



Tuesday, Sep 3<sup>rd</sup> 2013

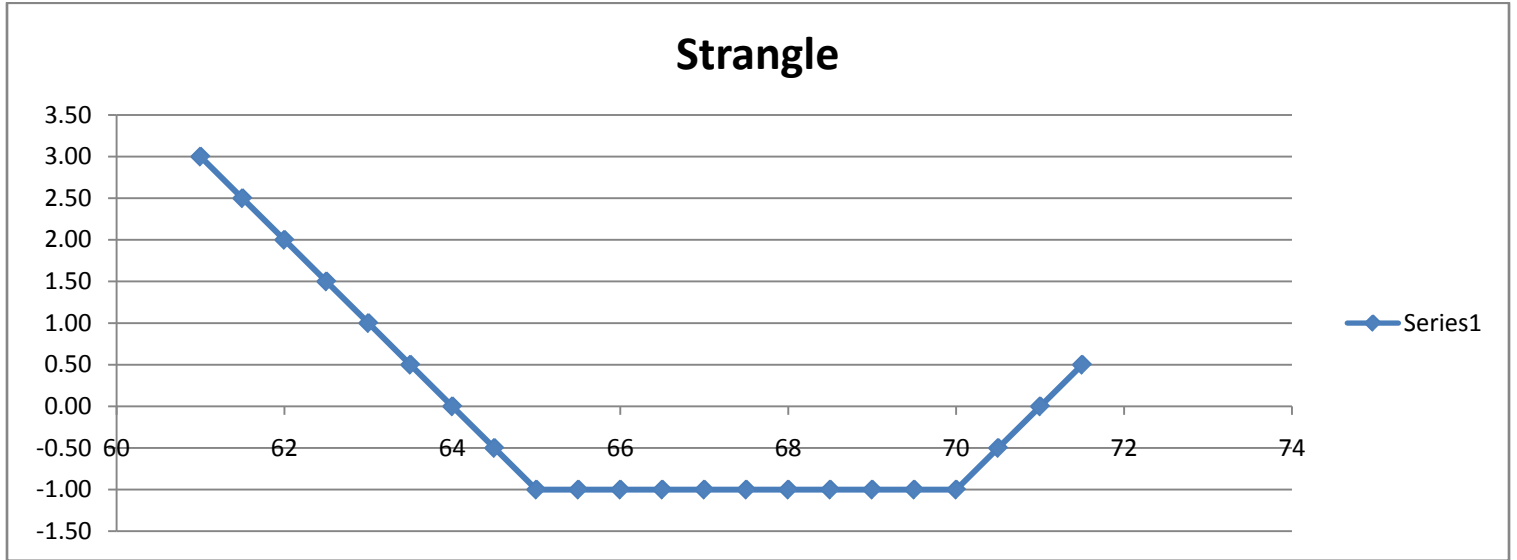
**Derivative strategy Long strangle: Reason: USD-INR expected to remain highly volatile.**

Buy USDINR call strike price 70 Sep @ 0.60 Paisa

Buy USDINR Put strike price 65 Sep @0.40. Future price – Sep 67.25

Net Debit	Maximum Risk	Maximum Reward	Breakeven down	Breakeven up
1.00	1.00	Uncapped	64.00	71.00

Futures	Payoff_Longcall	Payoff_Longput	Net
61	-0.6	3.6	3.00
61.5	-0.6	3.1	2.50
62	-0.6	2.6	2.00
62.5	-0.6	2.1	1.50
63	-0.6	1.6	1.00
63.5	-0.6	1.1	0.50
64	-0.6	0.6	0.00
64.5	-0.6	0.1	-0.50
65	-0.6	-0.4	-1.00
65.5	-0.6	-0.4	-1.00
66	-0.6	-0.4	-1.00
66.5	-0.6	-0.4	-1.00
67	-0.6	-0.4	-1.00
67.5	-0.6	-0.4	-1.00
68	-0.6	-0.4	-1.00
68.5	-0.6	-0.4	-1.00
69	-0.6	-0.4	-1.00
69.5	-0.6	-0.4	-1.00
70	-0.6	-0.4	-1.00
70.5	-0.1	-0.4	-0.50
71	0.4	-0.4	0.00
71.5	0.9	-0.4	0.50
72	1.4	-0.4	1.00
72.5	1.9	-0.4	1.50
73	2.4	-0.4	2.00
73.5	2.9	-0.4	2.50
74	3.4	-0.4	3.00
74.5	3.9	-0.4	3.50
75	4.4	-0.4	4.00



#### The Outlook

**Conclusion:** Through the above strategy one should make max profit Rs. 2 or above if USD/INR moves above 73 levels while if it moves below 62.

However, If USD-INR remains between range of 65-70 then loss will be limited to the total premium paid = 1 Rs.