

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.94	6.97
US 10 year	2.35	2.35
Eur 10 year	0.42	0.39
UK 10 year	1.12	1.12
JPY 10 year	0.02	0.02

RBI reference rate

	Close		% change
	05-05-2017	04-05-2017	
USD/INR	64.31	64.21	0.15
EUR/INR	70.60	69.94	0.94
GBP/INR	83.13	82.56	0.69
YEN/INR	57.37	56.95	0.74

Spot

Spot	Close	Prev close	% change
Rupee	64.38	64.17	0.31
Dollar index	98.65	98.80	-0.15
Euro	1.0998	1.0985	0.12
British pound	1.2982	1.2923	0.46
Japanese Yen	112.71	112.46	0.22
Australian (\$)	0.7424	0.7409	0.20
Swiss Franc	0.9877	0.9864	0.13

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
May	64.54	0.25	1382970	780066	-2.08	61.60
Jun	64.82	0.28	427442	100527	3.77	19.90
May-Jun	-0.28	-	-	679539	-	87.11
Jun-Jul	-0.28	-	-	93647	-	93.16

Global Indices

Indices	Close	Prev close	% change
Dow Jones	21006.94	20951.47	0.26
Nasdaq	5646.094	5626.316	0.35
FTSE	7297.43	7248.1	0.68
DAX	12716.89	12647.78	0.55
Hang Sang	24563.55	24476.35	0.36
Nikkei	19799	19445	0.20
SGX Nifty	9335.5	9317	0.20

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1228.01	1228.16	-0.01
Copper	251.95	250.2	0.70
Brent crude	49.1	48.38	1.49

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bonds rose, as a plunge in crude oil prices raised expectations of lower inflation in Asia's third largest economy
- The benchmark 6.97% 2026 bond yield declined to 6.94% from 6.97%
- Yield on the US 10-year was steady at 2.35% in the previous session

Forex (US\$/INR)

- The rupee posted the biggest-single day drop in nearly four weeks against the dollar, as a slump in crude oil prices hurt investors' appetite for risk assets. However, losses in the rupee would be limited due to a weak US\$ and favourable domestic factors
- Risk-on sentiment got a boost post a clear victory for pro-Euro French presidential candidate Macron in the second round of elections. As such, the Euro tested one-year highs while the US\$ is trading lower post the US presidential win. We expect the Euro to post sharp gains over the Japanese Yen due to waning risk aversion

Equity

- Equity benchmarks settled lower on Friday amid profit booking in banking stocks after the government notified the Banking regulation (amendment) ordinance while a sharp fall in crude prices dragged oil explorers
- The Sensex fell 267 points or 0.89% to 29858 while the Nifty lost 74 points or 0.80% to settle at 9285
- Broader markets fell in line with benchmarks as the BSE midcap and small cap index lost 1.09% and 0.84%, respectively. The overall market breadth was negative with an A/D ratio of 1:2.59 on the BSE

Commodities Market

- Crude oil prices posted sharp gains of 1.49% getting support at lower levels. Also, the Saudi Oil Minister commented on the possibility of extending oil curbs beyond H2 2017
- Gold continued to feel the pressure as a clear win for pro-Euro candidate has eased some political risks in Europe. Increasing faith in pro-Euro political outcomes could also lead to ECB winding up the loose monetary policy earlier than expected as risk concerns wade off

US\$/INR derivatives strategy

- In the currency futures market, the most traded dollar-rupee May contract on the NSE ended at 64.54. The May contract open interest declined 2.08% from the previous day
- June contract open interest increased 3.77% 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 64.55 - 64.65	Market Lot: US\$1000
Target: 64.30/ 64.10	Stop Loss: 64.75
Support	Resistance
S1/ S2: 64.30 / 64.10	R1/R2: 64.55 / 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	6023.42	6163.58	-93.47
Debt	975.54	228.60	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 (May)	64.51	64.44	64.34	64.61	64.67
US\$ - INR (Jun)	64.77	64.71	64.61	64.87	64.93
EUR - INR (May)	70.76	70.59	70.35	71.00	71.18
EUR - INR (Jun)	71.22	71.12	71.05	71.30	71.40
GBP - INR (May)	83.43	83.27	83.03	83.68	83.84
GBP - INR (Jun)	83.82	83.66	83.43	84.05	84.21
JPY - INR (May)	57.37	57.16	56.85	57.69	57.90
JPY - INR (Jun)	57.73	57.59	57.40	57.92	58.06

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
5-May-17	May	Sell	Sell future	64.50	64.17	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



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