



FX DERIVATIVES- TRADER'S GOLD MINE

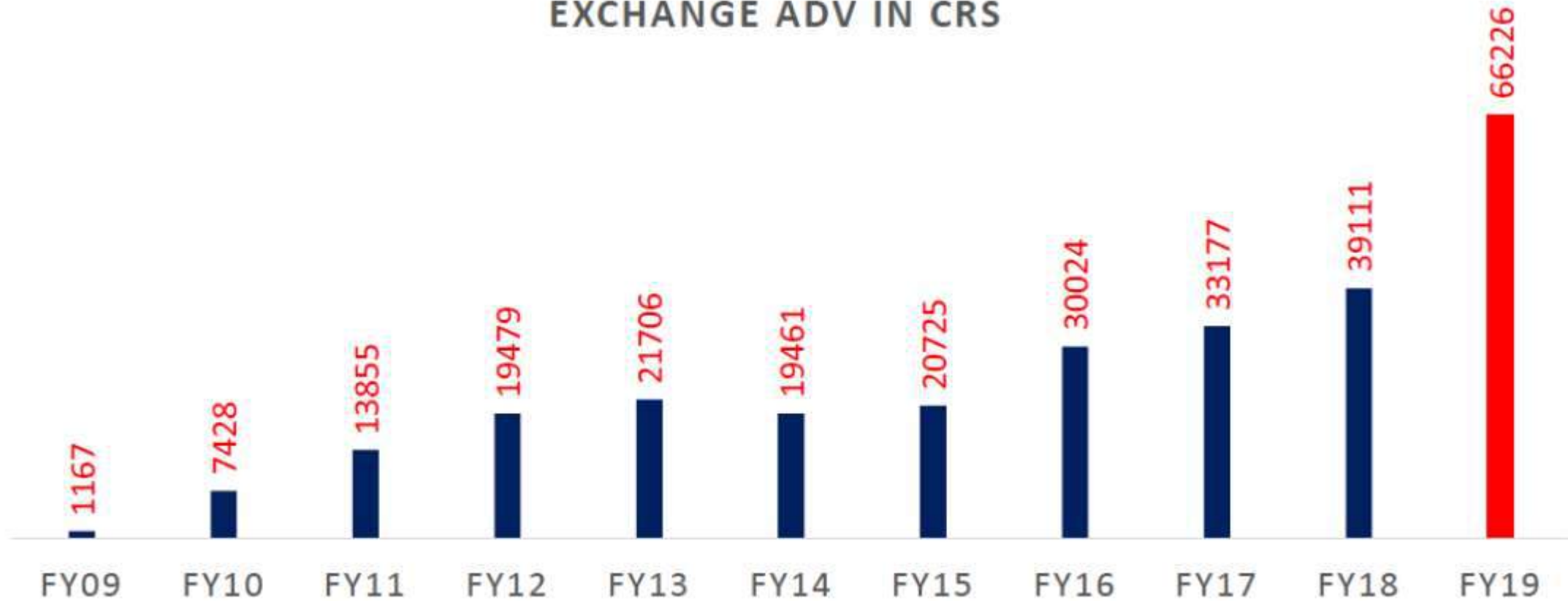
HOW BIG IS THE FX MARKET?



EXCHANGE TRADED FX VOLUMES



EXCHANGE ADV IN CRS



Source – NSE + BSE

4

REASONS WHY YOU MUST TRADE CURRENCY

1. LOWER COST

Brokerage Calculations in Futures - NSE	
Particulars	Existing cost
No of Lots	100
Lot Value (1 Lot = \$1000)	100000
Trade Rate	70
Trade Value (INR)	70,00,000.00
Brokerage	10.00
Brokerage in Rs	1,000.00
Exchange Turnover Tax (@ Rs. 95 per Crore)	66.50
Stamp Duty @(Rs. 200 per Crore)	140.00
SEBI Fee @ (Rs. 15 per Crore)	10.50
GST @ 18%	
on Brokerage	180.00
on ETT	11.97
on SEBI Fees	1.89
Total Cost in Futures	1,410.86
Cost (in paise/USD)	0.0141
Round Trip Cost (in paise/USD)	0.0282

