

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.41	6.41
US 10 year	2.45	2.49
Eur 10 year	0.44	0.45
UK 10 year	1.42	1.44
JPY 10 year	0.09	0.09

RBI reference rate

	Close		% change
	31-01-2017	30-01-2017	
USD/INR	67.81	68.04	-0.34
EUR/INR	72.55	72.96	-0.56
GBP/INR	84.85	85.52	-0.78
YEN/INR	59.77	59.38	0.66

Spot

Spot	Close	Prev close	% change
Rupee	67.87	67.95	-0.12
Dollar index	99.51	100.43	-0.91
Euro	1.0798	1.0695	0.96
British pound	1.2579	1.2486	0.74
Japanese Yen	112.8	113.77	-0.85
Australian (\$)	0.7585	0.7555	0.40
Swiss Franc	0.9892	0.9953	-0.61

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
February	68.07	-0.15	1124282	913321	-2.17	34.73
March	68.34	-0.15	302558	112200	16.20	98.86
Feb-March	-0.27	-	-	801121	-	87.72
March-April	-0.29	-	-	99793	-	88.94

Global Indices

Indices	Close	Prev close	% change
Dow Jones	19864.09	19971.13	-0.54
Nasdaq	5116.768	5129.329	-0.24
FTSE	7099.15	7118.48	-0.27
DAX	11535.31	11681.89	-1.25
Hang Sang	23152.12	23360.78	-0.90
Nikkei	19029.53	19041.34	-0.06
SGX Nifty	8597.5	8576	0.25

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1210.72	1195.7	1.26
Copper	272.75	265.5	2.73
Brent crude	55.7	55.23	0.85

Source: Reuters, Bloomberg, CdsI for above all exhibits

Research Analyst

Amit Gupta
amit.gup@icicisecurities.com

Gaurav Shah
gaurav.shah@icicisecurities.com

Debt market

- Government bonds ended largely unchanged, as investors held back purchases awaiting cues on the country's fiscal consolidation roadmap in the Union Budget today
- The benchmark 6.97% 2026 bond yield was steady at 6.41% as traders remain wary ahead of the Budget today
- Yield on the US 10-year fell to at 2.45% from 2.49% in the previous day

Forex (US\$/INR)

- The rupee posted further gains as the US\$ continued to get hammered against most currencies. The rupee is expected to remain volatile today due to the Union Budget being presented by Finance Minister
- The US\$ continued to slide against most currencies. Major pairs also gained as the dollar remains subdued due to headwinds created by the US president's executive orders

Equity

- Equity benchmarks settled lower for second consecutive session weighed down by profit booking ahead of the Union Budget and after the Economic Survey noted that FY17 GDP growth will dip to 6.5% from 7.6% in FY16
- The Sensex fell 193 points or 0.70% to 27655 while the Nifty was down 71 points or 0.83% to 8561
- Profit booking also emerged in the recently run up broader markets as the BSE midcap and small cap indices fell over 1% each. As a result, the overall market breadth was weak with an A/D ratio of 1:2.29 on the BSE

Commodities Market

- Crude oil prices continue to trade in a narrow range due to Opec and Russia supply cuts and headwinds created by rising US shale oil supply. Crude oil participants await US weekly inventories for near term trends
- Gold prices continued to gain as the world's base currency remains under pressure due to rising political uncertainty. The US President's spree of executive orders continue to support safe haven gold demand

US\$/INR derivatives strategy

- In the currency futures market, the most traded dollar-rupee February contract on the NSE ended at 68.07. The February contract open interest fell 2.17% from the previous day
- March contract open interest rose 16.20% from previous day
- We expect the US dollar to meet supply pressure at higher levels. Utilise upsides in the dollar to go short on the US\$/INR pair

Intra-day strategy

US\$/INR February futures contract (NSE)	View: Bearish on US\$/INR
Sell US\$/INR in the range of 67.90 - 68.00	Market Lot: US\$1000
Target: 67.60 / 67.40	Stop Loss: 68.10
Support	Resistance
S1/ S2: 67.85 / 67.65	R1/R2:68.15 /68.35

Source: Company, ICICIdirect.com Research

*Call initiation and update messages will be broadcast on iclick-2-gain"

FII Activity

Segment	Gross Purchase	Gross Sale	Net (₹ crore)
Equity	3336.30	2600.98	735.32
Debt	540.83	260.14	280.69

Source: SEBI, CDSL

Exhibit 1: US\$ INR Currency Future (NSE)



Source: Reuters, ICICIdirect.com Research

Exhibit 2: Pivot Levels (NSE)

Futures	Pivot	S1	S2	R1	R2
US\$ - INR (Feb)	68.07	67.99	67.92	68.14	68.22
US\$ - INR (Mar)	68.32	68.28	68.23	68.37	68.41
EUR - INR (Feb)	72.91	72.82	72.71	73.02	73.11
EUR - INR (Mar)	73.25	73.15	73.03	73.37	73.47
GBP - INR (Feb)	84.85	84.39	84.08	85.17	85.63
GBP - INR (mar)	85.23	84.74	84.41	85.56	86.05
JPY - INR (feb)	59.87	59.67	59.52	60.01	60.21
JPY - INR (mar)	60.22	60.12	59.92	60.42	60.52

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
31-Jan-17	February	Sell	Sell fut	68.15	67.70	68.30	70	Exit in profit

(*Returns are calculated on one lot only)

Exhibit 4: Contract Specification (NSE)

Underlying	Rate of exchange between one USD and INR
Trading Hours (Monday to Friday)	09:00 a.m. to 05:00 p.m.
Contract Size	USD 1000
Tick Size	0.25 paise or INR 0.0025
Trading Period	Maximum expiration period of 12 months
Contract Months	12 near calendar months
Final Settlement date/ Value date	Last working day of the month (subject to holiday calendars)
Last Trading Day	Two working days prior to Final Settlement Date
Settlement	Cash settled
Final Settlement Price	The reference rate fixed by RBI two days prior to the final settlement date will be used for final settlement

Source: NSE, ICICIdirect.com Research

NOTES:

- The Sell below / above price is a key technical level, which decides the trend for the day
- Initiate the trade within +/- 0.03—0.04 margin from the recommended level
- A return opportunity of about 0.09 paise is considered for partial profit booking post initiation of the trade
- Once the Call is initiated, an appropriate Stop Loss trigger should be put for the trade
- Once into position, put trailing stops to preserve your profits
- Be careful if the counter achieves the target immediately after opening
- The strategies are valid only for the date mentioned at the top
- Positions should be squared off by the end of the day
- The strategies are based on intra-day volatility, suggesting a two-way approach intra-day
- Medium to long-term prospects do not have any bearing on the daily view

MOST IMP: The follow-up and performance review table of the strategies indicates the profit opportunity that was available in the strategies. Individual profits may vary, depending upon the entry and exit price and stop losses



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICIdirect.com Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

Disclaimer

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities Ltd (I-Sec). The author may be holding a small number of shares/position in the above-referred companies as on date of release of this report. I-Sec may be holding a small number of shares/position in the above-referred companies as on date of release of this report. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This report may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. I-Sec and affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Actual results may differ materially from those set forth in projections. I-Sec may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject I-Sec and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.