

**Treasury yields**

|               | Closing yield% | Previous yield % |
|---------------|----------------|------------------|
| India 10 year | 6.65           | 6.66             |
| US 10 year    | 2.25           | 2.26             |
| Eur 10 year   | 0.33           | 0.36             |
| UK 10 year    | 1.01           | 1.04             |
| JPY 10 year   | 0.04           | 0.05             |

**RBI reference rate**

|         | Close      |            | % change |
|---------|------------|------------|----------|
|         | 26-05-2017 | 25-05-2017 |          |
| USD/INR | 64.59      | 64.51      | 0.13     |
| EUR/INR | 72.33      | 72.47      | -0.19    |
| GBP/INR | 83.18      | 83.77      | -0.70    |
| YEN/INR | 57.95      | 57.74      | 0.36     |

**Spot**

| Spot            | Close  | Prev close | % change |
|-----------------|--------|------------|----------|
| Rupee           | 64.45  | 64.62      | -0.27    |
| Dollar index    | 97.44  | 97.25      | 0.20     |
| Euro            | 1.1183 | 1.121      | -0.24    |
| British pound   | 1.2804 | 1.2942     | -1.07    |
| Japanese Yen    | 111.33 | 111.84     | -0.46    |
| Australian (\$) | 0.7448 | 0.7454     | -0.08    |
| Swiss Franc     | 0.9741 | 0.9727     | 0.14     |

**Currency futures (US\$/₹, NSE)**

| Contracts   | LTP   | chg (%) | OI      | Vol    | chg (%) |        |
|-------------|-------|---------|---------|--------|---------|--------|
|             |       |         |         |        | OI      | Vol    |
| June        | 64.69 | -0.28   | 1115404 | 526336 | 11.79   | 24.01  |
| July        | 64.94 | -0.31   | 217917  | 18029  | 1.81    | -17.48 |
| June-July   | -0.25 | -       | -       | 508307 | -       | 96.57  |
| July-August | -0.26 | -       | -       | 4258   | -       | 23.62  |

**Global Indices**

| Indices   | Close    | Prev close | % change |
|-----------|----------|------------|----------|
| Dow Jones | 21080.28 | 21082.95   | -0.01    |
| Nasdaq    | 5788.359 | 5778.375   | 0.17     |
| FTSE      | 7547.63  | 7517.71    | 0.40     |
| DAX       | 12602.18 | 12621.72   | -0.15    |
| Hang Sang | 25676.12 | 25639.27   | 0.14     |
| Nikkei    | 19717.56 | 19686.84   | 0.16     |
| SGX Nifty | 9578.5   | 9575       | 0.04     |

\* Asian market as at 08.00 am

**Commodities**

|             | Close   | Prev close | % change |
|-------------|---------|------------|----------|
| Gold        | 1266.76 | 1255.67    | 0.88     |
| Copper      | 255.95  | 259.2      | -1.25    |
| Brent crude | 52.15   | 51.46      | 1.34     |

Source: Reuters, Bloomberg, CdsI for above all exhibits

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**Debt market**

- Government bonds yields fell for a fourth week, amid hopes of a "less hawkish" inflation outlook by the Monetary Policy Committee early next month when it reviews interest rates
- The benchmark 6.97% 2026 bond yield fell slightly to 6.65% from 6.66% in the previous session
- Yield on the US 10-year declined to 2.25% from 2.26% in the previous session

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

- The rupee posted its best weekly increase in nearly a month against the US\$, as record gains in domestic equities boosted hopes of more foreign fund inflows
- The US\$ recovered some of its losses mainly on account of weaker British pound. UK's Labour party has closed the lead slightly from the ruling Conservative party. GBP is expected to remain volatile until UK general elections on June 8. We expect the JPY to remain supported due to rising political uncertainty raising safe haven buying demand

**Equity**

- Equity benchmarks extended their record setting spree with the Sensex clocking 31000 for the first time ever along with Nifty scaling the 9600 mark led by strong follow up buying across heavyweights on the first day of the June series
- The Sensex surged 278 points or 0.90% to 31028 while the Nifty settled a tad below 9600 at 9595, up 85 points or 0.90%
- Broader markets outperformed the benchmark as the BSE midcap and small cap indices zoomed 2.06% and 1.60%, respectively. As a result, the market breadth was strong with A/D ratio of 2.1:1 on BSE