2. HIGHER LEVERAGE



INSTRUMENT	MARGIN	HOW MANY LOTS IN 1 LAC OF MARGIN	LEVERAGE FACTOR (times)
NIFTY	11%	1	9
USDINR	2.5%	62	40

3. LONGER TRADING HOURS

4. NO BEAR MARKET

USDINR CONVENTIONS



- **CURRENCIES TRADE IN PAIRS OR RATIOS. USDINR MEANS, USD AGAINST INR**
- **USDINR @ 70.00 MEANS 1 \$ = 70 INR**
- **IF USDINR MOVES TO 72.00, IT MEANS, \$ HAS APPRECIATED AGAINST INR AS ONE CAN GET MORE RUPEES FOR SAME \$**
- **IF USDINR MOVES DOWN TO 68.00, IT MEANS, \$ HAS DEPRECIATED AGAINST INR**

MARKETS & ELECTIONS

LOK SABHA TALLY



Exhibit 2: BJP has significantly improved its tally in its second coming
Votes, vote share and Lok Sabha seats won by national parties across elections

	2019	2014			2009			2004		
	Seats	Votes	Share	Seats	Votes	Share	Seats	Votes	Share	Seats
National parties										
Bahujan Samaj Party	10	22,929,430	4.1	0	25,728,920	6.2	21	20,765,229	5.3	19
Bharatiya Janata Party	303	171,453,023	30.9	282	78,435,381	18.8	116	86,371,561	22.1	138
Communist Party of India	2	4,326,172	0.8	1	5,951,888	1.4	4	5,484,111	1.4	10
Communist Party of India (Marxist)	3	17,977,429	3.2	9	22,219,111	5.3	16	22,070,614	5.7	43
Indian National Congress	52	106,747,743	19.3	44	119,111,019	28.5	206	103,408,949	26.5	145
Party A (see Note 1)	23	21,258,532	3.8	34	8,521,502	2.0	9	7,023,175	1.8	9
Party B (see Note 1)	22	18,672,915	3.4	5	5,280,084	1.3	4			
Total	415	362,634,740	65.4	375	265,247,905	63.6	376	245,123,639	62.9	364
Total electors in the country		834,082,814			716,985,101			671,487,930		
Total votes polled		554,175,255	66.4		417,357,487	58.21		389,948,330	58.07	

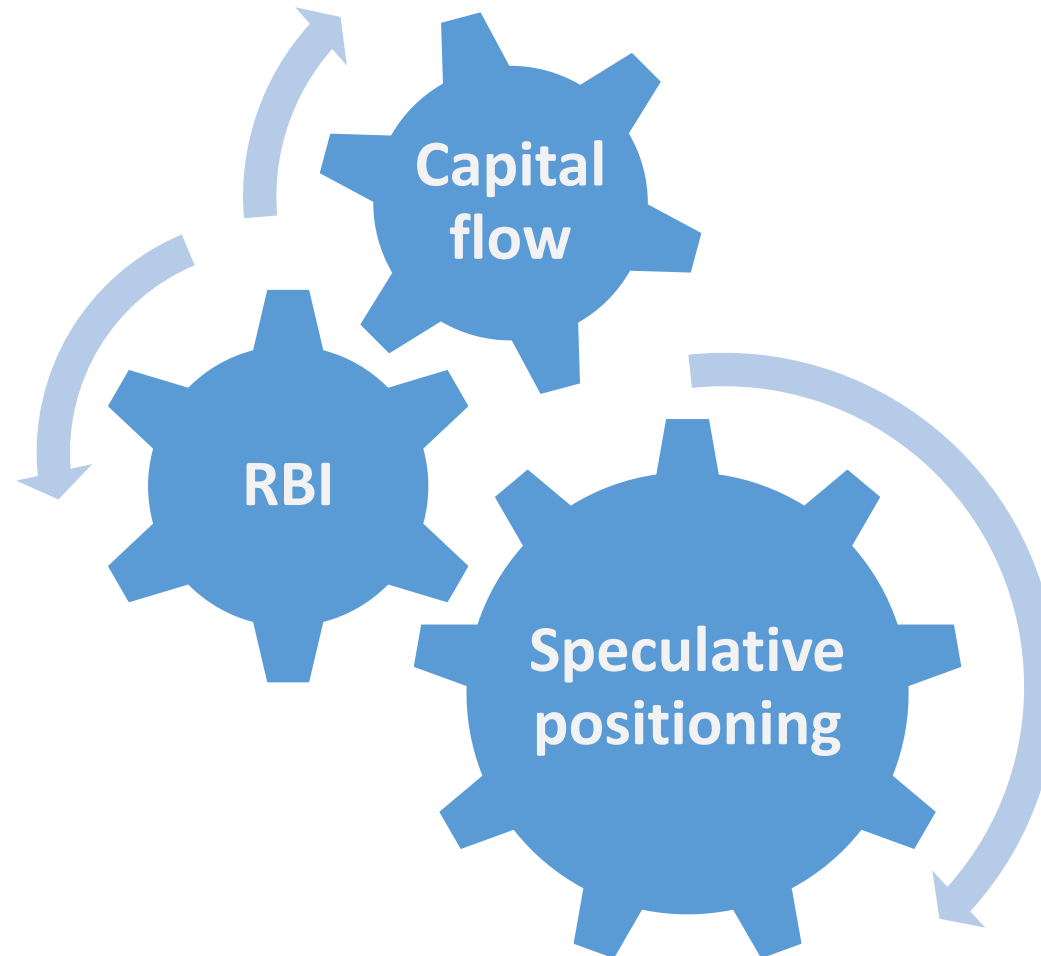
Notes:

