

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.71	6.68
US 10 year	2.23	2.23
Eur 10 year	0.37	0.34
UK 10 year	1.09	1.06
JPY 10 year	0.04	0.05

RBI reference rate

	Close		% change
	19-05-2017	18-05-2017	
USD/INR	64.99	64.34	1.00
EUR/INR	72.30	71.62	0.94
GBP/INR	84.18	83.31	1.05
YEN/INR	58.44	57.80	1.11

Spot

Spot	Close	Prev close	% change
Rupee	64.64	64.85	-0.32
Dollar index	97.14	97.88	-0.75
Euro	1.1206	1.1103	0.93
British pound	1.3036	1.2938	0.76
Japanese Yen	111.26	111.49	-0.21
Australian (\$)	0.7459	0.7419	0.54
Swiss Franc	0.9729	0.9799	-0.71

Currency futures (US\$/₹, NSE)

Contracts	LTP	chng (%)	OI	Vol	chng (%)	
					OI	Vol
May	64.70	-0.35	862919	1840592	-11.28	-10.34
Jun	64.95	-0.37	774805	526851	10.33	10.72
May-Jun	-0.25	-	-	1313741	-	71.38
Jun-Jul	-0.25	-	-	472028	-	89.59

Global Indices

Indices	Close	Prev close	% change
Dow Jones	20804.84	20663.02	0.69
Nasdaq	5651.564	5626.31	0.45
FTSE	7470.71	7436.42	0.46
DAX	12638.69	12590.06	0.39
Hang Sang	25399.53	25174.87	0.89
Nikkei	19653.14	19590.76	0.32
SGX Nifty	9479	9454	0.26

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1255.93	1247.07	0.71
Copper	257.4	252.65	1.88
Brent crude	53.61	52.51	2.09

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bonds fell, with the benchmark note slipping to a one-week low, as a fresh supply of debt through an auction and an intraday slump in the rupee hurt demand
- The benchmark 6.97% 2026 bond yield rose to 6.71% from 6.68% in the previous session
- Yield on the US 10-year was unchanged at 2.23% in the previous session

Forex (US\$/INR)

- The rupee posted its biggest weekly fall in six months against the US\$, as lingering political uncertainty in the US involving President Donald Trump kept investors away from risk assets
- The US\$ further extended losses against major as well as emerging market currencies due to recent uncertainty seen around the US President's political actions. Recent gains in the euro amid strengthening pro-Euro political development weighed on the US\$. However, we see limited losses in US\$ index from these levels

Equity

- Equity benchmarks ended a highly volatile trading session on flat note on Friday while stock specific activity was in focus after the two day GST council meet where rates for various goods and services were decided
- The Sensex ended at 30464, up 30 points or 0.10% while the Nifty settled just one point lower at 9427
- Broader markets underperformed the benchmarks as the BSE midcap and small cap indices fell 0.72% and 0.88%, respectively. As a result, overall market breadth was negative with an A/D ratio of 1:1.8 on the BSE

Commodities Market

- Crude oil prices gained as many members are seeing Opec deliberations extending supply cuts in 2018. Also, the recent turmoil in the US\$ is slightly positive for crude oil. We expect crude oil to remain in the range until Opec arrives at a supply curb decision
- Gold prices gained slightly as uncertainty surrounding US President continues to support demand for safe haven assets. Also, soft US\$ led buying support to most of the risk as well safe haven assets. We expect gold to remain further supported due to lower inflation in developed economies as well as safe haven buying

US\$/INR derivatives strategy

- In the currency futures market, the most traded dollar-rupee May contract on the NSE ended at 64.70. The May contract open interest declined 11.28% from the previous day
- June contract open interest increased by 10.33% in the last session
- We expect the US\$ to meet supply pressure 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 64.70 - 64.80	Market Lot: US\$1000
Target: 64.45 / 64.35	Stop Loss: 64.90
Support	Resistance
S1/ S2: 64.50 / 64.30	R1/R2: 64.80 / 65.00

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	5969.89	5610.17	-93.47
Debt	927.57	368.26	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)	64.82	64.56	64.40	64.98	65.25
US\$ - INR (Jun)	65.08	64.81	64.65	65.23	65.50
EUR - INR (May)	72.25	71.99	71.69	72.54	72.81
EUR - INR (Jun)	72.61	72.36	72.07	72.90	73.15
GBP - INR (May)	84.18	83.90	83.62	84.46	84.74
GBP - INR (Jun)	84.55	84.29	84.02	84.83	85.09
JPY - INR (May)	58.23	57.90	57.72	58.42	58.75
JPY - INR (Jun)	58.51	58.20	58.01	58.69	59.00

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
19-May-17	May	Buy	Buy future	64.65	65.00	64.50	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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