

**Treasury yields**

	Closing yield%	Previous yield %
India 10 year	6.68	6.67
US 10 year	2.28	2.25
Eur 10 year	0.41	0.40
UK 10 year	1.08	1.09
JPY 10 year	0.05	0.05

**RBI reference rate**

	Close		% change
	23-05-2017	22-05-2017	
USD/INR	64.78	64.56	0.33
EUR/INR	72.75	72.23	0.71
GBP/INR	84.03	83.95	0.10
YEN/INR	58.37	57.98	0.67

**Spot**

Spot	Close	Prev close	% change
Rupee	64.89	64.55	0.53
Dollar index	97.35	96.98	0.38
Euro	1.1183	1.1237	-0.48
British pound	1.2961	1.3	-0.30
Japanese Yen	111.78	111.3	0.43
Australian (\$)	0.7478	0.7477	0.01
Swiss Franc	0.976	0.9734	0.27

**Currency futures (US\$/₹, NSE)**

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
May	64.95	0.54	818290	1342586	-4.01	71.70
Jun	65.18	0.52	932897	354318	7.79	16.79
May-Jun	-0.23	-	-	988268	-	73.61
Jun-Jul	-0.27	-	-	322145	-	90.92

**Global Indices**

Indices	Close	Prev close	% change
Dow Jones	20894.83	20804.84	0.43
Nasdaq	5699.404	5651.564	0.85
FTSE	7496.34	7470.71	0.34
DAX	12619.46	12638.69	-0.15
Hang Sang	25433.72	25391.34	0.17
Nikkei	19658.91	19678.28	-0.10
SGX Nifty	9471.5	9449	0.24

\* Asian market as at 08.00 am

**Commodities**

	Close	Prev close	% change
Gold	1251.22	1260.63	-0.75
Copper	259.05	258.9	0.06
Brent crude	54.15	53.87	0.52

Source: Reuters, Bloomberg, CdsI for above all exhibits

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**Debt market**

- Government bonds reversed gains to end lower, after the Army said it had launched a 'punitive fire assault' across LOC raising geo political tensions.
- The benchmark 6.97% 2026 bond yield rose mildly to 6.68% from 6.67% in the previous session
- Yield on the US 10-year rose to 2.28% from 2.25% in the previous session

**Forex (US\$/INR)**

- The rupee fell to a more-than-seven-week low against the US\$, as a suspected terror strike in Britain dented investors' appetite for risk assets. The Indian army's firing on some Pakistani posts also briefly weighed on sentiment.
- The US\$ recouped some of its losses against major as well as emerging currencies. Alleged terrorist attack in Manchester weighed on British pound while Euro too witnessed profit booking on rising risk concerns. We expect US\$ to remain supported above 96 level while Japanese Yen could too gain further on rising geo political risks on safe haven buying demand

**Equity**

- Equity benchmarks settled lower as selling pressure in frontline Pharma stocks and geopolitical tensions dragged index lower in a volatile trading session on Tuesday
- The Sensex settled at 30365, down 206 points or 0.67% while the Nifty settled at 9386, down 52 points or 0.55% for the day
- Broader markets continued their underperformance as the BSE midcap and small cap indices corrected 1.56% and 1.89% respectively, resulting in negative market breadth with A/D ratio of 1:3.5 on BSE

**Commodities Market**

- Crude oil held gains on expectation of Iran and OPEC and other members mulling extending supply cuts till Q1 2018. American petroleum Institute (API) data showed US weekly oil stocks falling by 1.5 mb ahead of government data due today
- Gold prices remain in broad range as political turmoil around US president as well as terrorist attack in Manchester, UK provide safe haven buying demand while almost certain US interest rate hike next month is weighing at higher levels

**US\$/INR derivatives strategy**

- In the currency futures market, the most traded dollar-rupee May contract on the NSE ended at 64.95. The May contract open interest declined 4.01% from the previous day
- June contract open interest increased by 7.79% in the last session
- We expect the US\$ to find supports at lower levels. Utilise downsides in the pair to go long on the US\$/INR pair

**Intra-day strategy**

US\$/INR May futures contract (NSE)	View: Bullish on US\$/INR
Buy US\$/INR in the range of 64.70 - 64.80	Market Lot: US\$1000
Target: 65.00/ 65.20	Stop Loss: 64.60
Support	Resistance
S1/ S2: 64.70 / 64.50	R1/R2: 65.00 / 65.20

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	5360.40	4465.52	-93.47
Debt	807.56	114.54	60.00

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 (May)	64.84	64.72	64.54	65.02	65.14
US\$ - INR (Jun)	65.08	64.97	64.78	65.27	65.39
EUR - INR (May)	72.90	72.72	72.50	73.12	73.31
EUR - INR (Jun)	73.28	73.12	72.94	73.46	73.62
GBP - INR (May)	84.18	83.98	83.77	84.39	84.59
GBP - INR (Jun)	84.44	84.15	83.70	84.89	85.18
JPY - INR (May)	58.31	58.18	58.00	58.49	58.63
JPY - INR (Jun)	58.58	58.47	58.29	58.76	58.88

Source: NSE, ICICIdirect.com Research

### Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
23-May-17	May	Sell	Sell future	64.65	64.45	64.80	-150	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 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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