

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.67	6.81
US 10 year	2.33	2.34
Eur 10 year	0.44	0.42
UK 10 year	1.13	1.14
JPY 10 year	0.05	0.04

RBI reference rate

	Close		% change
	16-05-2017	15-05-2017	
USD/INR	64.08	64.12	-0.07
EUR/INR	70.55	70.13	0.60
GBP/INR	82.78	82.84	-0.07
YEN/INR	56.52	56.48	0.07

Spot

Spot	Close	Prev close	% change
Rupee	64.08	64.06	0.02
Dollar index	98.11	98.91	-0.81
Euro	1.1083	1.0975	0.98
British pound	1.2917	1.2896	0.16
Japanese Yen	113.12	113.79	-0.59
Australian (\$)	0.7426	0.7413	0.18
Swiss Franc	0.9859	0.9966	-1.07

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
May	64.18	0.00	1194974	697494	-0.19	-3.89
Jun	64.45	0.03	637660	200061	12.01	-12.62
May-Jun	-0.27	-	-	497433	-	71.32
Jun-Jul	-0.27	-	-	-234483	-	-117.21

Global Indices

Indices	Close	Prev close	% change
Dow Jones	20979.75	20981.94	-0.01
Nasdaq	5724.437	5704.479	0.35
FTSE	7522.03	7454.37	0.91
DAX	12804.53	12807.04	-0.02
Hang Sang	25320.4	25335.94	-0.06
Nikkei	19830.92	19919.82	-0.45
SGX Nifty	9517	9516.5	0.01

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1237.24	1230.82	0.52
Copper	254.45	253.3	0.45
Brent crude	51.65	51.82	-0.33

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bonds fell for the first time in three days, as profit booking set in following a recent rally triggered by retail inflation easing to a five-year low
- The benchmark 6.97% 2026 bond yield declined to 6.67% from 6.81% in the previous session due to increased hopes of a rate cut
- Yield on the US 10-year rose to 2.33% from 2.34% in the previous session

Forex (US\$/INR)

- The rupee was little changed against the US currency, as US\$ demand from crude oil and other commodity importers offset record gains in domestic equities
- US\$ declined sharply against major currencies as recent events surrounding the US President weighed on US\$. Market participants seemed to exit US reflation trades as political concerns have taken centerstage over economic agenda. US\$JPY fell sharply due to dent to risk-on sentiment while euro posted gains of near 1% due to weak US\$

Equity

- Equity benchmarks continued their record setting spree and settled at fresh all-time highs on Tuesday, as sentiments remained buoyant on prospects of a good monsoon and stable corporate earnings
- The Sensex climbed 260 points or 0.86% to 30582 while the Nifty rose 66 points or 0.71% to vault past 9500 for the first time ever and settled at 9512
- The broader markets lagged the benchmarks as the BSE midcap and small cap indices posted modest gains of 0.27% and 0.38%, respectively. As a result, the overall market breadth was marginally favouring advances with an A/D ratio of 1.07:1 on the BSE

Commodities Market

- Crude oil witnessed minor profit booking in gains over previous day. Iraq's statement of supporting extending supply curbs provided minor support to prices. Opec and other member's meeting next week is a catalyst for crude oil trend in the near term
- Gold remained in a gaining trajectory as concerns around the US President supported safe haven buying in gold. Also, a downtick in US inflation and soft US\$ is supporting gold prices

US\$/INR derivatives strategy

- In the currency futures market, the most traded dollar-rupee May contract on the NSE ended at 64.18. The May contract open interest declined 0.19% from the previous day
- June contract open interest rose 12.01% in the last session
- We expect the US\$ to meet resistance 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 64.30 - 64.40	Market Lot: US\$1000
Target: 64.15/ 64.05	Stop Loss: 64.50
Support	Resistance
S1/ S2: 64.00 / 63.80	R1/R2:64.40 /64.60

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	3254.67	1005.46	-93.47
Debt	3544.02	1080.40	60.00

Source: SEBI, CDSL

Exhibit 1: US\$ INR Currency Future (NSE)



Exhibit 2: Pivot Levels (NSE)

Futures	Pivot	S1	S2	R1	R2
US\$ - INR (May)	64.19	64.12	64.06	64.26	64.33
US\$ - INR (Jun)	64.45	64.39	64.32	64.52	64.59
EUR - INR (May)	70.89	70.69	70.34	71.24	71.44
EUR - INR (Jun)	71.25	71.05	70.70	71.59	71.79
GBP - INR (May)	82.90	82.58	82.35	83.13	83.44
GBP - INR (Jun)	83.29	82.99	82.78	83.49	83.79
JPY - INR (May)	56.57	56.42	56.32	56.67	56.82
JPY - INR (Jun)	56.86	56.71	56.63	56.94	57.10

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
16-May-17	May	Sell	Sell future	64.40	64.20	64.55	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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