

CURRENCY CORNER

Daily Currency Research

Recap

Indian rupee shed its early day's gains and traded moderately weak against the dollar on Wednesday, as lack luster trades in higher yielding currencies and sell-off cues from local stock market prop up demand for dollars by the importers. In Asia, the home currency reached to its highest in two weeks at 46.55 as strong buying in EUR crosses including against dollar pushed EUR/USD to \$1.3041 on preference over Australian dollar which was squashed almost 1 pct against the dollar after weaker-than-expected second quarter inflation data buried the idea that interest rates might be raised next week. But later moving into Europe EUR/USD dipped back below \$1.30 as sterling took the charge managing to extend its recovery highs to \$1.5627 ahead of the BOE MPC. However thereafter the rate squeezed to initial lows at \$1.5545.

Finally in closing hours of the trading session, the partially convertible rupee ended at 46.75/76 per dollar, about 0.2 percent weaker than 46.67/68 at close on Tuesday. It touched an intraday high of 46.5550, its strongest since July 14.

KEY	LST	CHG	%CHG
SENSEX	17957.37	-120.2	-0.67
NIFTY	5397.55	-33.05	-0.61
DJIA	10497.88	-39.81	-0.38
CRUDE	77.05	0.06	0.08
GOLD	1167.8	5.40	0.46
DXY	82.07	-0.11	-0.13
CNYINR	6.9000	0.01	-0.20
AUDINR	41.87	-0.30	0.72
CADINR	45.35	0.21	-0.45
CHFIR	44.19	0.13	-0.30

INR View



Indian rupee is likely to weaken on increased demand for safe-haven yen which has risen sharply today to 87.19 high off yesterday's low at 88.12 after Wall street was dragged by losses. DJIA ends its 4-session winning streak down by 0.4% as concerns still taken a beat over U.S. recovery rise as Fed Beige Book showed economic activity rose only modestly in June, 1st half of July; June durable goods orders were down 1.0% vs +1.1% expected. However, early morning RBNZ has hiked its Official Cash Rate by 25 bps to 3.0% as expected with mixed statement amid more downbeat about the economy, leaving economists wondering if it'll pause in coming meetings. However, we expect currencies to move tight in an established range as market participants are eagerly awaiting for U.S GDP releasing on Friday for future clues.

Global Cues

- ✓ *Australia's annual consumer price index gained 3.1% in the June quarter, follows 2.9% price rise in March quarter. However on quarterly basis, price rose 0.6% in June compared with a 0.9% rise in the March..*
- ✓ *South Korea's current account surplus accelerated to a one-year high at \$5.04 billion in June from \$3.82 billion a month ago. Meanwhile, the BOK revised up its 2010 growth forecast to 5.9% from its earlier estimate of 5.2%.*
- ✓ *BoE's governor King said "2Q growth is encouraging but can't be certain that recovery will be sustained in UK".*
- ✓ *UK's Prime Minister David Cameron urged Indian to remove barriers for foreign investment in banking, insurance, defense, manufacturing and legal service in his first visit to India..*
- ✓ *On harmonized basis, inflation in Germany accelerated 1.2% in July from 0.8% in June due to higher energy and food prices.*
- ✓ *U.S. June durable goods orders fell 1.0%, suggesting that manufacturing is slowing. Orders were weaker than expected and marked their second month down.*

Technicals

(AUG)	LST	EXP. OPEN	TODAY'S TREND	TRADE RANGE	S1	S2	R1	R2
USDINR	46.95	47.08	Slight bearish	46.90-47.17	46.84	46.70	47.09	47.22
EURINR	61.00	61.12	sideways	60.85-61.24	60.89	60.70	61.12	61.30
GBPINR	73.13	73.22	Bullish	72.90-73.40	72.85	72.70	73.25	73.40
JPYINR	53.47	53.65	Bullish	53.00-53.40	53.22	53.10	53.60	53.75

Currency Movement At Nse

(AUG)	OPEN	HIGH	LOW	CLOSE	CHG	O.INT	CHG	VOL	CHG
USDINR	46.97	47.00	46.78	46.95	0.08	665767	122749	1843771	1414994
EURINR	60.98	61.14	60.87	61.00	0.05	23203	4861	71809	57152
GBPINR	72.91	73.19	72.86	73.13	0.42	6126	2892	5571	2090
JPYINR	53.32	53.49	53.00	53.47	-0.04	3068	1230	5830	4884

Fills Investment

Type	Gross Pur	Gross Sale	Net Flow
Equity	2476	2394	82
Debt	310	284	26

RBI Reference Rates

USD	EUR	GBP	100¥
46.57	60.62	72.67	53.01

Foreign Currency Movement Till 5.00 IST

CURR	OPEN	HIGH	LOW	CLOSE	CHG
EUR/USD	1.2996	1.3042	1.2967	1.3000	0.03
GBP/USD	1.5594	1.5627	1.5545	1.5597	0.02
USD/JPY	87.90	88.12	87.64	87.80	0.11
AUD/USD	0.9024	0.9027	0.8923	0.8951	-0.81
NZD/USD	0.7333	0.7340	0.7267	0.7289	-0.60
USD/CAD	1.0354	1.0392	1.0299	1.0314	0.39
USD/CHF	1.0606	1.0625	1.0574	1.0583	0.22
DXY	82.18	82.29	81.94	82.09	-0.09

Economic Data Slate

CNTR	IST	EVENT	MNT	Exp.	Prev.
IN	12:00	Primary Article WPI-YoY	17-JUL	- -	16.48%
IN	12:00	Fuel Power Light WPI-YoY	17-JUL	- -	14.27%
IN	12:00	Food Article WPI-YoY	17-JUL	- -	12.47%
GE	13:25	Unemployment Change	JUL	-15K	-21K
GE	13:25	Unemployment Rate	JUL	7.60%	7.70%
UK	14:00	Net Consumer Credit	JUN	0.2B	0.3B
US	18:00	Initial Jobless Claims	24-JUL	460K	464K
US	18:00	Continuing Claims	17-JUL	4525K	4487K

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