

**Treasury yields**

|               | Closing yield% | Previous yield % |
|---------------|----------------|------------------|
| India 10 year | 6.92           | 6.94             |
| US 10 year    | 2.31           | 2.37             |
| Eur 10 year   | 0.19           | 0.23             |
| UK 10 year    | 1.08           | 1.15             |
| JPY 10 year   | 0.07           | 0.08             |

**RBI reference rate**

|         | Close     |            | % change |
|---------|-----------|------------|----------|
|         | 2/23/2017 | 22-02-2017 |          |
| USD/INR | 66.84     | 66.96      | -0.19    |
| EUR/INR | 70.54     | 70.54      | 0.01     |
| GBP/INR | 83.12     | 83.69      | -0.68    |
| YEN/INR | 59.01     | 58.98      | 0.05     |

**Spot**

| Spot            | Close  | Prev close | % change |
|-----------------|--------|------------|----------|
| Rupee           | 66.83  | 66.97      | -0.21    |
| Dollar index    | 101.09 | 101.05     | 0.04     |
| Euro            | 1.0563 | 1.0582     | -0.18    |
| British pound   | 1.2462 | 1.2556     | -0.75    |
| Japanese Yen    | 112.12 | 112.61     | -0.44    |
| Australian (\$) | 0.7676 | 0.7715     | -0.51    |
| Swiss Franc     | 1.0075 | 1.0063     | 0.12     |

**Currency futures (US\$/₹, NSE)**

| Contracts   | LTP   | chg (%) | OI      | Vol     | chg (%) |        |
|-------------|-------|---------|---------|---------|---------|--------|
|             |       |         |         |         | OI      | Vol    |
| March       | 67.07 | -0.24   | 1622884 | 1197633 | 25.09   | 92.37  |
| April       | 67.35 | -0.22   | 252879  | 117380  | 29.94   | 102.20 |
| March-April | -0.28 | -       | -       | 1080253 | -       | 90.20  |
| April-May   | -0.25 | -       | -       | 97325   | -       | 82.91  |

**Global Indices**

| Indices   | Close    | Prev close | % change |
|-----------|----------|------------|----------|
| Dow Jones | 20821.76 | 20810.32   | 0.05     |
| Nasdaq    | 5343.314 | 5332.373   | 0.21     |
| FTSE      | 7243.7   | 7271.37    | -0.38    |
| DAX       | 11804.03 | 11947.83   | -1.20    |
| Hang Sang | 24012.6  | 23965.7    | 0.20     |
| Nikkei    | 19063.5  | 19283.54   | -1.14    |
| SGX Nifty | 8935     | 8971       | -0.40    |

\* Asian market as at 08.00 am

**Commodities**

|             | Close   | Prev close | % change |
|-------------|---------|------------|----------|
| Gold        | 1257.19 | 1249.56    | 0.61     |
| Copper      | 268     | 264.35     | 1.38     |
| Brent crude | 55.99   | 56.58      | -1.04    |

Source: Reuters, Bloomberg, CdsI for above all exhibits

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**Debt market**

- Government bonds rose for the first time in four sessions on short covering after the minutes of US Federal Reserve's latest policy meet dented bets of a near-term rate hike in the world's largest economy
- The benchmark 6.97% 2026 bond yield rose to 6.94% from 6.90% in the previous trading day
- Yield on the US 10-year fell sharply to 2.31% from 2.37% in the previous day

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

- The rupee on Thursday closed at a 15 week high against the US\$ as foreign investors continued to buy domestic equity and debt
- The US dollar index ended at same levels as investors remained cautious ahead of expectations of announcements on tax cuts on Tuesday in the US President's testimony. Japanese Yen continued to strengthen amid safe haven buying while the UK Prime Minister's announcement on referendum on Scottish independence earlier than expected in March weighed on the British Pound

**Equity**

- Equity benchmarks extended gains for a record sixth consecutive session on Thursday to record the highest ever weekly close but were off intraday highs owing to profit booking in last hour of trade
- The Sensex was up just 28 points or 0.10% to 28892 while the Nifty rose 12 points or 0.14% to shut shop at 8939
- Broader markets also posted nominal gains in line with the benchmarks as the BSE midcap and small cap indices rose 0.19% and 0.11%, respectively. However, the overall market breadth was tilted in favour of declines with an A/D ratio of 1:1.23 on the BSE

**Commodities Market**

- Crude oil prices continued to trade in a narrow range amid a tug-of-war between US shale oil producers and Opec oil suppliers. Strict adherence by Opec to curtail supply and US shell oil suppliers producing more is weighing on oil prices at higher levels
- Gold prices posted decent gains on Friday as investors favour safe haven buying in precious metals ahead of the expected testimony by the US President on Tuesday. Market participants expect some details on tax plans, which have created some uncertainty supporting precious metals

**US\$/INR derivatives strategy**

- In the currency futures market, the most traded dollar-rupee March contract on the NSE ended at 67.07. The March contract open interest rose 25.09% from the previous day
- April contract open interest rose 29.94% from the 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 March futures contract (NSE)       | View: Bearish on US\$INR |
|--|--------------------------|
| Sell US\$INR in the range of 67.10 - 67.20 | Market Lot: US\$1000     |
| Target: 66.85 / 66.65                      | Stop Loss: 67.30         |
| Support                                    | Resistance               |
| S1/ S2: 66.95 / 66.75                      | R1/R2: 67.30 / 67.50     |

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  | 6454.69        | 6203.10    | 251.59        |
| Debt    | 334.75         | 1707.06    | -1372.31      |

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) | 67.12 | 67.00 | 66.90 | 67.21 | 67.34 |
| US\$ - INR (Apr) | 67.44 | 67.23 | 67.09 | 67.58 | 67.79 |
| EUR - INR (Mar)  | 70.92 | 70.74 | 70.61 | 71.05 | 71.23 |
| EUR - INR (Apr)  | 71.34 | 71.07 | 70.92 | 71.49 | 71.75 |
| GBP - INR (Mar)  | 83.66 | 83.50 | 83.34 | 83.83 | 83.99 |
| GBP - INR (Apr)  | 84.04 | 83.89 | 83.73 | 84.20 | 84.35 |
| JPY - INR (Mar)  | 59.40 | 59.23 | 59.11 | 59.52 | 59.69 |
| JPY - INR (Apr)  | 59.66 | 59.57 | 59.49 | 59.74 | 59.83 |

Source: NSE, ICICIdirect.com Research

### Exhibit 3: Strategy follow up

| Date      | Contract USD/INR | View | Strategy   | Rec.  | Target | SL    | (P/L)* | Comment      |
|-----------|------------------|------|------------|-------|--------|-------|--------|--------------|
| 23-Feb-17 | March            | Buy  | Buy future | 67.10 | 67.55  | 66.95 | 0      | Exit at cost |

(\*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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