

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.93	6.94
US 10 year	2.39	2.35
Eur 10 year	0.42	0.42
UK 10 year	1.15	1.12
JPY 10 year	0.03	0.02

RBI reference rate

	Close		% change
	08-05-2017	05-05-2017	
USD/INR	64.22	64.31	-0.14
EUR/INR	70.50	70.60	-0.14
GBP/INR	83.26	83.13	0.15
YEN/INR	56.99	57.37	-0.66

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	64.48	-0.09	1372559	512602	-0.75	-34.29
Jun	64.74	-0.12	442274	63692	3.47	-36.64
May-Jun	-0.26	-	-	448910	-	87.57
Jun-Jul	-0.27	-	-	55694	-	87.44

Global Indices

Indices	Close	Prev close	% change
Dow Jones	21012.28	21006.94	0.03
Nasdaq	5659.069	5646.094	0.23
FTSE	7300.86	7297.43	0.05
DAX	12694.55	12716.89	-0.18
Hang Sang	24599.01	24577.91	0.09
Nikkei	19868.25	19895.7	-0.14
SGX Nifty	9344.5	9346	-0.02

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1226.23	1228.01	-0.14
Copper	248.55	251.95	-1.35
Brent crude	49.34	49.1	0.49

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 edged higher, as pro-European Union Emmanuel Macron won the French presidential election, spurring global risk appetite
- The benchmark 6.97% 2026 bond yield declined to 6.93% from 6.94%
- Yield on US 10-year rose to 2.39% from 2.35% in the previous session

Forex (US\$/INR)

- The rupee rose for the first time in three sessions against US\$, as victory for pro-European Union leader Emmanuel Macron at the French presidential election spurred a rally in risk assets
- Risky assets continued to gain over the outcome of French presidential elections. US\$ and Japanese Yen faced selling over subsiding risk aversion. We expect British pound to see some profit booking at this levels while the US\$ may remain in a range against major currencies

Equity

- Equity benchmarks began the week on a positive note amid range bound trading on Monday. The sentiment was boosted by firm global cues after centrist candidate Emmanuel Macron comfortably won the French presidential election
- The Sensex rose 67 points or 0.23% to 29926 while the Nifty added 28 points or 0.31% to settle at 9314
- Broader markets outperformed benchmarks as the BSE midcap and small cap indices rose 0.50% and 0.70%, respectively. As a result, overall market breadth was positive with an A/D ratio of 1.4:1 on the BSE

Commodities Market

- Crude oil prices continued their gains for a second day over bullish comments from the Saudi Oil Minister. Opec could stretch supply curbs even after H2 2017. Oil failed to gain even though US\$ has remained soft in past few sessions
- Gold saw minor profit booking as a recovery in risk sentiment weighed on gold's safe haven appeal. Also, a recent downtick seen in core inflation in major economies has dented gold's inflation hedge appeal

US\$/INR derivatives strategy

- In the currency futures market, the most traded dollar-rupee May contract on the NSE ended at 64.48. The May contract open interest declined 0.75% from the previous day
- June contract open interest increased 3.47% in the last session
- We expect the US\$ to find supports at lower levels. Utilise downsides in the pair to go long on the US\$/INR pair

Intra-day strategy

US\$/INR May futures contract (NSE)	View: Bullish on US\$/INR
Buy US\$/INR in the range of 64.40 - 64.50	Market Lot: US\$1000
Target: 64.70/ 64.90	Stop Loss: 64.30
Support	Resistance
S1/ S2: 64.40 / 64.20	R1/R2: 64.55 / 64.75

Source: Company, ICICIdirect.com Research

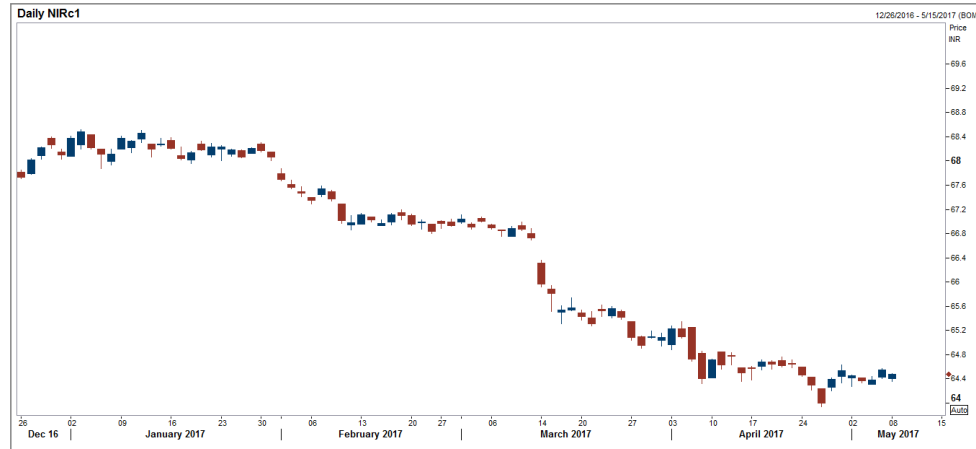
*Call initiation and update messages will be broadcast on iclick-2-gain"

FII Activity

Segment	Gross Purchase	Gross Sale	Net (₹ crore)
Equity	4937.41	5185.66	-93.47
Debt	2327.63	424.16	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)	64.44	64.39	64.31	64.52	64.57
US\$ - INR (Jun)	64.70	64.65	64.58	64.78	64.83
EUR - INR (May)	70.68	70.49	70.31	70.86	71.05
EUR - INR (Jun)	71.05	70.86	70.68	71.23	71.42
GBP - INR (May)	83.57	83.46	83.32	83.71	83.82
GBP - INR (Jun)	83.95	83.84	83.69	84.09	84.20
JPY - INR (May)	57.27	57.17	57.01	57.43	57.54
JPY - INR (Jun)	57.57	57.47	57.32	57.72	57.82

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
8-May-17	May	Sell	Sell future	64.60	64.20	64.75	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

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.