

Treasury yields

| | Closing yield% | Previous yield % |
|---------------|----------------|------------------|
| India 10 year | 6.90 | 6.85 |
| US 10 year | 2.43 | 2.41 |
| Eur 10 year | 0.30 | 0.30 |
| UK 10 year | 1.24 | 1.23 |
| JPY 10 year | 0.10 | 0.10 |

RBI reference rate

| | Close | | % change |
|---------|------------|------------|----------|
| | 20-02-2017 | 17-02-2017 | |
| USD/INR | 66.98 | 67.05 | -0.10 |
| EUR/INR | 71.06 | 71.51 | -0.63 |
| GBP/INR | 83.19 | 83.76 | -0.68 |
| YEN/INR | 59.16 | 59.15 | 0.02 |

Spot

| Spot | Close | Prev close | % change |
|-----------------|--------|------------|----------|
| Rupee | 66.93 | 67.02 | -0.14 |
| Dollar index | 101.37 | 100.95 | 0.42 |
| Euro | 1.0536 | 1.0614 | -0.73 |
| British pound | 1.2473 | 1.2463 | 0.08 |
| Japanese Yen | 113.68 | 113.1 | 0.51 |
| Australian (\$) | 0.7675 | 0.7688 | -0.17 |
| Swiss Franc | 1.0097 | 1.0028 | 0.69 |

Currency futures (US\$/₹, NSE)

| Contracts | LTP | chg (%) | OI | Vol | chg (%) | |
|-------------|-------|---------|---------|--------|---------|--------|
| | | | | | OI | Vol |
| February | 66.96 | -0.21 | 1120503 | 975331 | -5.73 | -19.19 |
| March | 67.22 | -0.18 | 1003002 | 353979 | 18.60 | 61.14 |
| Feb-March | -0.26 | - | - | 621352 | - | 63.71 |
| March-April | -0.27 | - | - | 317683 | - | 89.75 |

Global Indices

| Indices | Close | Prev close | % change |
|-----------|----------|------------|----------|
| Dow Jones | 20743 | 20624.05 | 0.58 |
| Nasdaq | 5350.725 | 5324.721 | 0.49 |
| FTSE | 7274.83 | 7299.86 | -0.34 |
| DAX | 11967.49 | 11827.62 | 1.18 |
| Hang Sang | 24179.99 | 23963.63 | 0.90 |
| Nikkei | 19346.68 | 19381.44 | -0.18 |
| SGX Nifty | 8918.5 | 8910.5 | 0.09 |

* Asian market as at 08.00 am

Commodities

| | Close | Prev close | % change |
|-------------|---------|------------|----------|
| Gold | 1235.74 | 1238.47 | -0.22 |
| Copper | 274.55 | 270.7 | 1.42 |
| Brent crude | 56.66 | 56.18 | 0.85 |

Source: Reuters, Bloomberg, Cdsl for above all exhibits

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Debt market

- Government bonds fell for a second session, as a state debt sale boosted supply while investors remained wary during a short trading week ahead of US FOMC minutes
- The benchmark 6.97% 2026 bond yield rose to 6.90% in the previous session
- Yield on the US 10-year rose to 2.43% from 2.41% in the previous day

Forex (US\$/INR)

- The rupee rose for a second session in the previous trading session as gains in domestic equities and hopes of a recovery in inflows aided rupee strength
- The US\$ index posted gains of 0.42% against major currencies as uptick in March meeting rate hike probability rose due to hawkish comments from Fed officials. The dollar would be taking cues from upcoming US FOMC meeting minutes

Equity

- Equity benchmarks extended gains for a fourth successive session amid mixed global cues. Gains were led by private banking space amid merger talks of Axis Bank with Kotak Mahindra Bank
- The Sensex rose 100 points or 0.35% to 28761 while the Nifty gained 28 points or 0.32% to shut shop at 8908
- In the broader market space the midcap and small cap indices rose ~0.5% at par with benchmarks. The overall market breadth was positive with an A/D ratio of 1.2:1 on the BSE

Commodities Market

- Crude oil prices moved higher in yesterday trade as Opec's vow on full compliance to supply quota continued to support prices. However, US weekly stocks would remain in focus due to rising US shale oil supply and inventories
- Gold prices remain steady ahead of US Fed FOMC minutes. US interest rate hike probability for March meeting is currently at 38%. Rising gold ETF investments in gold due to political uncertainty and pace of US interest rate hike to keep gold price on edge in near term

US\$/INR derivatives strategy

- In the currency futures market, the most traded dollar-rupee February contract on the NSE ended at 66.96. The February contract open interest fell 5.73% from the previous day
- March contract open interest rose 18.60% from the previous day
- We expect the US dollar to gain support 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 66.85 - 66.95 | Market Lot: US\$1000 |
| Target: 67.25 / 67.45 | Stop Loss: 66.80 |
| 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 | 13274.00 | 5214.93 | 8059.07 |
| Debt | 487.71 | 437.32 | 50.39 |

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 (Mar) | 67.01 | 66.89 | 66.82 | 67.07 | 67.19 |
| US\$ - INR (Apr) | 67.29 | 67.13 | 67.04 | 67.38 | 67.54 |
| EUR - INR (Mar) | 71.20 | 71.05 | 70.95 | 71.29 | 71.44 |
| EUR - INR (Apr) | 71.53 | 71.43 | 71.34 | 71.62 | 71.72 |
| GBP - INR (Mar) | 83.44 | 83.25 | 82.99 | 83.71 | 83.90 |
| GBP - INR (Apr) | 83.83 | 83.67 | 83.45 | 84.04 | 84.20 |
| JPY - INR (Mar) | 59.29 | 59.10 | 58.98 | 59.41 | 59.61 |
| JPY - INR (Apr) | 59.79 | 59.72 | 59.69 | 59.82 | 59.89 |

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

| Date | Contract USD/INR | View | Strategy | Rec. | Target | SL | (P/L)* | Comment |
|-----------|------------------|------|------------|-------|--------|-------|--------|--------------|
| 20-Feb-17 | February | Buy | Buy future | 67.05 | 67.45 | 66.90 | -70 | Exit in loss |

(*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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