

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.43	6.41
US 10 year	2.39	2.41
Eur 10 year	0.35	0.37
UK 10 year	1.29	1.32
JPY 10 year	0.11	0.11

RBI reference rate

	Close		% change
	07-02-2017	06-02-2017	
USD/INR	67.37	67.20	0.26
EUR/INR	72.07	72.40	-0.46
GBP/INR	83.95	83.92	0.03
YEN/INR	60.26	59.73	0.89

Spot

Spot	Close	Prev close	% change
Rupee	67.41	67.22	0.28
Dollar index	100.26	99.91	0.35
Euro	1.0683	1.075	-0.62
British pound	1.2509	1.2469	0.32
Japanese Yen	112.39	111.74	0.58
Australian (\$)	0.7628	0.766	-0.42
Swiss Franc	0.9978	0.9912	0.67

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
February	67.55	0.28	1498949	792980	-1.41	1.87
March	67.82	0.28	460428	85106	6.66	-14.14
Feb-March	-0.27	-	-	707874	-	89.27
March-April	-0.27	-	-	76946	-	90.41

Global Indices

Indices	Close	Prev close	% change
Dow Jones	20090.29	20052.42	0.19
Nasdaq	5185.877	5167.962	0.35
FTSE	7186.22	7172.15	0.20
DAX	11549.44	11509.84	0.34
Hang Sang	23207.58	23331.57	-0.53
Nikkei	18911.13	18910.78	0.00
SGX Nifty	8779.5	8799.5	-0.23

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1233.85	1235.53	-0.14
Copper	263.2	265.15	-0.74
Brent crude	55.05	55.72	-1.20

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 fell for a third session, as investors remain cautious ahead of today's central bank monetary policy meeting
- The benchmark 6.97% 2026 bond yield rose to 6.43% ahead of today's monetary policy meeting of the RBI, from 6.41% yesterday
- Yield on the US 10-year fell to 2.39% from 2.41% in the previous day

Forex (US\$/INR)

- The rupee ended its winning streak in yesterday's trade as market participants remain wary and book profits ahead of today's central bank monetary policy meeting. Consensus is of 25 bps cut in key policy rates. any disappointment by RBI would lead to profit booking in rupee
- The US\$ continue to remain on edge against major currencies due to political and policy uncertainty. Yen continued its winning streak against US\$ ahead of US president and Japanese Prime minister this week. Any signals by US president on Yen undervaluation would send US\$ further lower

Equity

- Equity benchmarks snapped a four-day winning streak retreating from five month highs amid profit booking ahead of the RBI policy while subdued global cues also weighed on sentiments
- The Sensex shed 104 points or 0.37% to 28335 while the Nifty lost 32 points or 0.37% to settle at 8768
- Broader markets were relatively better off as the BSE midcap and small cap indices pared just 0.18% and 0.09%, respectively. The overall market breadth was marginally tilted in favour of declines with an A/D ratio of 1:17 on the BSE

Commodities Market

- Oil prices continue to remain on edge as US shale supply counter Opec cuts. American Petroleum Institute data showed US oil stocks rising by 14.2 mb ahead of government weekly inventory data
- Gold remain steady amid soft US\$ and recovery in inflation in major economies. Recovery in US\$ could see some profit booking in gold from recent gains

US\$/INR derivatives strategy

- In the currency futures market, the most traded dollar-rupee February contract on the NSE ended at 67.55. The February contract open interest fell 1.41% from the previous day
- March contract open interest rose 6.66% from previous day
- We expect the US dollar to gain supports at lower levels. Utilise downsides in the dollar to go long on the US\$INR pair

Intra-day strategy

US\$INR February futures contract (NSE)	View: Bullish on US\$INR
Buy US\$INR in the range of 67.35 - 67.45	Market Lot: US\$1000
Target: 67.60 / 67.80	Stop Loss: 67.25
Support	Resistance
S1/ S2: 67.30 / 67.10	R1/R2: 67.70 / 67.90

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	4126.79	4569.23	-442.44
Debt	3388.81	1077.49	2311.32

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)	67.51	67.44	67.33	67.61	67.69
US\$ - INR (Mar)	67.77	67.70	67.59	67.88	67.95
EUR - INR (Feb)	72.20	72.00	71.87	72.32	72.52
EUR - INR (Mar)	72.53	72.34	72.22	72.65	72.84
GBP - INR (Feb)	83.76	83.29	83.02	84.03	84.50
GBP - INR (mar)	84.12	83.65	83.39	84.38	84.85
JPY - INR (feb)	60.20	59.98	59.85	60.33	60.55
JPY - INR (mar)	60.77	60.59	60.51	60.85	61.03

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
6-Feb-17	February	Sell	Sell fut	67.60	67.15	67.70	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 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



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

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