

(BN) Rupee Rises Most in Two Months on Inflow Optimism: Mumbai M over

+-----+

Rupee Rises Most in Two Months on Inflow Optimism: Mumbai Mover

2012-11-29 11:51:05.163 GMT

By Jeanette Rodrigues

Nov. 29 (Bloomberg) -- India's rupee rose the most in more than two months on optimism U.S. lawmakers will agree on budget revisions and as Goldman Sachs Group Inc. upgraded the South Asian nation's shares, boosting the prospect of fund inflows.

The world economy is in the best shape in 18 months as China's prospects improve and the U.S. looks likely to avoid the tax increases and spending cuts known as the fiscal cliff, according to the latest Bloomberg Global Poll of investors. The BSE India Sensitive Index of shares surged 1.8 percent as Goldman Sachs said the outlook for Asia's third-largest economy is improving, and raised local stocks to overweight, according to two separate reports published today.

"After a very challenging 2012, we see India's economy gradually improving as we move into 2013, especially from the second half onwards," economists at Goldman Sachs, including Mumbai-based Tushar Poddar, wrote in a research note. "We think the rupee will likely appreciate in the medium term."

The currency advanced 1.2 percent from Nov. 27 to 54.8250 per dollar in Mumbai, the biggest jump since Sept. 21, according to data compiled by Bloomberg. It touched 54.7750 earlier, the strongest level since Nov. 15. The market was shut yesterday for a local holiday. One-month implied volatility, a measure of expected moves in exchange-rates used to price options, fell 5 basis points from Nov. 27, or 0.05 percentage point, to 9.45 percent.

Growth Outlook

The \$1.8 trillion economy probably expanded 5.5 percent in the three months through September from a year earlier, Finance Minister Palaniappan Chidambaram predicted on Nov. 24, matching the rate in the preceding quarter.

Economists forecast a 5.3 percent increase in gross domestic product, according to the median estimate in a Bloomberg survey before data tomorrow. That would match the pace in the first quarter that was the slowest since the three months through March 2009. Goldman said growth will pick up to 6.5 percent in 2013 and 7.2 percent in 2014 from 5.4 percent this year.

Foreign funds boosted holdings of local stocks by \$1.1 billion this month through Nov. 26, exchange data show.

Three-month onshore rupee forwards were at 55.75 per dollar, compared with 56.34 on Nov. 27, according to data compiled by Bloomberg. Offshore non-deliverable contracts were at 55.78 versus 56.32 yesterday. Forwards are agreements to buy or sell assets at a set price and date. Non-deliverable contracts are settled in dollars.

For Related News and Information:

Stories on Indian currency research: [TNI INB ANAFX BN <GO>](#) Most read Indian currency and bonds stories: [MNI INB BN <GO>](#) For Indian rupee forecasts: [FXFC INR <GO>](#)

--With assistance from Manish Modi in New Delhi. Editors: Simon Harvey, Anil Varma

To contact the reporter on this story:

Jeanette Rodrigues in Mumbai at +91-22-6120-3734 or jrodrigues26@bloomberg.net

To contact the editor responsible for this story:
James Regan at +852-2977-6620 or
jregan19@bloomberg.net