



Monday, Feb 25th 2013

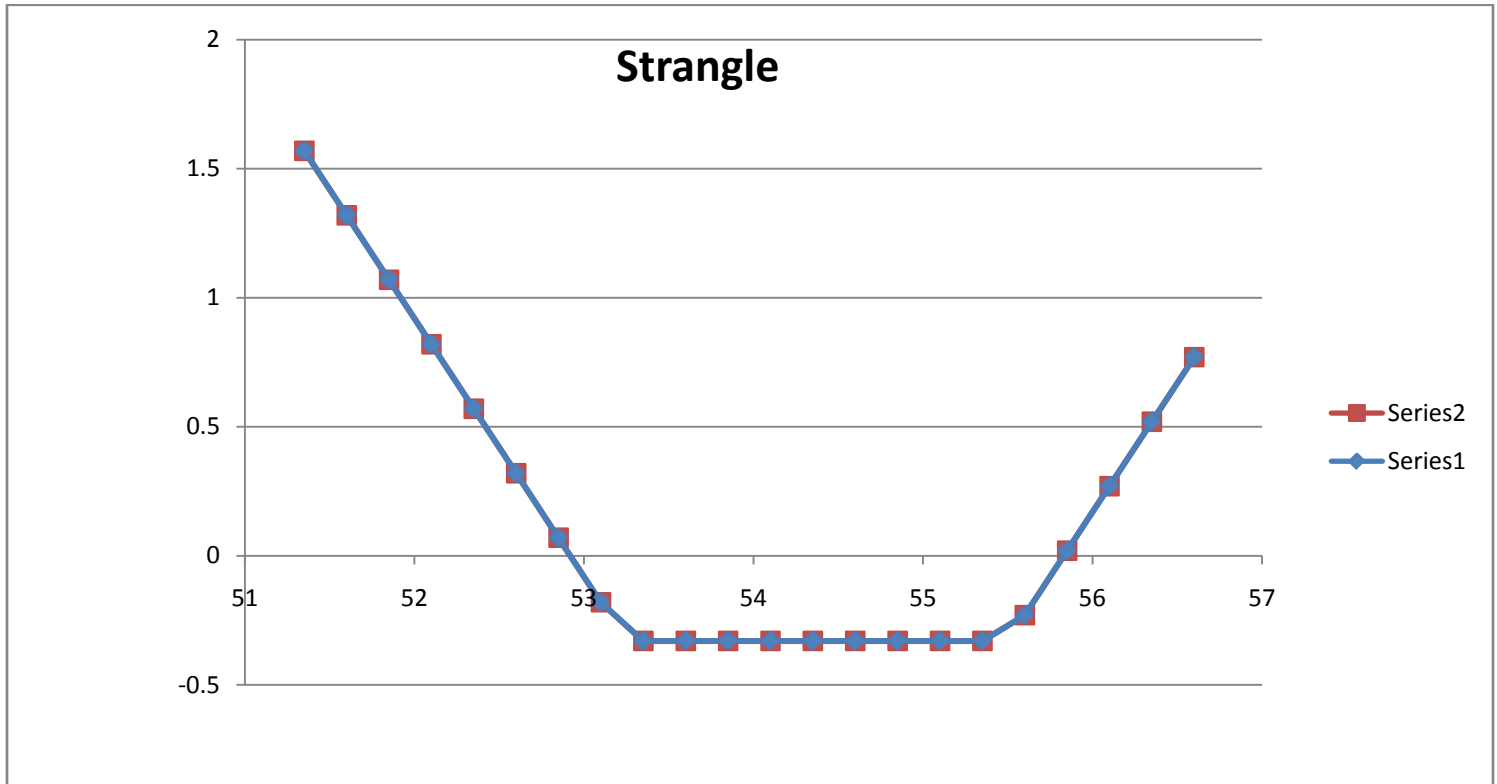
Derivative strategy Long strangle: Reason: USD-INR expected to remain highly volatile on Budget 2013-2014.

Buy USDINR call strike price 55.50 March @ 0.15 Paisa

Buy USDINR Put strike price 53.25 March Put@0.18. Future price – March 54.35.

Net Debit	Maximum Risk	Maximum Reward	Breakeven down	Breakeven up
0.33	0.33	Uncapped	52.92	55.83

Futures	Payoff _Long call	Payoff _Long put	Net
51.35	-0.15	1.72	1.57
51.6	-0.15	1.47	1.32
51.85	-0.15	1.22	1.07
52.1	-0.15	0.97	0.82
52.35	-0.15	0.72	0.57
52.6	-0.15	0.47	0.32
52.85	-0.15	0.22	0.07
53.1	-0.15	-0.03	-0.18
53.35	-0.15	-0.18	-0.33
53.6	-0.15	-0.18	-0.33
53.85	-0.15	-0.18	-0.33
54.1	-0.15	-0.18	-0.33
54.35	-0.15	-0.18	-0.33
54.6	-0.15	-0.18	-0.33
54.85	-0.15	-0.18	-0.33
55.1	-0.15	-0.18	-0.33
55.35	-0.15	-0.18	-0.33
55.6	-0.05	-0.18	-0.23
55.85	0.20	-0.18	0.02
56.1	0.45	-0.18	0.27
56.35	0.7	-0.18	0.52
56.6	0.95	-0.18	0.77
56.85	1.2	-0.18	1.02
57.1	1.45	-0.18	1.27
57.35	1.7	-0.18	1.52
57.6	1.95	-0.18	1.77



The Outlook

- USD-INR March future resisted 54.95 levels and moved below 54.37 levels last weeks. In the month of March 2013 USD-INR is expected to trade volatile due to Budget 2013-2014.
- In next week USD-INR March 13 is expected to resist around 54.98/55.25 levels and expected to move downside till 54 then 53.50.
- If the pair will breached above 55.25, than it will find resistance in the zone of 55.80/56.50 levels with immediate support around 55.25 levels, which is quite strong levels.

Conclusion: Through the above strategy one should make maximum profit near about 0.50 paisa. (If USDINR moves downward till 52.60 or goes upward above 56.35 levels from this level (54.35).

However, If USD-INR remains between range of 55.35-52.85, then loss will be limited to the total premium paid = 0.33 paisa.