

Rupee at 3-month High: Jamal Mecklai Says Next Stop, 47/\$

Foreign institutional investors (FII) have pumped around Rs 15,000 crore so far this year, pushing rupee to a three-month high of 48.69 per dollar on Friday. Jamal Mecklai, chief executive officer, Mecklai Financial Services expects rupee to appreciate even more

Surprised by rupee's appreciation Mecklai told CNBC-TV18, "At the start of the year, FIIs need to position themselves, so they have brought money in, but now we are into February and money is still coming in. So, in terms of forecasting it is going clearly in one direction."

However, he cautions that if the rupee movement turns, it will be equally fast.

Going forward, Mecklai expects rupee to touch 47 per dollar. "I had given a one year forecast of 47-57 per dollar, I will hang on with that, 57 per dollar seems miles away, but 47 per dollar doesn't.

Below is the edited transcript of Mecklai's interview with CNBC-TV18. Also watch the accompanying video.

Q: What was the reason for the appreciation that we saw on the rupee for the day?

A: I have been also a little surprised on how the rupee is just appreciating. It is going back to the old days, as if there is no tomorrow. I am a little confused than concerned, when Mr. Bernanke said that he was going to keep US rates low for another two years, Europe of course is pumping liquidity in and it seems like it is an open signal, just go out and buy low risk assets.

To my mind that's nuts because even if you do, that you are simply storing up an explosion in the future. Europe is still in a mess and people are still buying risk assets, gold has gone very high. So, you might well expect the rupee to appreciate some more.

Q: Today our currency's appreciation has been slightly more than what we have seen in the other Asian markets, is that perhaps a trend one can aspect from our own markets and what's the kind of upside if it has to go up for the rupee?

A: People are buying India, despite all that mattered on the telecom yesterday, the stock market has not wobbled. At the start of the year generally FIIs needs to position themselves, so they have brought money in, but now we are into February and money is still coming in. So, in terms of forecasting it is going clearly in one direction.

If the market just goes in one direction, you don't stand in the way. But you got to be very careful because if it is all one way, when it turns and we know it always turns and that would also be equally fast. So, where it is going to go I don't know. In November, I had given a one year forecast of 47-57 per dollar, I will hang on with that 57 seems miles away, 47 doesn't.

http://www.moneycontrol.com/news/rupee/rupee-at-3-month-high-jamal-mecklai-says-next-stop-4736_662287.html