

SPOT CURRENCY WATCH

Spot rate	High	Low	Close	Prevailing*	Change
USDINR	47.04	46.77	47.05	46.75	-0.0064
USDJPY	87.03	86.84	86.93	86.92	-0.0001
EUROUSD	1.3017	1.298	1.2987	1.3009	0.0017
GBPUSD	1.5503	1.548	1.5482	1.5499	0.0011
US \$ Index	82.112	81.941	82.086	81.966	-0.1200

*Prevailing prices taken at the time of making the report

USDINR MCX-SX CURRENCY CONTRACTS

Contract	Close	% Chg	Volume
JUL0	47.035	0.1384	2585437
AUG0	47.2325	0.1590	267131
SEP0	47.3975	0.1585	26422

MCX-SX CROSS CURRENCY CONTRACTS

	Contract	Close	% Chg	Volume
EURINR	MAY'10	60.86	0.3297	174250
GBPINR	MAY'10	72.9	0.6350	10954
JPYINR	MAY'10	54.04	0.2226	11418

MAJOR WORLD INDICES

Indices	Close	Chg	% Chg
S&P 500	1115.01	12.36	1.1209
NIKKEI 225	9503.66	72.7	0.7709
SHANGHAI COMPOSITE	3254.264	14.696	0.4536
FTSE	5355.5	104.09	1.9821
CNX S&P NIFTY	5418.6	-30.5	-0.5597

FII ACTIVITY (Rs. cr)

Date	Purchase	Sale	Net
7/26/2010	28353	21167	7186
7/23/2010	34773	31548	3225
7/22/2010	32141	23083	9058
7/21/2010	18185	21024	-2839

USDINR NDF Outright

Months	Close	Change
1 Mn	47.12	-0.06
6 Mn	47.98	0.12
12Mn	48.71	0.08

NDF - Non Deliverable Forward

COMMENTARY

The Indian rupee erased intraday gains after touching its highest in more than a week on Monday, in line with the euro's losses against the dollar, with a fall in domestic shares prices also dampening sentiment.

Markets awaited the central bank's policy review today, which is likely to throw cues about capital flows into local stock markets in the coming months.

The Reserve Bank of India (RBI) is widely expected to raise key interest rates by 25 basis points at the review.

The partially convertible rupee ended at 47.04/05 per dollar, after touching an intraday high of 46.80, its strongest since July 16 and about 0.2 percent weaker than Friday's close of 46.94/95.

A fall in local share prices also hit sentiment. The benchmark BSE share index fell 0.6 percent yesterday.

The Indian rupee is likely to gain slightly in early trade today boosted by gains in regional stock markets but the central bank's rate decision and dollar's moves versus majors would be key.

RBI REFERENCE RATES

	Rate	Change
USDINR	46.86	0.14
EURINR	60.64	-0.11
GBPINR	72.52	-0.65
JPYINR	53.59	0.38

DAILY VOLATILITY

	Close	Change
USDINR	0.57	0.03
EUROINR	0.76	-0.04

COMMODITIES

	Close	Change
GOLD	18144	-0.60
COPPER	334.15	1.06
CRUDE	3710	-0.19

MCX-SX SPREAD SHEET

Contract	May-10	Jun-10	Jul-10
May-10	0.1975	0.3625	0.51
June-10	0	0.165	0.3125
July-10	0	0	0.1475

USDINR Onshore Forward Premiums

Months	Close	Change
1 Mn	19.5	0
3 Mn	55.5	0.5
12Mn	167	-1



DEBT MARKET WATCH

Period	Rate	Change
Call money rate	5.5	0.00
Mibor rate	5.67	-0.06
14 day Mibor	5.52	-0.29
3 month Mibor	5.75	-0.34
5 year G-sec	7.405	-0.09
10 year G-sec	7.671	-0.14
Repo Amount	357	-170.00
Reverse Repo amount	4	0.00
US 5-yr Benchmark	1.7337	0.00
US 10-yr Benchmark	2.9942	-0.06
1 month LIBOR	0.325	-0.58
3 month LIBOR	0.4875	-1.14

COMMENTARY

The euro rose against the dollar on Monday as relief over European bank stress tests and stronger economic data on both sides of the Atlantic took some risk aversion off the table.

However, worries the tests weren't strict enough capped gains in the single currency. Initial relief in markets that most European banks passed the regulator's tests was being replaced by concern the tests were not rigorous enough, making traders hesitant to bid up the euro.

Caution also set in ahead of earning reports by some European banks later on the day, including Deutsche Bank, which has not revealed its exposure to Southern European countries in the wake of the publication of stress test results.

Meanwhile, the dollar pared some of its earlier losses against the Japanese yen after a government report showed better than expected new home sales in June.

IMPORTANT ECONOMIC INDICATORS

Indicator	Time	Region	Period	Expected	Prior
German GfK Consumer Confidence Survey (AUG)	6	EUR	Monthly	3.6	3.5
UBS Consumption Indicator (JUN)	6	CHF	Monthly	-	1.737
Euro-Zone M3 s.a. (YoY) (JUN)	8	EUR	Monthly	-0.001	-0.002
CBI Distributive Trades Survey (JUL)	10	GBP	Monthly	3	-5
S&P/Case-Shiller Composite-20 (YoY) (MAY)	13	USD	Monthly	0.0375	0.0381
Consumer Confidence (JUL)	14	USD	Monthly	51.8	52.9
ABC Consumer Confidence (JUL 25)	21	USD	Weekly	-46	-45

STRATEGY

Contract	BUY/SELL	Range	Target 1	Target 2	Stop Loss
USDINR	June	46.94-96	46.8	46.740	47.080

PIVOT TABLE

	Support 2	Support 1	Pivot	Resistance 1	Resistance 2
USDINR Spot	46.710	46.880	46.980	47.150	47.230
USDINR May'10	46.73	46.90	46.99	47.16	47.25
EURINR May'10	60.35	60.61	60.73	60.99	61.12
GBPINR May'10	72.14	72.52	72.72	73.10	73.31
JPYINR May'10	53.19	53.61	53.83	54.25	54.47

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