



Currency Update

Jaypee Research Desk

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March 12, 2010

COMMENTARY

Rupee yesterday's price action remained positive and ended the day with a gain of more than half percent. In today's early morning trade prices opened with gap down and trade is expected to remain down as long as prices keep trading below the 45.54. An intraday breach below the 45.42 would be negative and would attract sell off to test next supports at 45.36, 45.28 and 45.235. Although short must be cautious about the breach above the 45.475 which may attract buying to test crucial resistance at 45.54. Short must place their stops at or near 45.54 as further breach above this level would be positive and would attract buying to test next next resistances at 45.60 and 45.68. Expect prices to trade sideways/down.

Forward Rates			
Detail	Bid	Ask	
USD/INR Spot	45.4125	45.4250	
1 Month Forward	45.4150	45.5050	
2 Month Forward	45.4900	45.5300	
3 Month Forward	45.5500	45.5975	
6 Month Forward	45.7900	45.8400	
12 Month Forward	46.2500	46.3250	

Money Market Details		USD LIBOR	
Call Rate (%)	3.28	1 Month	0.2300
Repo Rate (%)	4.75	3 Month	0.2570
CRR (%)	5.75	6 Month	0.3934
Forex Res. \$ (in mn)	278357	9 Month	0.6131



	USD	EUR	JPY	GBP	CHF	CAD	AUD	HKD	INR
INR	45.4356	62.6007	50.2996	68.8210	42.8840	44.4314	41.6917	5.8562	.....
HK \$	7.7586	10.6897	8.5892	11.7519	7.3229	7.5871	7.1193	.....	0.1708
Aus \$	1.0898	1.5015	1.2065	1.6507	1.0286	1.0657	.....	0.1405	0.0240
Can. \$	1.0226	1.4089	1.1321	1.5489	0.9652	.....	0.9383	0.1318	0.0225
CHF	1.0595	1.4598	1.1729	1.6048	.....	1.0361	0.9722	0.1366	0.0233
GBP	0.6602	0.9096	0.7309	.....	0.6231	0.6456	0.6058	0.0851	0.0145
JPY	90.3300	124.4558	.....	136.8222	85.2572	88.3337	82.8868	11.6426	1.9881
EURO	0.7258	.....	0.8035	1.0994	0.6850	0.7098	0.6660	0.0935	0.0160
US \$	.....	1.3778	1.1071	1.5147	0.9438	0.9779	0.9176	0.1289	0.0220

USD/INR Currency Futures on NSE				
Detail	Last	% Change	Open Int.	%Change
Feb-10	45.4675	-0.43	458918	2.86
Mar-10	45.5900	-0.44	270898	2.65
Apr-10	45.6775	-0.47	15952	-0.75
May-10	45.8250	-0.24	3897	-0.31
Jun-10	46.0500	0.00	1509	0.00
Jul-10	45.9300	-0.72	972	0.00

Currency Futures on MCX-SX				
Detail	Last	% Change	Open Int.	% Change
Feb-10	45.4500	-0.48	416370	44.84
Mar-10	45.5825	-0.48	217965	167.54
Apr-10	45.6825	-0.46	78988	119.50
May-10	45.8150	-0.24	2965	-85.03



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INR/USD:

Market Recap:

Rupee weakened 23 paise against the US dollar due to persistent bids from oil companies and corporates. Rupee opened weak at 45.46 on the back of dollar strengthening in overnight NY trades. Dollar remained upbeat on consistent demand from corporates and oil companies as crude prices crossed \$82 /bbl, which pressured rupee to close at 45.6150, against the previous day close of 45.38. Top of that domestic equity markets moved in tight range adding more pressure on rupee. Although there was some talk of outflows on account of Fortis' acquisition of a healthcare company in Singapore, it could not be confirmed. In the overseas market, the dollar was strong against other currencies. The forward premia moved lower with the six-month closing at 2.98 % from 3.1% and the one-year at 2.88 % from 2.94%.

Euro traded in a narrow against the dollar during Asian trading session, mostly in the band of 1.3640 to 1.3667. Euro made low of 1.3622 & high of 1.3667 while in Asian & European trades. Dollar index ended at 80.27, 16 bps lower than previous day close of 80.43. US economic data was upbeat for dollar, fall in initial jobless claims & trade deficit narrowing in Jan month were seen dollar supportive.

Market Outlook:

Rupee weakened 23 paise yesterday after gaining 25 paise on Wednesday on dollar strengthening in overseas market. For the day ahead, positive IIP numbers exceeding market expectation could offer support to rupee & dollar weakening could add more relief. Rupee is likely trade in range of 45.30 to 45.55/60 with positive bias & rupee could rise further towards 45 once it notches 45.25 levels in coming session.



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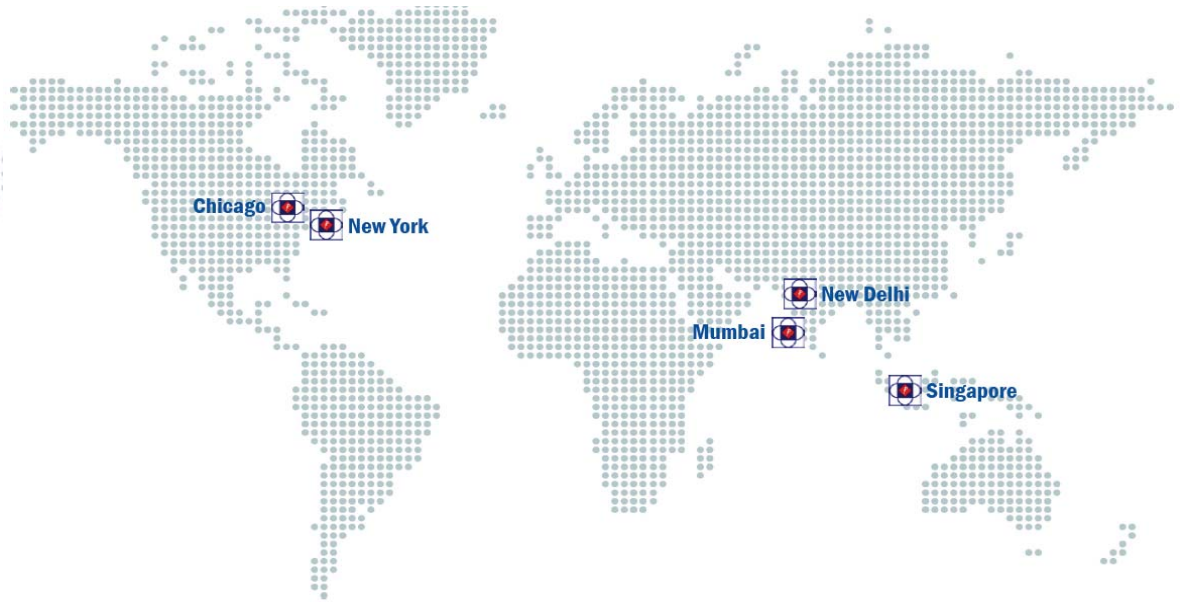
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