

SPOT CURRENCY WATCH

| Spot rate | High | Low | Close | Prevailing* | Change |
|-------------|--------|--------|--------|-------------|---------|
| USDINR | 46.87 | 46.51 | 46.91 | 46.5 | -0.0087 |
| USDJPY | 84.66 | 84.31 | 84.62 | 84.38 | -0.0028 |
| EUROUSD | 1.2673 | 1.2633 | 1.2661 | 1.2656 | -0.0004 |
| GBPUSD | 1.5477 | 1.5455 | 1.5459 | 1.546 | 0.0001 |
| US \$ Index | 83.303 | 83.133 | 83.161 | 83.153 | -0.0080 |

*Prevailing prices taken at the time of making the report

USDINR MCX-SX CURRENCY CONTRACTS

| Contract | Close | % Chg | Volume |
|----------|--------|--------|---------|
| SEP0 | 47.105 | 0.544 | 2385875 |
| OCT0 | 47.05 | -0.328 | 69288 |
| NOV0 | 47.17 | -0.201 | 20807 |

MCX-SX CROSS CURRENCY CONTRACTS

| | Contract | Close | % Chg | Volume |
|--------|----------|-------|--------|--------|
| EURINR | AUG'10 | 59.77 | -0.200 | 116285 |
| GBPINR | AUG'10 | 73.24 | 0.277 | 11003 |
| JPYINR | AUG'10 | 55.41 | 0.023 | 29404 |

MAJOR WORLD INDICES

| Indices | Close | Chg | % Chg |
|--------------------|----------|--------|---------|
| S&P 500 | 1048.92 | -15.46 | -1.4525 |
| NIKKEI 225 | 9149.26 | 158.2 | 1.7595 |
| SHANGHAI COMPOSITE | 3254.264 | 14.696 | 0.4536 |
| FTSE | 5355.5 | 104.09 | 1.9821 |
| CNX S&P NIFTY | 5415.45 | 6.75 | 0.1248 |

FII ACTIVITY (Rs. cr)

| Date | Purchase | Sale | Net |
|-----------|----------|-------|--------|
| 8/30/2010 | 28353 | 21167 | 7186 |
| 8/27/2010 | 44881 | 46004 | -1123 |
| 8/26/2010 | 32886 | 56996 | -24110 |
| 8/25/2010 | 54937 | 43977 | 10960 |

USDINR NDF Outright

| Months | Close | Change |
|--------|-----------|----------|
| 1 Mn | 47.099998 | 0.039997 |
| 6 Mn | 47.38 | -0.1 |
| 12Mn | 48.96 | 0.15 |

NDF - Non Deliverable Forward

COMMENTARY

The yen clung near a 15-year high against the dollar on Tuesday after the Bank of Japan's easing steps the previous day failed to scare investors from betting on it rising further.

With mounting U.S. economic worries seen keeping investors shunning risk assets such as high-yielding currencies, the market is likely to push up the low-yielding yen, testing the willingness of Japanese authorities to intervene.

Meanwhile, German government bonds rose yesterday after falling late last week, but they remained well below recent record highs with a public holiday in Britain dampening trading activity.

Bunds fell on Friday after U.S. Federal Reserve Chairman Ben Bernanke disappointed bond investors by not signaling any fresh stimulus measures, denting an extended rally in U.S. Treasuries and German government bond prices.

Italy sold 10.3 billion euros of fixed- and floating-rate government bonds, at the top-end of the targeted range, kicking off this week's euro zone debt auctions totaling some 20 billion euro

RBI REFERENCE RATES

| | Rate | Change |
|--------|---------|---------|
| USDINR | 46.84 | 0.09 |
| EURINR | 59.67 | -0.32 |
| GBPINR | 72.7777 | -0.4577 |
| JPYINR | 55.13 | 0.53 |

DAILY VOLATILITY

| | Close | Change |
|---------|-------|--------|
| USDINR | 0.56 | 0.03 |
| EUROINR | 0.61 | 0.02 |

COMMODITIES

| | Close | Change |
|--------|-------|--------|
| GOLD | 18933 | 0.31 |
| COPPER | 351.9 | 1.24 |
| CRUDE | 3522 | 0.34 |

MCX-SX SPREAD SHEET

| Contract | Sept-10 | Oct-10 | Nov-10 |
|----------|---------|--------|--------|
| Aug-10 | -0.055 | 0.065 | 0.135 |
| Sept-10 | 0 | 0.12 | 0.19 |
| Oct-10 | 0 | 0 | 0.07 |

