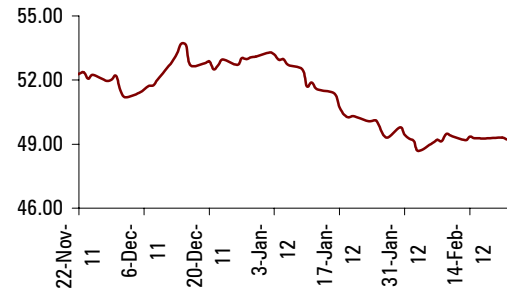


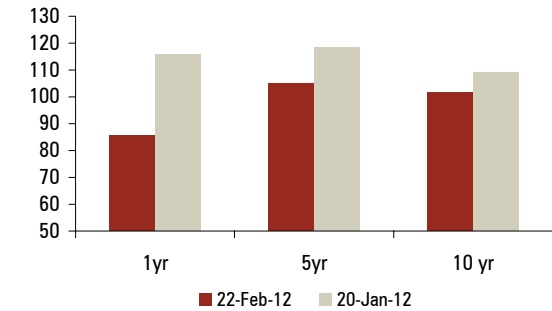
RBI reference rate (Source: Reuters)

	Close		% Change
	22/02/12	21/02/12	
USD/INR	49.25	49.08	+0.33%
EURO/INR	65.16	65.17	-0.01%
GBP/INR	77.75	77.80	-0.06%
YEN/INR	61.53	61.52	+0.02%

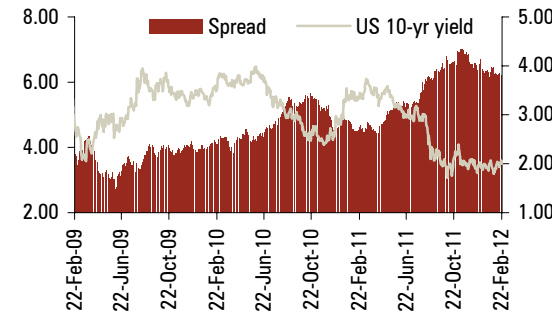
US\$/INR daily performance (Source: Reuters)



10-year spread US\$/ INR (Source: Reuters)



10-year spread US\$/ INR (Source: Reuters)



Currency futures data (US\$/₹, NSE) (Source: Reuters)

Contracts	LTP	Chg (%)	OI	Vol	Chg (%)	
					OI	Vol
February	49.28	-0.22	949694	1555364	-4.0	-16.2
March	49.64	-0.21	825615	257991	8.1	-2.7
Feb-Mar	0.35	-0.7	--	221432	--	-18.6
Mar-Apr	0.36	2.9	--	8626	--	9.8

Analyst

Jaymin Trivedi
jaymin.trivedi@icicisecurities.com
Dipesh Dagha
dipesh.dagha@icicisecurities.com
Pabitra Mukherjee
pabitra.mukherjee@icicisecurities.com

Bonds: Yields increase

- Indian federal bond yields rose to their highest levels in almost two weeks on Wednesday in the absence of a debt purchase announcement from the central bank, which came after the close
- The yield on the new 10-year benchmark bond closed at 8.22%, 5 bps higher than the previous close. It touched a high of 8.24%, a level last seen on February 9. However, it is expected to drop on Thursday after the RBI said it would buy ₹ 120 billion of debt on Friday
- Total traded volume on the RBI's gilt platform stood at ₹ 9845 crore as on February 22, 2012 compared to ₹ 11730 crore as on February 21, 2012
- The US treasury yield of the 10-year benchmark was at 2.0%, 6 bps lower from the previous day's close

Equity: Nifty range seen at 5460-5580

- The Nifty opened flattish and traded sideways initially but tumbled post noon to close at the day's low. FII's were net buyers in the cash segment to the tune of ₹ 829 crore. They were, however, sellers in index futures and stock futures
- The Nifty is likely to open flat on the back of subdued global cues. It is likely to trade in the range of 5460-5580. The trading strategy would be to create short positions if the Nifty resists at around 5564 levels for targets of 5525 and 5475. On the other hand, one can also create long positions if it takes support at around 5460 levels

