

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.86	6.88
US 10 year	2.49	2.47
Eur 10 year	0.37	0.37
UK 10 year	1.30	1.31
JPY 10 year	0.09	0.10

RBI reference rate

	Close		% change
	15-02-2017	14-02-2017	
USD/INR	66.92	66.94	-0.04
EUR/INR	70.82	71.09	-0.38
GBP/INR	83.41	83.98	-0.67
YEN/INR	58.56	59.06	-0.85

Spot

Spot	Close	Prev close	% change
Rupee	66.91	66.92	-0.02
Dollar index	101.18	101.25	-0.07
Euro	1.0601	1.0578	0.22
British pound	1.2461	1.2468	-0.06
Japanese Yen	114.16	114.26	-0.09
Australian (\$)	0.771	0.7663	0.61
Swiss Franc	1.0055	1.0062	-0.07

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	Vol
February	66.97	-0.04	1535053	695459	-5.30	4.28
March	67.22	-0.07	727667	165159	10.64	50.41
Feb-March	-0.25	-	-	530300	-	76.25
March-April	-0.30	-	-	140091	-	84.82

Global Indices

Indices	Close	Prev close	% change
Dow Jones	20611.86	20504.41	0.52
Nasdaq	5302.393	5271.072	0.59
FTSE	7302.41	7268.56	0.47
DAX	11793.93	11771.81	0.19
Hang Sang	24047.78	23994.87	0.22
Nikkei	19343.38	19437.98	-0.49
SGX Nifty	8757.5	8754	0.04

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1233.7	1228.13	0.45
Copper	274.05	273.7	0.13
Brent crude	55.75	55.97	-0.39

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bonds rose for the first time in three sessions, as some investors made purchases at lower value buying levels ahead of US CPI data
- The benchmark 6.97% 2026 bond yield fell to 6.86% from 6.88% in the previous day
- Yield on the US 10-year rose to 2.49% from 2.47% on higher than expected CPI data

Forex (US\$/INR)

- The rupee was little changed against the US currency, as foreign banks' dollar sales offset weak domestic equity markets while markets remained cautious ahead of CPI data
- The US\$ lost against major currencies as profit booking set in at higher levels from gains accrued in the previous few sessions. Odds for a June rate hike rose to 80% on hawkish Fed chair comments and higher retail sales and CPI data, which increased to 2.5%

Equity

- Equity benchmarks extended gains for a second session in a row on Wednesday bucking global cues. The sharp sell-off in Tata Motors and Sun Pharma after quarterly earnings weighed on sentiments
- The Sensex settled at 28157 down 173 points or 0.6% while the Nifty ended at 8724, down 67 points or 0.77% for the day
- Broader markets underperformed headline indices for a third session in a row as the midcap and small cap indices ended down 1.1% and 1.6%, respectively. As a result, the overall market breath was negative, with an A/D ratio of 1:3 on the BSE

Commodities Market

- Oil prices continue to trade in a narrow range as US crude oil stocks rose for a sixth straight week further adding to global glut. Stocks climbed by 9.53 mb last week. Strict Opec supply cuts was countered by rising US oil supplies creating headwinds for prices at higher levels
- Gold prices gained as US\$ see profit booking post higher CPI data. Gold continued to track trends in the US\$ as a faster pace of rate hike would lead to selling pressure on 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 66.97. The February contract open interest fell 5.30% from the previous day
- March contract open interest rose 10.64% from previous day
- We expect the US dollar to meet supply pressure at higher levels. Utilise upsides in the dollar to go short on the US\$/INR pair

Intra-day strategy

US\$/INR February futures contract (NSE)	View: Bearish on US\$/INR
Sell US\$/INR in the range of 67.00 - 67.10	Market Lot: US\$1000
Target: 66.80 / 66.60	Stop Loss: 67.20
Support	Resistance
S1/ S2: 66.90 / 66.70	R1/R2: 67.25 / 67.45

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	4397.88	4414.31	-16.43
Debt	1908.56	841.88	1066.68

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	66.93	66.88	67.02	67.08
US\$ - INR (Mar)	67.25	67.20	67.17	67.28	67.33
EUR - INR (Feb)	70.82	70.62	70.50	70.94	71.15
EUR - INR (Mar)	71.20	70.95	70.80	71.35	71.60
GBP - INR (Feb)	83.42	83.16	83.01	83.57	83.83
GBP - INR (mar)	83.78	83.55	83.42	83.91	84.14
JPY - INR (feb)	58.58	58.46	58.39	58.65	58.77
JPY - INR (mar)	59.19	59.03	58.96	59.26	59.41

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
15-Feb-17	February	Buy	Buy future	66.95	67.45	66.80	0	Exit at cost

(*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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