

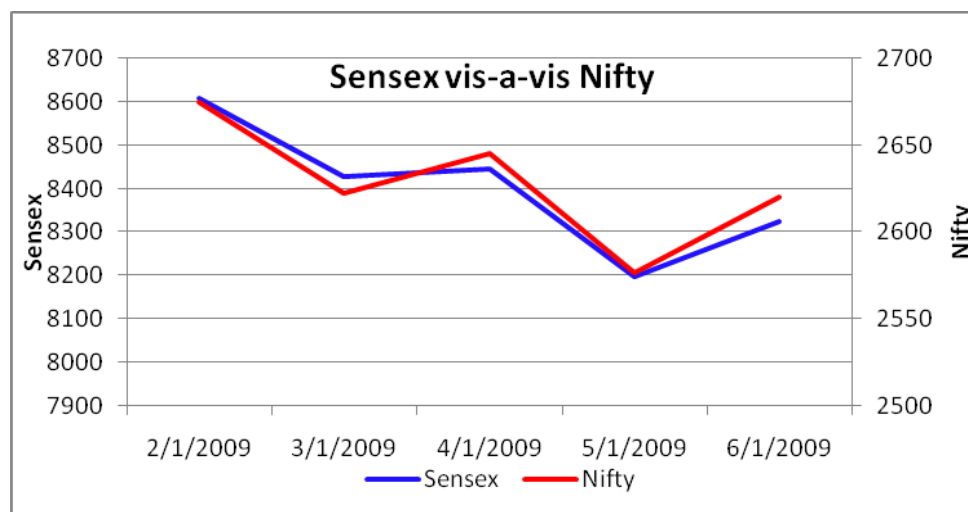
Rupee letting markets on the free fall...

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With no positive cues from the global scenes and the domestic looking bleak on all fronts, the Indian bourses are struggling to find a solace among its investors. The industrial production numbers, worst than expected, continue to stir the economy only to a new low level. The continuing slide in the domestic currency against US \$ is stirring up the fear that foreign institutional investors (FIIs) may withdraw the money on a rampant mode.

The week started in a negative note and the Indian economy's slower than-expected growth in third quarter heightened concerns of a prolonged slowdown but at the same time revives the hope of belligerent interest rate cuts. The sentiment worsened after the government released export and manufacturing data which showed a 16 % decline in India's export in January, the fourth successive month in contraction. The bellwether Sensex fell 284 points, or 3.2%, to reach at 8607.08 while the Nifty ended 89 points down to close at 2674.60.



Tuesday could not bring much relief to the bourses and the downhill trip was on including the rupee slide show. The global catastrophe led the market to tank and the Sensex ended at 8427.29, down 179.79 points, the lowest since Nov 10, 2005, thus, plummeting to a three-

year low. The comfort was that it still above 7697.39, the intra-day low seen in last Oct 2008. The rupee dropped to a record low beyond 52 per dollar on Tuesday emasculates by a slump in the stock market which tasted its three years low.

Wednesday proved to be a mixed day for Indian bourses. The global cues provided little reprieve to the stock market. The Sensex just managed to gain 19.2 points, up 0.2% to reach at 8446.49 points and the NSE's 50-share Nifty ended at 2645 points, up 22.6 points. The much of the rise was caused by short-covering in the later part of the session. The Rupee fall finally halted ending the 7-day fall. It closed at 51.55 against US \$, a gain of 40 paise. The rupee has already fallen nearly 5% in the past few sessions and 6.7 % in 2009.

Finally on the late Wednesday, the much awaited announcement of rate cuts by RBI, yet another rate cut stimulus failed to bring cheers to the stock markets on Thursday. The RBI has pruned repo rates and reverse repo rates by 50 bps each to 5% and 3.5% respectively. The immediate impact on demand is yet to see. This was followed by rate cuts by different banks including the largest private bank ICICI Bank. While the

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banking circles and other lenders welcomed the move and promised to trim down the lending rates while others blamed the wrong timing. A rate cut around March-end would have been more helpful as told. The Sensex and Nifty lost 248.57 points and 68.3 points to end at 8179.92 and 2576.7 points respectively. Even a new low inflation number at 3.03% failed to provide the cheer.

