

Treasury yields

| | Closing yield% | Previous yield % |
|---------------|----------------|------------------|
| India 10 year | 6.99 | 6.96 |
| US 10 year | 2.28 | 2.32 |
| Eur 10 year | 0.33 | 0.32 |
| UK 10 year | 1.09 | 1.09 |
| JPY 10 year | 0.02 | 0.01 |

RBI reference rate

| | Close | | % change |
|---------|----------|-----------|----------|
| | 5/2/2017 | 4/28/2017 | |
| USD/INR | 64.21 | 64.22 | -0.02 |
| EUR/INR | 70.04 | 69.88 | 0.23 |
| GBP/INR | 82.69 | 82.83 | -0.16 |
| YEN/INR | 57.27 | 57.72 | -0.78 |

Spot

| Spot | Close | Prev close | % change |
|-----------------|--------|------------|----------|
| Rupee | 64.21 | 64.25 | -0.05 |
| Dollar index | 98.98 | 99.08 | -0.10 |
| Euro | 1.093 | 1.0899 | 0.28 |
| British pound | 1.2939 | 1.2886 | 0.41 |
| Japanese Yen | 111.99 | 111.84 | 0.13 |
| Australian (\$) | 0.7536 | 0.7526 | 0.13 |
| Swiss Franc | 0.9916 | 0.9963 | -0.47 |

Currency futures (US\$/₹, NSE)

| Contracts | LTP | chg (%) | OI | Vol | chg (%) | |
|-----------|-------|---------|---------|--------|---------|--------|
| | | | | | OI | Vol |
| May | 64.45 | -0.07 | 1440187 | 560118 | -0.76 | -29.38 |
| Jun | 64.69 | -0.12 | 362192 | 71103 | 0.24 | 3.57 |
| May-Jun | -0.23 | - | - | 489015 | - | 87.31 |
| Jun-Jul | -0.31 | - | - | 65827 | - | 92.58 |

Global Indices

| Indices | Close | Prev close | % change |
|-----------|----------|------------|----------|
| Dow Jones | 20949.89 | 20913.46 | 0.17 |
| Nasdaq | 5644.068 | 5629.632 | 0.26 |
| FTSE | 7250.05 | 7203.94 | 0.64 |
| DAX | 12507.9 | 12438.01 | 0.56 |
| Hang Sang | 24696.13 | 24615.13 | 0.28 |
| Nikkei | 19445.7 | 19196.74 | 1.30 |
| SGX Nifty | 9357.5 | 9346 | 0.12 |

* Asian market as at 08.00 am

Commodities

| | Close | Prev close | % change |
|-------------|---------|------------|----------|
| Gold | 1256.76 | 1256.58 | 0.01 |
| Copper | 262.5 | 265 | -0.94 |
| Brent crude | 50.46 | 51.52 | -2.06 |

Source: Reuters, Bloomberg, CdsI for above all exhibits

Research Analyst

Amit Gupta
amit.gup@icicisecurities.com

Gaurav Shah
gaurav.shah@icicisecurities.com

Debt market

- Sovereign bonds fell for a second day, as the central bank's auction of long-term treasury bills to drain surplus liquidity boosted supply. The RBI sold 317-days T-bills under market stabilisation scheme worth ₹ 250 billion. The central bank has withdrawn ₹ 950 billion through issuance of MSS notes and cash management bills since April 17
- The benchmark 6.97% 2026 bond yield increased to 6.99% from 6.96%
- Yield on the US 10-year declined to 2.28% from 2.32% in the previous session

Forex (US\$/INR)

- The rupee rose against the dollar, tracking gains in Asian peers, as the greenback weakened ahead of the US Federal Reserve's monetary policy meet
- With the odds of a June rate hike increasing ahead of US FOMC later session, the dollar held ground (currently at 98.93) and is awaiting cues from FOMC statement. Statement on rate of hike path and balance sheet reduction plan could trigger some volatility in the Dollar Index

Equity

- Equity benchmarks ended on a flat note after a volatile trading session on Tuesday. The index consolidated for a third consecutive session after the recent strong up move
- The Sensex settled at 29921, up by just 2 points while the Nifty ended marginally higher by 9 points or 0.1% to end at 9313
- The broader markets performed relatively better as the BSE midcap index was up 0.38% while the small cap index gained 0.31% for the day. The market breadth on the BSE turned marginally negative as the session progressed highlighting profit booking

Commodities Market

- Crude prices are still reeling under sharp selling that was seen in Tuesday's session as participants were worried about the oversupply by several Opec members
- Gold held the key support level of US\$1250/oz ahead of the FOMC verdict later in the session. A dovish statement could reignite the resumption of a strong price performance from gold in 2017