Forex (US\$/INR): INR strengthens

- The Indian rupee ended stronger on Wednesday as robust capital inflows offset dollar demand from local oil importers and negative equities. The outlook for the currency remains positive
- The INR ended at 49.22/23 per dollar, strengthening by 0.2%, after moving in a band of 49.17-31 intraday
- The dollar index against six major currencies was up by 0.1% at 79.2 on Wednesday
- On February 22, 2012, FII's bought (net) Indian shares worth US\$304.5 million. For the current month to date, FII's bought US\$3242.5 million while for the year FII's bought US\$5279.7 million

Derivatives strategy: Buy February contract

- In the currency futures market, the most traded near-month dollar-rupee contract on the NSE closed at 49.28. The US\$/INR February open interest was down by 4.0%
- The March contract witnessed an increase in open interest by 8.1%
- We expect the US dollar to attract some buying on declines against the INR. Utilise the lows in the US\$/INR February contract to buy

Intra-day strategy

USD/ INR Feb futures contract (NSE)

Buy USDINR above 49.14
Target: 49.32/49.40
Support
S1/ S2: 49.15/ 49.02

View: Bullish on USD

Market Lot: USD1000
Stop Loss: 49.05
Resistance
R1/R2: 49.45/ 49.58

NSE currency futures contract specifications...

Exhibit 1: 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

Daily performance tracker...
(Returns are calculated on one lot only)

Exhibit 2: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	P/(L) ₹	Comment
27-Jan-12	Feb	Bullish	Long Fut	50.33	50.52/ 50.60	50.24	-90	Stop loss hit
30-Jan-12	Feb	Bullish	Long Fut	50.00	50.18/ 50.26	49.92	140	Closed at 50.14
31-Jan-12	Feb	Bullish	Long Fut	49.84	50.02/ 50.12	49.75	140	1st tgt achieved
1-Feb-12	Feb	Bullish	Long Fut	49.68	49.86/ 49.95	49.6	-80	Stop loss hit
2-Feb-12	Feb	Bearish	Short Fut	49.68	49.52/ 49.44	49.76	0	Opened at target
3-Feb-12	Feb	Bullish	Long Fut	49.28	49.46/ 49.54	49.2	-80	Stop loss hit
6-Feb-12	Feb	Bearish	Short Fut	49.22	49.06/ 48.98	49.3	-80	Stop loss hit
7-Feb-12	Feb	Bullish	Long Fut	49.00	49.16/ 49.24	48.92	210	Both tgt achieved
8-Feb-12	Feb	Bullish	Long Fut	49.05	49.24/ 49.32	48.96	0	Not initiated
9-Feb-12	Feb	Bullish	Long Fut	49.20	49.38/ 49.46	49.11	0	Not initiated
10-Feb-12	Feb	Bullish	Long Fut	49.60	49.78/ 49.86	49.51	0	Not initiated
13-Feb-12	Feb	Bearish	Short Fut	49.82	49.62/ 49.54	49.91	0	Not initiated
14-Feb-12	Feb	Bullish	Long Fut	49.33	49.52/ 49.60	49.24	140	1st tgt achieved
15-Feb-12	Feb	Bearish	Short Fut	49.54	49.36/ 49.30	49.63	0	Not initiated
17-Feb-12	Feb	Bearish	Short Fut	49.38	49.20/ 49.14	49.47	90	Profit booked
21-Feb-12	Feb	Bearish	Short Fut	49.47	49.30/ 49.22	49.55	0	Opened at target
22-Feb-12	Feb	Bullish	Long Fut	49.26	49.42/ 49.48	49.18	90	Profit booked

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 paise 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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