

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.87	6.88
US 10 year	2.39	2.37
Eur 10 year	0.21	0.20
UK 10 year	1.15	1.15
JPY 10 year	0.06	0.05

RBI reference rate

	Close		% change
	28-02-2017	27-02-2017	
USD/INR	66.74	66.72	0.02
EUR/INR	70.72	70.51	0.28
GBP/INR	83.05	82.89	0.20
YEN/INR	59.35	59.51	-0.27

Spot

Spot	Close	Prev close	% change
Rupee	66.69	66.71	-0.03
Dollar index	101.12	101.13	-0.01
Euro	1.0576	1.0587	-0.10
British pound	1.238	1.2442	-0.50
Japanese Yen	112.77	112.7	0.06
Australian (\$)	0.7657	0.7673	-0.21
Swiss Franc	1.0058	1.009	-0.32

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
March	66.93	-0.01	1650958	548692	0.66	-28.63
April	67.20	-0.01	305230	85656	7.20	-88.29
March-April	-0.27	-	-	463036	-	84.39
April-May	-0.25	-	-	54573	-	63.71

Global Indices

Indices	Close	Prev close	% change
Dow Jones	20812.24	20837.44	-0.12
Nasdaq	5330.305	5347.549	-0.32
FTSE	7263.44	7253	0.14
DAX	11834.41	11822.67	0.10
Hang Sang	23820.68	23740.73	0.34
Nikkei	19232.24	19118.99	0.59
SGX Nifty	8925.5	8911.5	0.16

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1248.44	1252.73	-0.34
Copper	270.4	268.75	0.61
Brent crude	55.59	55.93	-0.61

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bond yields rose in February, with the benchmark yield recording its biggest monthly gain in more than three years, as the Monetary Policy Committee's surprise shift in stance to neutral amid concerns about sticky core inflation hurt appetite for domestic debt
- The benchmark 6.97% 2026 bond yield fell to 6.87% from 6.88% in the previous trading day
- Yield on the US 10-year rose to 2.39% from 2.37% in the previous day

Forex (US\$/INR)

- The rupee ended with mild gains against the US\$ as traders remained cautious ahead of GDP and fiscal deficit data. Domestic Q3 GDP was at 7% while annual is estimated at 7.1% beating lower estimates of 6.8%
- Although the US dollar index ended almost unchanged, it has made overnight gains on US Fed official's hawkish comments and US President's speech. The Japanese Yen has come under profit booking as the US\$JPY pair remains most immune to rate hike prospects among major pairs

Equity

- Equity benchmarks settled lower for a second straight session amid choppy consolidation in a narrow range as participants remained cautious ahead of US President's address to a joint session of Congress
- The Sensex fell 69 points or 0.24% to 28743 while the Nifty shed 17 points or 0.19% to shut shop at 8879
- Broader markets outperformed benchmarks for a second session in a row as the BSE midcap index was up 0.13% while the small cap index rose 0.63%. As a result, the overall market breadth was marginally favouring advances with an A/D ratio of 1.11:1 on the BSE

Commodities Market

- Crude oil prices continue in narrow range as a supply tug-of-war between Opec producers & US shale oil suppliers continued. However, strength in US\$ may lead to some profit booking in crude oil prices
- Gold prices came under profit booking tracking developments in US rate hike prospects and US President's speech. FOMC March interest rate hike probability has risen on US Fed official's hawkish comments

US\$/INR derivatives strategy

- In the currency futures market, the most traded dollar-rupee March contract on the NSE ended at 66.93. The March contract open interest rose 0.66% from the previous day
- April contract open interest rose 7.20% from the previous day
- We expect the US dollar to find supports at lower levels. Utilise downsides in the dollar to go long on the US\$INR pair

Intra-day strategy

US\$INR March futures contract (NSE)	View: Bullish on US\$INR
Buy US\$INR in the range of 66.85 - 66.95	Market Lot: US\$1000
Target: 67.25 / 67.45	Stop Loss: 66.75
Support	Resistance
S1/ S2: 66.95 / 66.75	R1/R2: 67.30 / 67.50

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	5185.67	5331.00	-145.33
Debt	1014.89	355.89	659.00

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 (Mar)	66.96	66.89	66.85	67.01	67.08
US\$ - INR (Apr)	67.23	67.16	67.11	67.29	67.36
EUR - INR (Mar)	71.04	70.96	70.85	71.14	71.22
EUR - INR (Apr)	71.40	71.33	71.24	71.50	71.57
GBP - INR (Mar)	83.32	83.21	83.09	83.44	83.55
GBP - INR (Apr)	83.70	83.60	83.49	83.81	83.91
JPY - INR (Mar)	59.66	59.58	59.45	59.79	59.87
JPY - INR (Apr)	59.96	59.89	59.77	60.08	60.15

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
28-Feb-17	March	Buy	Buy future	66.90	67.20	66.75	0	Not initiated

(*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



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