

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.85	6.93
US 10 year	2.48	2.45
Eur 10 year	0.32	0.28
UK 10 year	1.21	1.19
JPY 10 year	0.07	0.07

RBI reference rate

	Close		% change
	02-03-2017	01-03-2017	
USD/INR	66.74	66.85	-0.16
EUR/INR	70.31	70.57	-0.37
GBP/INR	81.99	82.72	-0.88
YEN/INR	58.50	58.91	-0.70

Spot

Spot	Close	Prev close	% change
Rupee	66.71	66.83	-0.17
Dollar index	102.20	101.78	0.41
Euro	1.0507	1.0547	-0.38
British pound	1.2267	1.2293	-0.21
Japanese Yen	114.41	113.73	0.60
Australian (\$)	0.7572	0.7677	-1.37
Swiss Franc	1.0134	1.0089	0.45

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
March	66.90	-0.21	1722114	658451	6.10	-21.46
April	67.16	-0.22	398567	95687	12.52	-22.28
March-April	-0.26	-	-	562764	-	85.47
April-May	-0.30	-	-	74261	-	77.61

Global Indices

Indices	Close	Prev close	% change
Dow Jones	21002.97	21115.55	-0.53
Nasdaq	5363.259	5390.989	-0.51
FTSE	7382.35	7382.9	-0.01
DAX	12059.57	12067.19	-0.06
Hang Sang	23599.92	23728.07	-0.54
Nikkei	19538.15	19564.8	-0.14
SGX Nifty	8894	8921	-0.30

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1234.25	1249.69	-1.24
Copper	267.95	272.65	-1.72
Brent crude	55.08	56.36	-2.27

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bonds rose on short covering as state-run banks were reluctant to lend securities in the repo market ahead of the 10-year note's coupon payment on Monday
- The benchmark 6.97% 2026 bond yield fell to 6.85% from 6.93% in the previous trading day
- Yield on the US 10-year rose to 2.48% from 2.45% in the previous day

Forex (US\$/INR)

- The rupee rose against the dollar, on consistent foreign fund inflow allaying concerns on a rise in US Fed March interest rate hike prospects. However, a continued surge in rate hike prospects and strength in the US\$ index against major currencies would cap rupee gains
- The US\$ further post gains against major currencies as rhetoric on US interest rate hike prospects in March by Fed officials fuelled speculation over a sooner than expected rate hike. Japanese Yen lost over 0.50% as the pair remains highly immune to US interest rate hike prospects

Equity

- Equity benchmarks rose to fresh 52 week highs at the start of the session before paring gains to slip into the negative territory amid broad based profit booking
- The Sensex lost 361 points from the intraday high (29145) before finally settling at 28839, down 144 points or 0.50% while the Nifty fell 113 points from its 52 week high of 8992 to finally settle at 8899, down 46 points or 0.51%
- The broader markets, which witnessed hit new life-time highs in the preceding session, were under profit booking pressure on Wednesday as the BSE midcap and small cap indices fell 1.41% and 1.30%, respectively. As a result, the overall market breadth was weak, represented by the midcap and small cap indices hit fresh life-time high in intraday trade on Wednesday before settling off highs gaining 0.13% and 0.45% respectively

Commodities Market

- Crude oil prices gave off gains in yesterday's trade as rising US inventories weigh on Opec supply cuts trying to balance oil markets. US inventories are at almost 35 years highs as US shale suppliers benefit from rise in oil prices
- Gold prices saw profit booking of over 1.20% as a steep rise in US March interest rate hike probability weigh on non-interest paying asset. Gold could see further profit booking if the Fed moves in March and maintains a hawkish stance as current expectations are three rate hikes in 2017

US\$/INR derivatives strategy

- In the currency futures market, the most traded dollar-rupee March contract on the NSE ended at 66.90. The March contract open interest rose 6.10% from the previous day
- April contract open interest rose 12.52% 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 66.93 - 67.03	Market Lot: US\$1000
Target: 67.35 / 67.55	Stop Loss: 66.85
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"

FI Activity

Segment	Gross Purchase	Gross Sale	Net (₹ crore)
Equity	5236.96	5334.17	-97.21
Debt	513.72	303.57	210.15

Source: SEBI, CDSL

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



Exhibit 2: Pivot Levels (NSE)

Futures	Pivot	S1	S2	R1	R2
US\$ - INR (Mar)	66.92	66.86	66.81	66.97	67.03
US\$ - INR (Apr)	67.19	67.13	67.09	67.24	67.30
EUR - INR (Mar)	70.62	70.43	70.33	70.72	70.91
EUR - INR (Apr)	70.97	70.86	70.79	71.04	71.15
GBP - INR (Mar)	82.28	82.11	81.99	82.40	82.57
GBP - INR (Apr)	82.67	82.55	82.46	82.77	82.89
JPY - INR (Mar)	58.68	58.50	58.38	58.80	58.98
JPY - INR (Apr)	59.01	58.81	58.69	59.13	59.32

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
2-Mar-17	March	Buy	Buy future	66.95	67.45	66.80	-20	Exit in loss

(*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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