

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.81	6.86
US 10 year	2.41	2.39
Eur 10 year	0.32	0.31
UK 10 year	1.26	1.25
JPY 10 year	0.09	0.10

RBI reference rate

	Close		% change
	10-02-2017	09-02-2017	
USD/INR	66.94	67.01	-0.11
EUR/INR	71.33	71.54	-0.29
GBP/INR	83.77	83.82	-0.06
YEN/INR	58.89	59.71	-1.37

Spot

Spot	Close	Prev close	% change
Rupee	66.85	67.19	-0.50
Dollar index	100.65	100.28	0.37
Euro	1.0655	1.0698	-0.40
British pound	1.2497	1.2541	-0.35
Japanese Yen	113.25	111.93	1.18
Australian (\$)	0.7625	0.7645	-0.26
Swiss Franc	1.0017	0.9947	0.70

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
February	66.99	0.03	1671790	1155562	1.83	-8.17
March	67.29	0.01	588076	245182	10.27	49.23
Feb-March	-0.30	-	-	910380	-	78.78
March-April	-0.27	-	-	215987	-	88.09

Global Indices

Indices	Close	Prev close	% change
Dow Jones	20269.37	20172.4	0.48
Nasdaq	5226.686	5212.156	0.28
FTSE	7258.75	7229.5	0.40
DAX	11666.97	11642.86	0.21
Hang Sang	23690.38	23574.98	0.49
Nikkei	19501.43	19378.93	0.63
SGX Nifty	8846.5	8808	0.44

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1233.62	1228.36	0.43
Copper	276.8	265.35	4.32
Brent crude	56.7	55.63	1.92

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bond yields recorded their biggest weekly gain in over three years, after the Monetary Policy Committee took a hawkish stance amid concerns inflation may accelerate in coming months
- The benchmark 6.97% 2026 bond yield fell to 6.81% from 6.86% in the previous day
- Yield on the US 10-year rose to 2.41% from 2.39% in the previous day

Forex (US\$/INR)

- The rupee fell for the first time in three sessions against the dollar, as state-run banks bought the US\$ for crude oil importers amid broad strength in the US\$ against major currencies
- The US\$ posted minor gains against major currencies on expectation of tax reforms. Weekend meeting between the US President and Japanese Prime Minister did not see any talks over currency manipulation. US\$ is expected to take cues from upcoming CPI data

Equity

- Equity benchmarks settled marginally in the green for a second consecutive session amid choppy consolidation in a narrow range while stock specific action remained in focus amid the ongoing earnings season
- The Sensex settled at 28334 up just 4 points while the Nifty shut shop at 8793 up 15 points or 0.17%
- Broader markets ended mixed as the mid cap index was subject to profit booking to settle 0.28% lower while the small cap index was up 0.14%. The overall market breath was marginally tilted in favour of declines with an A/D ratio of 1:1.16 on the BSE

Commodities Market

- Oil prices remain supported as better-than-expected compliance to supply cuts by Opec members is supporting oil prices. However, price would continue to face headwinds at higher levels as US shale oil producers take benefit of higher prices to produce more
- Gold ended little higher on Friday ahead of the US President and the Japanese Prime Minister's meeting. Overall, policy uncertainty from the US and trends in US\$ would continue to remain catalysts for gold prices in near term

US\$/INR derivatives strategy

- In the currency futures market, the most traded dollar-rupee February contract on the NSE ended at 66.99. The February contract open interest rose 1.83% from the previous day
- March contract open interest rose 10.27% from previous day
- We expect the US dollar to find supports at lower levels. Utilise downsides in the dollar to go short 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 66.80 - 66.90	Market Lot: US\$1000
Target: 67.20 / 67.40	Stop Loss: 66.70
Support	Resistance
S1/ S2: 66.80 / 66.60	R1/R2: 67.20 / 67.40

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	4964.41	4365.34	599.07
Debt	1168.22	1064.31	103.91

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)	66.98	66.86	66.75	67.10	67.22
US\$ - INR (Mar)	67.27	67.15	67.04	67.37	67.49
EUR - INR (Feb)	71.41	71.24	71.09	71.56	71.74
EUR - INR (Mar)	71.74	71.58	71.44	71.88	72.04
GBP - INR (Feb)	83.75	83.52	83.30	83.97	84.20
GBP - INR (mar)	84.11	83.90	83.70	84.31	84.53
JPY - INR (feb)	58.94	58.77	58.46	59.25	59.42
JPY - INR (mar)	59.63	59.58	59.49	59.72	59.77

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
10-Feb-17	February	Sell	Sell future	67.20	66.80	67.35	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



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