

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.66	6.66
US 10 year	2.20	2.21
Eur 10 year	0.30	0.29
UK 10 year	1.05	0.99
JPY 10 year	0.05	0.04

RBI reference rate

	Close		% change
	31-05-2017	30-05-2017	
USD/INR	64.55	64.63	-0.14
EUR/INR	72.14	71.83	0.43
GBP/INR	82.64	82.79	-0.17
YEN/INR	58.15	58.24	-0.15

Spot

Spot	Close	Prev close	% change
Rupee	64.51	64.67	-0.24
Dollar index	96.92	97.28	-0.37
Euro	1.1244	1.1186	0.52
British pound	1.289	1.2859	0.24
Japanese Yen	110.78	110.85	-0.06
Australian (\$)	0.743	0.7465	-0.47
Swiss Franc	0.9678	0.9746	-0.70

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
June	64.73	-0.25	1346441	702449	4.01	23.46
July	64.99	-0.25	366899	169159	16.18	2.39
June-July	-0.26	-	-	533290	-	75.92
July-August	-0.25	-	-	138693	-	81.99

Global Indices

Indices	Close	Prev close	% change
Dow Jones	21008.65	21029.47	-0.10
Nasdaq	5788.802	5794.632	-0.10
FTSE	7519.95	7526.51	-0.09
DAX	12615.06	12598.68	0.13
Hang Sang	25734.22	25660.65	0.29
Nikkei	19837.36	19650.57	0.95
SGX Nifty	9629	9637	-0.08

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1268.92	1263.09	0.46
Copper	258	256.4	0.62
Brent crude	50.31	51.84	-2.95

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bond yields fell this month, after retail inflation eased to at least a five-year low, triggering hopes of a 'less hawkish' policy outlook when the Monetary Policy Committee meets next week
- The benchmark 6.97% 2026 bond yield was unchanged at 6.66% in the previous session
- Yield on the US 10-year declined to 2.20% from 2.21% in the previous session

Forex (US\$/INR)

- The rupee posted a decent recovery tracking weakness in the US\$ against major currencies as well as strength in domestic equities. The rupee will track the upcoming RBI monetary policy meeting next week
- The US\$ fell against major currencies as lower PCE data hurt US treasury yields weighing on US\$. April core PCE was lower at 1.5% from 1.6% in the previous month. JPY posted gains benefiting from a rise in safe haven demand as well as lower US core personal consumption data

Equity

- Equity benchmarks snapped their four day winning streak and settled marginally lower on Wednesday after hitting fresh record highs in intraday trade ahead of GDP data
- The Sensex settled at 31145, down just 13 points while the Nifty shut shop at 9621, down just 3 points
- Broader market outperformed frontline indices with the BSE midcap and small cap indices rising up to 1% each. As a result, the overall market breadth was positive

Commodities Market

- Crude oil fell in yesterday's trade but a further slide could be limited as US oil inventories are expected show a drawdown. American Petroleum Institute (API) showed stocks falling by 8.67 mb while the government survey expects stocks to fall by 3 mb
- Gold prices continued to trade in a range ahead of a host of central bank meetings lined up in June. Gold will take cues from major bank's stance on timing and necessity of stimulus unwinding

US\$/INR derivatives strategy

- In the currency futures market, the most traded dollar-rupee June contract on the NSE ended at 64.73. The June contract open interest increased 4.01% from the previous day
- July contract open interest increased 16.18% in the last session
- We expect the US\$ to meet supply pressure at higher levels. Utilise upsides in the pair to go short on the US\$/INR pair

Intra-day strategy

US\$/INR June futures contract (NSE)	View: Bearish on US\$/INR
Sell US\$/INR in the range of 64.70 - 64.80	Market Lot: US\$1000
Target: 64.45 / 64.35	Stop Loss: 64.90
Support	Resistance
S1/ S2: 64.60 / 64.40	R1/R2: 64.80 / 65.00

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	3421.99	3593.76	-93.47
Debt	1857.26	691.66	60.00

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 (June)	64.75	64.69	64.64	64.79	64.85
US\$ - INR (July)	65.00	64.94	64.89	65.05	65.11
EUR - INR (June)	72.55	72.31	71.96	72.90	73.15
EUR - INR (July)	73.01	72.89	72.70	73.20	73.32
GBP - INR (June)	83.13	82.82	82.44	83.51	83.82
GBP - INR (July)	83.47	83.29	83.00	83.76	83.94
JPY - INR (June)	58.45	58.38	58.27	58.57	58.64
JPY - INR (July)	58.75	58.68	58.58	58.85	58.91

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
31-May-17	June	Sell	Sell future	64.95	64.55	65.05	0	Not initiaed

(*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 paisa 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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