

CURRENCY CORNER

Daily Currency Research

Recap

Indian rupee kept a solid lid on dollar's rally and rose sharply against it on steep fall in euro and buoyant gains in domestic stocks, though it was off the day's highs and stayed above the psychologically important 47.00 level. In Asia, rupee was lifted as exporters active selling of dollars came to its rescue after dollar and euro came under pressure as investors ran scared ahead Fed's Chairman Ben Bernanke's testimony to Congress Wednesday and Thursday and the results of the European bank stress tests on Friday. The rupee had closed at 47.16/17 per dollar, after rising as high as 47.12 and 0.4 percent stronger than its previous close of 47.35/36. However, despite supportive comments from the French Finance minister (total confidence in results) and German chancellor Merkel (test will restore faith in banking sector), fear continue took its toll on EUR/USD which has lost over one cent to 1.2792 and then on EURINR that fell 0.66 paise to 60.20. EUR/JPY was 150 sen lower at 111.21. EUR/CHF racked up a 150 tick loss to 1.3435 in the wake of the SNB announcing an exchange rate loss of CHF14B with much of it attributed to the central bank's intervention purchases.

| KEY | LST | CHG | %CHG |
|--------|--------|--------|-------|
| SENSEX | 17977 | 99.09 | 0.55 |
| NIFTY | 5399.4 | 31.35 | 0.58 |
| DJIA | 10121 | -109.4 | -1.07 |
| CRUDE | 76.5 | -0.06 | -0.08 |
| GOLD | 1185 | -6.40 | -0.54 |
| DXY | 83.18 | -0.11 | -0.14 |
| CNYINR | 6.9600 | -0.03 | 0.40 |
| AUDINR | 41.70 | -0.16 | 0.39 |
| CADINR | 45.46 | 0.08 | -0.19 |
| CHFINR | 44.92 | -0.07 | 0.15 |

INR View



Indian rupee is tipped to open slightly down to flat against the dollar in line with mostly weaker regionals after testimony overnight by Fed Chairman Bernanke who noted an "unusually uncertain" economic outlook had triggered some risk aversion and had turned Wallstreet down by 1 pct at overnight. However, weakness in euro off its fresh high above \$1.30 would give some respite for rupee's recovery after it had fallen drastically in past few sessions.

Global Cues

- ✓ *Australia's leading economic index rose at an annualized rate of 6.7% in May, compared with a growth rate of 7.5% in April.*
- ✓ *Southeast Asia's second-largest economy ran a trade surplus of \$2.32 billion in June after exports posted a 46.3% on-year rise to a record \$18.04 billion.*
- ✓ *The Swiss Bank said Wednesday it expects to post a loss of about 4 billion Swiss francs in the first half of the year due to the franc's appreciation against the euro in 2010, resulting in CHF14 billion in exchange rate losses.*
- ✓ *The Bank of England's Monetary Policy Committee in July discussed the option of easing policy (rate cut) further to offset a worsening growth outlook, but Andrew Sentance again called for a rate increase to damp resilient inflation pressures, BOE minutes showed.*

Technicals

| (JULY) | LST | EXP. OPEN | TODAY'S TREND | TRADE RANGE | S1 | S2 | R1 | R2 |
|--------|-------|-----------|---------------------------------------|-------------|-------|-------|-------|-------|
| USDINR | 47.23 | 47.30 | Bullish but pull back can be expected | 47.08-47.35 | 47.15 | 47.04 | 47.42 | 47.60 |
| EURINR | 60.48 | 60.00 | Bearish but pull back expected | 59.90-60.30 | 60.20 | 59.90 | 60.50 | 60.70 |
| GBPINR | 71.95 | 71.60 | Bearish | 71.50-71.82 | 71.65 | 71.50 | 72.05 | 72.20 |
| JPYINR | 54.19 | 54.40 | Bullish | 54.30-54.60 | 54.00 | 53.86 | 54.45 | 54.62 |

Currency Movement At Nse

| (JULY) | OPEN | HIGH | LOW | CLOSE | CHG | O.INT | CHG | VOL | CHG |
|--------|-------|-------|-------|-------|-------|--------|--------|---------|--------|
| USDINR | 47.28 | 47.38 | 47.17 | 47.23 | -0.23 | 582034 | -50583 | 1848171 | 164154 |
| EURINR | 61.50 | 61.50 | 60.36 | 60.48 | -0.66 | 26890 | -8171 | 74799 | -2419 |
| GBPINR | 72.12 | 72.42 | 71.35 | 71.95 | 0.04 | 8734 | -67 | 6664 | 3332 |
| JPYINR | 54.00 | 54.40 | 54.00 | 54.19 | -0.34 | 6315 | -332 | 2381 | -481 |

Fills Investment

| Type | Gross Pur | Gross Sale | Net Flow |
|--------|-----------|------------|----------|
| Equity | 1669 | 1297 | 372 |
| Debt | 149 | 806 | -656 |

RBI Reference Rates

| USD | EUR | GBP | JPY |
|-------|-------|-------|-------|
| 47.25 | 60.98 | 72.32 | 54.20 |

Foreign Currency Movement Till 5.00 IST

| CURR | OPEN | HIGH | LOW | CLOSE | CHG |
|----------------|--------|--------|--------|--------|-------|
| EUR/USD | 1.2880 | 1.2913 | 1.2792 | 1.2814 | -0.51 |
| GBP/USD | 1.5264 | 1.5336 | 1.5187 | 1.5254 | -0.06 |
| USD/JPY | 87.51 | 87.51 | 86.87 | 86.97 | 0.62 |
| AUD/USD | 0.8839 | 0.8860 | 0.8802 | 0.8838 | -0.01 |
| NZD/USD | 0.7171 | 0.7195 | 0.7148 | 0.7177 | 0.08 |
| USD/CAD | 1.0435 | 1.0446 | 1.0351 | 1.0375 | 0.59 |
| USD/CHF | 1.0528 | 1.0543 | 1.0495 | 1.0502 | 0.25 |
| DXY | 82.68 | 83.03 | 82.56 | 82.95 | 0.20 |

Economic Data Slate

| CNTRY | IST | EVENT | Month | Exp. | Prev. |
|-------|-------|-----------------------------|--------|--------|--------|
| IN | 12:00 | Primary Article WPI YoY | 10-Jul | - - | 16.25% |
| IN | 12:00 | Fuel Power Light WPI YoY | 10-Jul | - - | 14.27% |
| GE | 13:00 | PMI Manufacturing | JUL A | 58 | 58.4 |
| EC | 13:30 | PMI Composite | JUL A | 55.2 | 56 |
| EC | 14:30 | Industrial New Orders (YoY) | MAY | 19.50% | 22.10% |
| US | 18:00 | Initial Jobless Claims | 17-Jul | 460K | 429K |
| US | 18:00 | Continuing Claims | 10-Jul | 4590K | 4681K |
| US | 19:30 | Existing Home Sales | JUN | 5.20M | 5.66M |

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