FII Investments in the week March			
Reporting Dates	Gross Purchase (Rs Crores)	Gross Sales (Rs Crores)	Net Investments (Rs Crores)
2-Mar-09	1840.9	2111.2	-270.3
3-Mar-09	831.5	1309.4	-477.9
4-Mar-09	651.1	1297.4	-646.3
5-Mar-09	936.9	1391.1	-454.2
6-Mar-09	1495.2	2104.2	-608.9
Total	5755.6	8213.3	-2457.6

Finally on the last day the bellwethers bucked the weak global trend and ended in a net positive. The BSE's Sensex gained 127.90 points ending at 8325.82 and the NSE's Nifty added 43.45 points closing at 2620.15. The falling rupee provided some reprieve to the software exporters as it would enhance revenues which are billed in the US currency.

Overall in the just concluded week, the NSE's 50 shares Nifty ended in a loss of (-) 5.19% and the BSE's 30 shares Sensex ended in a decline of (-) 6.36%. The fear of Nifty slipping below 2500 mark got delayed this time but the picture is gloomy ahead.

Technical View:

Nifty

Nifty has formed the "Channel Pattern on Daily chart", the Upper band of channel at 3150 and the Lower band at 2500. Last Friday the NSE's 50 shares Nifty touched the low 2539 and formed a positive candle pattern which may lead to Nifty 100-120 points upside move and breakout the lower side. The mentioned channel may fetch the previous lower level 2250. The overall sentiment is weak which has been justified by the intermediate trend of Nifty. The micro immediate Resistance within the range of channel: 2680/2800/2880 and immediate support: 2570/2500.

USD/INR

The rupee sharp depreciation against dollar also continues to make matters worse for Indian stocks, leading to acceleration in selling by FIIs. We accept the Dollar to rise to Rs 52.85 levels by this



weekend. If this level breached with positive volume note, the next target will be 53.80 and the downside support are placed at the 50.80/49.70 levels

Gold

The key reasons for gold prices moving up is neither the dollar appreciation nor the falling stock markets, but in the current predicament it is emerging as an investment option with minimal risk which offers stable returns and have low price volatility. Also globally with no fresh sources of mining available and acute power and labor shortages in South Africa (third largest producer) as well as sharp dips in production in Australia (fourth largest) and Indonesia, has translated to drop in supply for the third consecutive year (2008).

Gold made a strong bounce off on Thursday's lows near \$900 to current \$940. On MCX due to rupee weakness, some support had been seen for Indian market at level of 15000. Resistance is now likely to be seen at 15800, a move above could see prices testing 15990 if dollar had been strong.

Mutual Fund

On the Mutual Fund front, the average AUM increased by 8.68%, thus, crossing the Rs 5 trillion crores last seen in September 2008 before the Oct debacle in Mutual Fund industry. The largest gainer (2147.63%) is Bank of Baroda Pioneer AMC with the launch of Liquid Fund scheme. The LIC MF continued the spree with 2nd highest gain of 29.56% added two notch points up, thus, replacing Franklin and Tata AMC. The major chunk of the money is put in LIC MF Liquid Fund crossing Rs 14k crores. Other double digit gainers are Religare Aegon MF, Canara Robecco MF, IDFC MF, JP Morgan AMC, Birla AMC, Deutsche AMC, ICICI Pru AMC and HDFC AMC. But it has been heard that the major contributors for surge in AUMs are the PSU banks' contribution. Banks started shifting their focus from highly securitized CBLO market earning 3.5-4% to fixed income products where they earn a return of around 7-8 %. So, clearly there is no increase in corporate money and retail money.

Mutual Fund Investments				
Trading Dates	Equity	Gross Purchase (Rs Crores)	Gross Sales (Rs Crores)	Net Investments (Rs Crores)
2-Mar-09	Equity	171.6	442.1	-270.6
	Debt	1471.7	769.6	702.2
3-Mar-09	Equity	196.3	300.9	-104.6
	Debt	1685.3	672.2	1013.1
4-Mar-09	Equity	246.9	459.8	-212.9
	Debt	2692	728.6	1963.4
5-Mar-09	Equity	372.8	591.6	-218.8
	Debt	2245	812.3	1432.7
Total for March	Equity	987.6	1794.4	-806.9
	Debt	8094	2982.7	5111.4

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