US\$/INR derivatives strategy

- In the currency futures market, the most traded dollar-rupee May contract on the NSE ended at 64.45. The May contract open interest declined by 0.76% from the previous day
- June contract open interest increased 0.24% 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 May futures contract (NSE) | View: Bearish on US\$/INR |
|--|---------------------------|
| Sell US\$/INR in the range of 64.50- 64.55 | Market Lot: US\$1000 |
| Target: 64.30/ 64.20 | Stop Loss: 64.60 |
| Support | Resistance |
| S1/ S2: 64.30 / 64.20 | R1/R2:64.65 /64.75 |

Source: Company, ICICIdirect.com Research

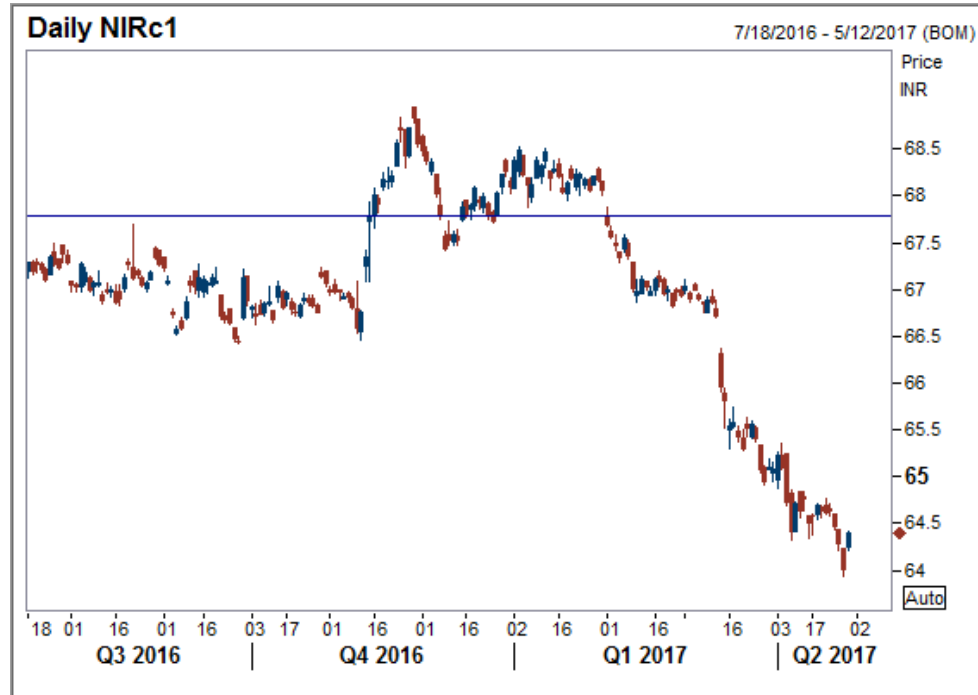
*Call initiation and update messages will be broadcast on iclick-2-gain"

FII Activity

| Segment | Gross Purchase | Gross Sale | Net (₹ crore) |
|---------|----------------|------------|---------------|
| Equity | 4607.38 | 5720.91 | -1113.53 |
| Debt | 139.39 | 421.96 | -282.57 |

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 (May) | 64.40 | 64.32 | 64.20 | 64.52 | 64.60 |
| US\$ - INR (Jun) | 64.68 | 64.63 | 64.55 | 64.75 | 64.80 |
| EUR - INR (May) | 70.43 | 70.35 | 70.25 | 70.52 | 70.60 |
| EUR - INR (Jun) | 70.82 | 70.75 | 70.66 | 70.91 | 70.99 |
| GBP - INR (May) | 83.23 | 83.07 | 82.79 | 83.51 | 83.67 |
| GBP - INR (Jun) | 83.62 | 83.46 | 83.19 | 83.90 | 84.05 |
| JPY - INR (May) | 57.56 | 57.39 | 57.28 | 57.67 | 57.84 |
| JPY - INR (Jun) | 57.85 | 57.73 | 57.64 | 57.94 | 58.06 |

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

| Date | Contract USD/INR | View | Strategy | Rec. | Target | SL | (P/L)* | Comment |
|----------|------------------|------|-------------|-------|--------|-------|--------|---------------|
| 2-May-17 | May | Sell | Sell future | 64.52 | 64.30 | 64.60 | 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



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICIdirect.com Research Desk,
ICICI Securities Limited,
1st Floor, Akruvi 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.