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## MARKET ROUNDUP

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# ₹ recovers by 10 paise; bonds fall for third day

**May 18:** In a sluggish trade at the Forex market on Wednesday, the rupee recovered marginally by 10 paise to close at 45.05/06 against the US currency, following fresh dollar selling by some banks and exporters despite resumption of capital outflows.

The rupee opened strong at 45.05/06 a dollar from last close of 45.15/16 and was trapped in a narrow range of 45.00 and 45.15 before concluding at 45.05/06. It had tumbled by 29 paise, or 0.65%, to close at two-month low on Monday.

"The weakening dollar and stronger Asian currencies led the USD/INR pair to strengthen, however further strengthening seems unlikely as importers demand can be seen at lower levels," Alpari (Forex) India CEO

Pramit Brahmabhatt said.

Meanwhile, India's 10-year bonds declined for a third trading day after a government report showed that wholesale prices rose faster than economists predicted.

Yields on the most-traded 10-year debt approached a 31-month high after the commerce ministry said May 16 that the inflation rate was 8.66% in April, compared with the 8.50% median forecast in a survey.

The South Asian nation raised domestic gasoline prices by the most in almost three years over the weekend.

"We do not recommend buying Indian bonds until there are clear signs of inflation moderating," said Vivek Rajpal, Mumbai-based fixed-income strategist, Nomura Holdings. *Agencies*