its streak for the forth day against indian rupee ending the day just a shade below \$52 level mark at 51.94 amid rising broadly against major basket of currencies with euro dumped below 1.2600 levels and GBP below 1.4200. Asian and European markets sell-off with distressed selling in asian currencies set negative cues for Indian rupee too. Initially the trades remained consolidated mainly in range of 51.78 to 51.88. However, Strong NDF related demand emerged in spot market mainly above 51.85 that lifted the pair to record highs. Technically speaking, as appearing in the chart, USDINR (Mar) contract is seen strongly bid above 51.78 levels as it hold reasonable support below this level. Further, reversal in the trend only is possible if dollar index shows potential pullback. Technical resistance is seen at 52.00 and 52.15. While downside support is at 51.90 and 51.81.

CURRENCY METER

- ✓ Dollar index hits 3-yr high as investors seek safety
- ✓ Global stocks sink as AIG, HSBC unnerve investors. Oil drops 6 pct to \$42 per barrel
- ✓ State run banks been heard to have sold around \$500 to \$800 million to extinguish rupee's fall.

FACTOR DESCRIPTION	EFFECT ON RUPEE
<p>Fundamentals: India will hold a general election between April 16 and May 13, kicking off a mammoth process in which 714 million people will be able to cast their votes in the world's largest democracy. Data showed India's exports in January fell an annual 15.9 percent to \$12.38 billion, a fourth straight loss as the global slowdown shaved off demand for Indian goods. One-month offshore non-deliverable forward contracts were at 52.28/38, weaker than the spot rate. The partially convertible rupee closed at 51.90/92 per dollar, sharply down from 51.10/12 on Friday.</p>	Negative
<p>RBI Measures: Mar 5, The Central bank would buy back 60 billion rupees of federal debt, with an option to buy another 30 billion. Mar 6, It will auction 120 billion rupee federal bond. Banks parked 425 billion rupees with the central bank at its twin money market operations on Monday, but they did not borrow any funds via the repos, indicating cash was surplus with banks.</p>	Negative
<p>Money Markets: The yield on the 8.24 percent bond maturing in 2018 closed at 6.31 percent, off the day's low of 6.23 percent, its lowest since Feb. 16. Overnight cash rate ended 4.00/10 percent, unchanged from Friday's close.</p>	Positive
<p>Equity Markets: Indian shares fell 3.2 percent on Monday to their lowest close in more than three months as bleak economic data and sliding world markets added to the gloom. BSE index dropped 284.53 points to 8,607.08, its lowest close since Nov. 20</p>	Negative
<p>Top Events: The pound fell to \$1.3960, an intraday low and its lowest level since Jan 26. The euro was at \$1.2584 Monday afternoon in New York, from \$1.2676 late Friday. U.S. govt to pour another \$30 bln into AIG as insurer prepares to report biggest quarterly loss in history, struggles to sell assets. U.S. consumer spending rises 0.6 pct.</p>	Negative

CURRENCY MOVEMENT

	OPEN	HIGH	LOW	CLOSE	OPEN INT	VOLUME
INR Future (MAR)	51.4900	52.1025	51.4500	52.0525	231837	505457
INR Spot	51.5300	51.9425	51.4575	51.9400		
1 Month Forward	51.6700	52.8025	51.1400	52.8025		
12 Month Forward	53.9400	55.4100	53.5000	55.4100		

FII INVESTMENT IN EQUITY

(RS CORE)	GROSS PURC.	GROSS SALE	NET FLOW
2-Mar	1841	2111	-270

RBI FIXING RATES

CURRENCY	EURO	POUND	100 YEN
Rupee	65.3841	72.9609	53.3264

OTHER MARKETS

POINTS	CLOSE	CHANGE
Sensex	8607.08	-284.53
Nifty	2674.6	-89.05
Dow Jones	6763.29	-299.64
Crude Oil (\$/B)	40.15	0.24
Gold (\$/Oz)	940	-8.00

ECONOMIC INDICATORS

COUNTRY	INFLATION	INT RATE	GDP	IND. PR.
India	3.36	5.50	5.30	-2.00
U.S.	0.00	0.25	-6.20	-1.80
Europe	3.00	1.00	-1.90	-9.40
China	-4.20	5.31	6.80	5.70
Japan	0.00	0.10	-12.70	-30.80

INDIAN DATA WATCH

DATE	DAY	LOCAL/GMT	EVENT	PERIOD	PREVIOUS	FORECAST
02-Mar-09	Monday	1030/0500	ABN Amro PMI	Feb	46.7	--
02-Mar-09	Monday	1200/0630	Trade Deficit	Jan	\$7.57 bln	--
04-Mar-09	Wednesday	1200/0630	Infrastructure & Output	Jan	2.3 pct	--
05-Mar-09	Thursday	1800/1230	Inflation	Feb 21	3.36 pct	--
06-Mar-09	Friday	1700/1130	Forex Reserve	Feb 27	\$249.53 bln	--

INTRADAY CALLS COVERED

PRODUCT	RECO	RECO. PRICE	COVERING PRICE	GAIN/LOSS	LOT SIZE	MARGIN %	MARGIN MONEY	PER CONTRACT	ROI (%)	TARGET ACHIEVED
USDINR (MAR)	Short	51.85	51.70	0.15	1000	4	2074	150	7.23	Both Achieved
USDINR (MAR)	Short	51.84	51.84	0	1000	4	2074	0	0.00	Cost
USDINR (MAR)	Long	51.86	51.95	0.09	1000	4	2074	90	4.34	Achieved
USDINR (MAR)	Long	51.95	52.04	0.09	1000	4	2078	90	4.33	Achieved

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