

Treasury yields

| | Closing yield% | Previous yield % |
|---------------|----------------|------------------|
| India 10 year | 6.83 | 6.81 |
| US 10 year | 2.44 | 2.41 |
| Eur 10 year | 0.33 | 0.32 |
| UK 10 year | 1.29 | 1.26 |
| JPY 10 year | 0.09 | 0.09 |

RBI reference rate

| | Close | | % change |
|---------|------------|------------|----------|
| | 13-02-2017 | 10-02-2017 | |
| USD/INR | 66.97 | 66.94 | 0.04 |
| EUR/INR | 71.17 | 71.33 | -0.23 |
| GBP/INR | 83.76 | 83.77 | -0.01 |
| YEN/INR | 58.89 | 58.89 | 0.00 |

Spot

| Spot | Close | Prev close | % change |
|-----------------|--------|------------|----------|
| Rupee | 67.02 | 66.89 | 0.19 |
| Dollar index | 100.96 | 100.80 | 0.16 |
| Euro | 1.0598 | 1.0643 | -0.42 |
| British pound | 1.2526 | 1.2491 | 0.28 |
| Japanese Yen | 113.74 | 113.22 | 0.46 |
| Australian (\$) | 0.764 | 0.7674 | -0.44 |
| Swiss Franc | 1.0057 | 1.0024 | 0.33 |

Currency futures (US\$/₹, NSE)

| Contracts | LTP | chg (%) | OI | Vol | chg (%) | |
|-------------|-------|---------|---------|--------|---------|--------|
| | | | | | OI | Vol |
| February | 67.12 | 0.19 | 1662414 | 824260 | -0.56 | -28.67 |
| March | 67.39 | 0.15 | 627932 | 143516 | 6.78 | -41.47 |
| Feb-March | -0.27 | - | - | 680744 | - | 82.59 |
| March-April | -0.28 | - | - | 129464 | - | 90.21 |

Global Indices

| Indices | Close | Prev close | % change |
|-----------|----------|------------|----------|
| Dow Jones | 20412.16 | 20269.37 | 0.70 |
| Nasdaq | 5256.815 | 5226.686 | 0.58 |
| FTSE | 7278.92 | 7258.75 | 0.28 |
| DAX | 11774.43 | 11666.97 | 0.92 |
| Hang Sang | 23724.22 | 23710.98 | 0.06 |
| Nikkei | 19428.04 | 19459.15 | -0.16 |
| SGX Nifty | 8841.5 | 8821 | 0.23 |

* Asian market as at 08.00 am

Commodities

| | Close | Prev close | % change |
|-------------|---------|------------|----------|
| Gold | 1225.26 | 1233.62 | -0.68 |
| Copper | 278.3 | 276.8 | 0.54 |
| Brent crude | 55.59 | 56.7 | -1.96 |

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bonds fell as investors remained cautious ahead of inflation data. January CPI fell to 3.17% from 3.41% previously
- The benchmark 6.97% 2026 bond yield rose to 6.83% from 6.81% in the previous day
- Yield on the US 10-year rose to 2.44% from 2.41% in the previous day

Forex (US\$/INR)

- The rupee slide continued yesterday as consolidation in domestic equities and strength in the US\$ against major currencies due to the US President's tax plan led to profit booking on the recent gains in rupee
- The US\$ posted gains against major currencies ahead of the US Fed chair's testimony today. Market participants would be awaiting cues on rate hike trajectory as current probability is highest for rate hike in June

Equity

- Equity benchmarks eked out marginal gains for a fourth consecutive session amid choppy consolidation on Monday while stock specific action remained in focus ahead of the CPI data print expected on Monday evening
- The Sensex settled at 28351, up just 17 points while the Nifty shut shop at 8805, up 11 points or 0.13%
- Broader markets underperformed led by profit booking in recently run up stocks as the midcap and small cap indices ended down 0.37% and 0.57%, respectively. The overall market breath was negative, as a result, with an A/D ratio of 1:1.6 on the BSE

Commodities Market

- Oil prices were lower ahead of US weekly stocks data. Higher-than-expected compliance by Opec members on supply curbs is being countered by rising shale oil supply
- Gold was slightly lower due to a recovery in the US\$ from the tax reform statement. Gold could continue to see further gains if the US\$ remains subdued as safe haven buying at lower level supports non-interest paying asset

US\$/INR derivatives strategy

- In the currency futures market, the most traded dollar-rupee February contract on the NSE ended at 67.12. The February contract open interest fell 0.56% from the previous day
- March contract open interest rose 6.78% from previous day
- We expect the US dollar to find 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 66.90 - 67.00 | Market Lot: US\$1000 |
| Target: 67.30 / 67.50 | Stop Loss: 66.80 |
| Support | Resistance |
| S1/ S2: 67.00 / 66.80 | R1/R2: 67.30 / 67.50 |

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 | 4952.76 | 4397.49 | 555.27 |
| Debt | 1849.38 | 1134.09 | 715.29 |

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) | 67.07 | 67.00 | 66.89 | 67.18 | 67.25 |
| US\$ - INR (Mar) | 67.33 | 67.26 | 67.14 | 67.46 | 67.53 |
| EUR - INR (Feb) | 71.43 | 71.29 | 71.07 | 71.64 | 71.78 |
| EUR - INR (Mar) | 71.77 | 71.66 | 71.48 | 71.95 | 72.05 |
| GBP - INR (Feb) | 83.98 | 83.82 | 83.57 | 84.23 | 84.38 |
| GBP - INR (mar) | 84.36 | 84.25 | 84.05 | 84.56 | 84.67 |
| JPY - INR (feb) | 59.01 | 58.90 | 58.75 | 59.16 | 59.27 |
| JPY - INR (mar) | 59.61 | 59.63 | 59.57 | 59.66 | 59.64 |

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

| Date | Contract USD/INR | View | Strategy | Rec. | Target | SL | (P/L)* | Comment |
|-----------|---------------------|------|------------|-------|--------|-------|--------|----------------|
| 13-Feb-17 | February | Buy | Buy future | 66.95 | 67.30 | 66.70 | 0 | Exit in profit |

(*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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