

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.45	6.47
US 10 year	2.40	2.47
Eur 10 year	0.36	0.42
UK 10 year	1.37	1.43
JPY 10 year	0.06	0.07

RBI reference rate

	Close		% change
	23-01-2017	20-01-2017	
USD/INR	68.08	68.09	-0.01
EUR/INR	73.15	72.73	0.57
GBP/INR	84.65	84.12	0.63
YEN/INR	60.10	59.38	1.21

Spot

Spot	Close	Prev close	% change
Rupee	68.22	68.18	0.05
Dollar index	100.16	100.74	-0.58
Euro	1.0765	1.0703	0.58
British pound	1.2535	1.2375	1.29
Japanese Yen	112.71	114.62	-1.67
Australian (\$)	0.7584	0.7555	0.38
Swiss Franc	0.9965	1.0016	-0.51

Currency futures (US\$/₹, NSE)

Contracts	LTP	chng (%)	OI	Vol	chng (%)	
					OI	Vol
Jan	68.24	0.01	1542059	734149	-1.80	-12.62
Feb	68.47	-0.03	532467	158390	9.88	88.54
Jan-Feb	-0.23	-	-	575759	-	78.43
Feb-Mar	-0.28	-	-	127778	-	80.67

Global Indices

Indices	Close	Prev close	% change
Dow Jones	19799.85	19827.25	-0.14
Nasdaq	5065.7	5063.197	0.05
FTSE	7151.18	7198.44	-0.66
DAX	11545.75	11630.13	-0.73
Hang Sang	22969.08	22898.52	0.31
Nikkei	18871.76	18891.03	-0.10
SGX Nifty	8433	8414	0.23

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1218.23	1210.32	0.65
Copper	264.75	262.5	0.86
Brent crude	55.23	55.49	-0.47

Source: Reuters, Bloomberg, CdsI for above all exhibits

Research Analyst

Amit Gupta
 amit.gup@icicisecurities.com

Gaurav Shah
 gaurav.shah@icicisecurities.com

Debt market

- Government bonds rose as investors lapped up debt due to receding faster rate hike risks in the US
- The benchmark 6.97% 2026 bond yield fell to 6.45% from 6.47% on Monday as rate hike fears in the US subsided
- Yield on the US 10-year yield fell sharply to 2.40% from 2.47% as details on infrastructure spending remain scant

Forex (US\$/INR)

- The rupee ended steady as a weak US dollar against major currencies and rising crude oil prices amid cautious sentiment ahead of the Budget day keep the rupee in a narrow range
- The US\$ continued to slide against major currencies as the US President passed an executive order to cancel the Trans-Atlantic Trade Pact. However, rate hike comments from Fed officials limited losses in US\$

Equity

- Equity benchmarks settled higher in a volatile trading session on Monday on alternate bouts of buying and selling activity while caution prevailed ahead of Union Budget 2017 scheduled next week
- The Sensex rose 82 points or 0.31% to 27117 while the Nifty gained 42 points or 0.50% to 8391
- Broader markets also rose in line with benchmarks as the BSE midcap and small cap indices gained ~0.40% each. As a result, overall market breadth was positive with A/D ratio of 1.45:1 on BSE

Commodities Market

- Crude oil prices continue to remain supported as Iraq also joined in supply cuts. It has almost curtailed supply by 150000 barrels with a pledge to cut further supply by 30000 barrels by month end. Together, Opec and other members have almost cut supply by 1.8 mb, which could lead to the oil market getting balanced earlier than expected
- Gold prices continue to gain as gold ETFs continue to lure investors. Western European based funds see interest in gold ETFs as the US President's populist and protectionist policy is leading risk averse investors towards safe haven assets

US\$/INR derivatives strategy

- In the currency futures market, the most traded dollar-rupee January contract on the NSE ended at 68.24. The January contract open interest fell 1.80% from the previous day
- February contract open interest rose 9.88% 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 January futures contract (NSE)	View: Bearish on US\$INR
Sell US\$INR in the range of 68.15 - 68.25	Market Lot: US\$1000
Target: 67.90 / 67.70	Stop Loss: 68.35
Support	Resistance
S1/ S2: 67.90 / 67.70	R1/R2:68.20 / 68.40

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	4542.32	4509.14	33.18
Debt	565.76	1238.71	-672.95

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 (Jan)	68.16	68.08	67.92	68.32	68.41
US\$ - INR (Feb)	68.41	68.33	68.20	68.54	68.62
EUR - INR (Jan)	73.19	73.12	73.02	73.30	73.37
EUR - INR (Feb)	73.48	73.40	73.25	73.63	73.72
GBP - INR (Jan)	84.86	84.65	84.34	85.17	85.37
GBP - INR (Feb)	85.17	84.98	84.66	85.49	85.69
JPY - INR (Jan)	59.95	59.73	59.45	60.23	60.44
JPY - INR (Feb)	60.24	60.07	59.88	60.44	60.61

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
23-Jan-17	January	Sell	Sell fut	68.30	67.85	68.45	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



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICIdirect.com Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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