**Commodities Market**

- Crude oil recovered some of its losses as traders disappointment eased over Opec and other member's decision to extend supply curbs however ruling out deeper cuts
- Gold prices continue to remain supported as uncertainty around UK elections counter US interest rate hike expected next month. Gold could get a fillip if UK's Labour party closes on the lead of the ruling Conservative party

**US\$/INR derivatives strategy**

- In the currency futures market, the most traded dollar-rupee June contract on the NSE ended at 64.69. The June contract open interest increased 11.70% from the previous day
- July contract open interest increased 1.81% 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 June futures contract (NSE)       | View: Bullish on US\$/INR |
|--|---------------------------|
| Buy US\$/INR in the range of 64.50 - 64.60 | Market Lot: US\$1000      |
| Target: 64.80/ 65.00                       | Stop Loss: 64.40          |
| Support                                    | Resistance                |
| S1/ S2: 64.60 / 64.40                      | R1/R2: 64.85 / 65.05      |

Source: Company, ICICIdirect.com Research

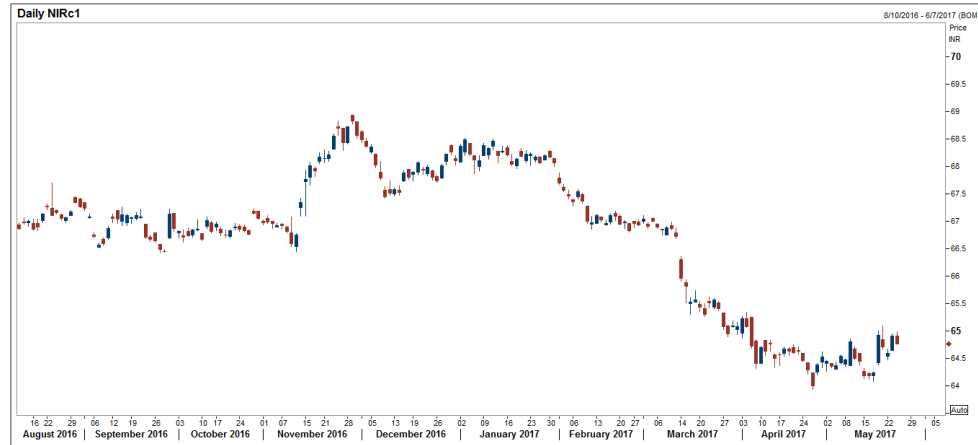
\*Call initiation and update messages will be broadcast on iclick-2-gain"

### FII Activity

| Segment | Gross Purchase | Gross Sale | Net (₹ crore) |
|---------|----------------|------------|---------------|
| Equity  | 9181.50        | 8392.30    | -93.47        |
| Debt    | 429.86         | 636.57     | 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 (June) | 64.75 | 64.62 | 64.54 | 64.83 | 64.97 |
| US\$ - INR (July) | 65.00 | 64.87 | 64.79 | 65.07 | 65.20 |
| EUR - INR (June)  | 72.68 | 72.53 | 72.43 | 72.79 | 72.94 |
| EUR - INR (July)  | 73.06 | 72.92 | 72.82 | 73.16 | 73.30 |
| GBP - INR (June)  | 83.40 | 83.06 | 82.87 | 83.59 | 83.92 |
| GBP - INR (July)  | 83.87 | 83.33 | 83.05 | 84.16 | 84.70 |
| JPY - INR (June)  | 58.32 | 58.19 | 58.01 | 58.50 | 58.62 |
| JPY - INR (July)  | 58.55 | 58.39 | 58.09 | 58.85 | 59.01 |

Source: NSE, ICICIdirect.com Research

### Exhibit 3: Strategy follow up

| Date      | Contract USD/INR | View | Strategy    | Rec.  | Target | SL    | (P/L)* | Comment      |
|-----------|------------------|------|-------------|-------|--------|-------|--------|--------------|
| 25-May-17 | May              | Sell | Sell future | 64.75 | 64.35  | 64.90 | 0      | Not initiaed |

(\*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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