USDINR Onshore Forward Premiums

| Months | Close | Change |
|--------|-------|--------|
| 1 Mn | 18.5 | -1 |
| 3 Mn | 59 | -1.5 |
| 12Mn | 193 | -2 |



DEBT MARKET WATCH

| Period | Rate | Change |
|---------------------|---------|--------|
| Call money rate | 5.15 | 0.00 |
| Mibor rate | 5.12 | -0.08 |
| 14 day Mibor | 5.25 | -0.31 |
| 3 month Mibor | 6.53 | -0.35 |
| 5 year G-sec | 7.698 | -0.21 |
| 10 year G-sec | 7.993 | 0.21 |
| Repo Amount | 0 | 0.00 |
| Reverse Repo amount | 1.5 | -59.50 |
| US 5-yr Benchmark | 1.3928 | 0.47 |
| US 10-yr Benchmark | 2.5321 | 0.07 |
| 1 month LIBOR | 0.25938 | -0.36 |
| 3 month LIBOR | 0.29688 | -0.84 |

COMMENTARY

The Indian rupee erased intraday gains on customary month-end dollar buying by refiners on Monday, but the dollar's broad weakness against the yen and a positive close of local stocks limited the fall.

The Indian Rupee ended at 46.91/92 per dollar, slightly weaker than Friday's close of 46.89/90.

The dollar's fall overseas limited the rupee's losses. The yen rose broadly after the Bank of Japan failed to signal aggressive monetary easing steps at an emergency meeting.

India's benchmark BSE share index ended 0.2 percent stronger, supported by global stock markets.

The Indian rupee should weaken today tracking losses in other Asian currencies and shares. Market will watch the June quarter economic growth data for further cues.

India's economy probably grew an annual 8.7 percent in April-June, its strongest pace since the December quarter of 2007, the median forecast of 21 economists showed.

IMPORTANT ECONOMIC INDICATORS

| Indicator | Time | Region | Period | Expected | Prior |
|--|-------|--------|---------|----------|-------|
| EUR Italian Business Confidence (AUG) | 07:30 | EUR | Monthly | 98.5 | 98.3 |
| EUR German Unemployment Change (AUG) | 07:55 | EUR | Monthly | -20K | -20K |
| EUR German Unemployment Rate s.a. (AUG) | 07:55 | EUR | Monthly | 7.6% | 7.6% |
| EUR Italian Retail Sales s.a. (MoM) (JUN) | 08:00 | EUR | Monthly | 0.1% | -0.3% |
| GBP Mortgage Approvals (JUL) | 08:30 | GBP | Monthly | 46.5K | 47.6K |
| EUR Euro-Zone Unemployment Rate (JUL) | 09:00 | EUR | Monthly | 10.0% | 10.0% |
| EUR Italian Unemployment Rate s.a. (JUL) | 10:00 | EUR | Monthly | - | 8.5% |
| USD Chicago Purchasing Manager Index (AUG) | 13:45 | USD | Monthly | 57.5 | 62.3 |
| USD Consumer Confidence (AUG) | 14:00 | USD | Monthly | 51.0 | 50.4 |
| USD FOMC Meeting Minutes | 18:00 | USD | Monthly | - | - |
| USD ABC Consumer Confidence (AUG 29) | 21:00 | USD | Weekly | - | - |

STRATEGY

| | Contract | BUY/SELL | Range | Target 1 | Target 2 | Stop Loss |
|--------|----------|----------|----------|----------|----------|-----------|
| USDINR | August | Buy | 47.06-08 | 47.16 | 46.190 | 46.970 |

PIVOT TABLE

| | Support 2 | Support 1 | Pivot | Resistance 1 | Resistance 2 |
|---------------|-----------|-----------|--------|--------------|--------------|
| USDINR Spot | 46.560 | 46.730 | 46.850 | 47.000 | 47.100 |
| USDINR Aug'10 | 46.76 | 46.93 | 47.03 | 47.20 | 47.30 |
| EURINR Aug'10 | 59.66 | 59.71 | 59.83 | 59.88 | 60.00 |
| GBPINR Aug'10 | 72.77 | 73.00 | 73.14 | 73.38 | 73.52 |
| JPYINR Aug'10 | 54.54 | 54.98 | 55.21 | 55.65 | 55.88 |

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