(a) Party A and B respectively refer to: DMK and AITC (2019); AITC and SP (2014); NCP and RJD (2009 and 2004).

(b) The data for 2019 is as of 2359 hours IST, May 23, 2019.

Source: Election Commission of India, Kotak Institutional Equities

FLOWS, RBI & POSITIONING DRIVES INR



FACTOR THAT DRIVE FLOWS



- **FPI flows would depend on:**

- 1) What is the political formation?
- 2) Is money flowing away from Emerging markets or away from it?
- 3) Are oil prices rising fast or declining ?
- 4) How are corporate earnings relative to valuation?
- 5) How expensive is India relative to EMs?

- **FDI flows would depend on:**

- 1) Government policies
- 2) Global economy

- **Corporate debt flows and flows into banking system would depend on:**

- 1) What is the interest rate spread between India and US?
- 2) Economic activity

CAPITAL FLOWS



INDIA: BALANCE OF PAYMENTS ANALYTIC PRESENTATION (CALENDAR YEAR)

USD Million	2013	2014	2015	2016	2017	2018	2019
Capital account	962	(74)	37	137	37	(123)	0
Financial account	59,115	68,354	67,659	29,340	76,630	60,404	95,000
FDI	26,388	22,890	36,495	39,411	28,876	31,662	30,000
FPI	6,858	37,740	9,487	(4,725)	30,638	(9,598)	30,000
FINANCIAL DERIVATIVES	(2,256)	3,489	(3,598)	9,436	148	189	0
OTHER FINANCIAL INFLOWS	28,125	4,235	25,275	(14,782)	16,968	38,151	35,000
Net errors and omissions (Unallocated net capital flows)	(26)	(3,382)	(1,174)	(1,624)	(1,429)	828	(1,500)
GROSS CAPITAL FLOWS	60,051	64,898	66,522	27,853	75,238	61,109	93,500
RBI's net selling of \$ (selling of \$ is a capital inflow)	(10,928)	(37,583)	(44,065)	(15,739)	(37,071)	3,850	(47,500)
% CAPITAL FLOWS MOPPED UP BY RBI THROUGH SPOT PURCHASE OF \$	18%	58%	66%	57%	49%	NA	50%
% CAPITAL FLOWS INFUSED BY RBI THROUGH SELLING OF DOLLARS FROM RESERVES	NA	NA	NA	NA	NA	6%	NA
NET CAPITAL FLOWS (post RBI intervention)	49,123	27,314	22,457	12,114	38,168	64,959	46,000
CURRENT ACCOUNT (Inverse of Net capital flows)	(49,123)	(27,314)	(22,457)	(12,114)	(38,168)	(64,959)	(46,000)
GDP	1,856,722	2,039,127	2,102,391	2,274,230	2,600,818	2,950,000	3,333,500
CURRENT A/C % GDP	(2.65)	(1.34)	(1.07)	(0.53)	(1.47)	(2.20)	(1.38)
GROSS CAP FLOWS TO GDP	3.2%	3.2%	3.2%	1.2%	2.9%	2.1%	2.8%

WHAT HAPPENED POST NaMo 1

STOCK MARKET



RUPEE



INDIA 10 YEAR YIELD



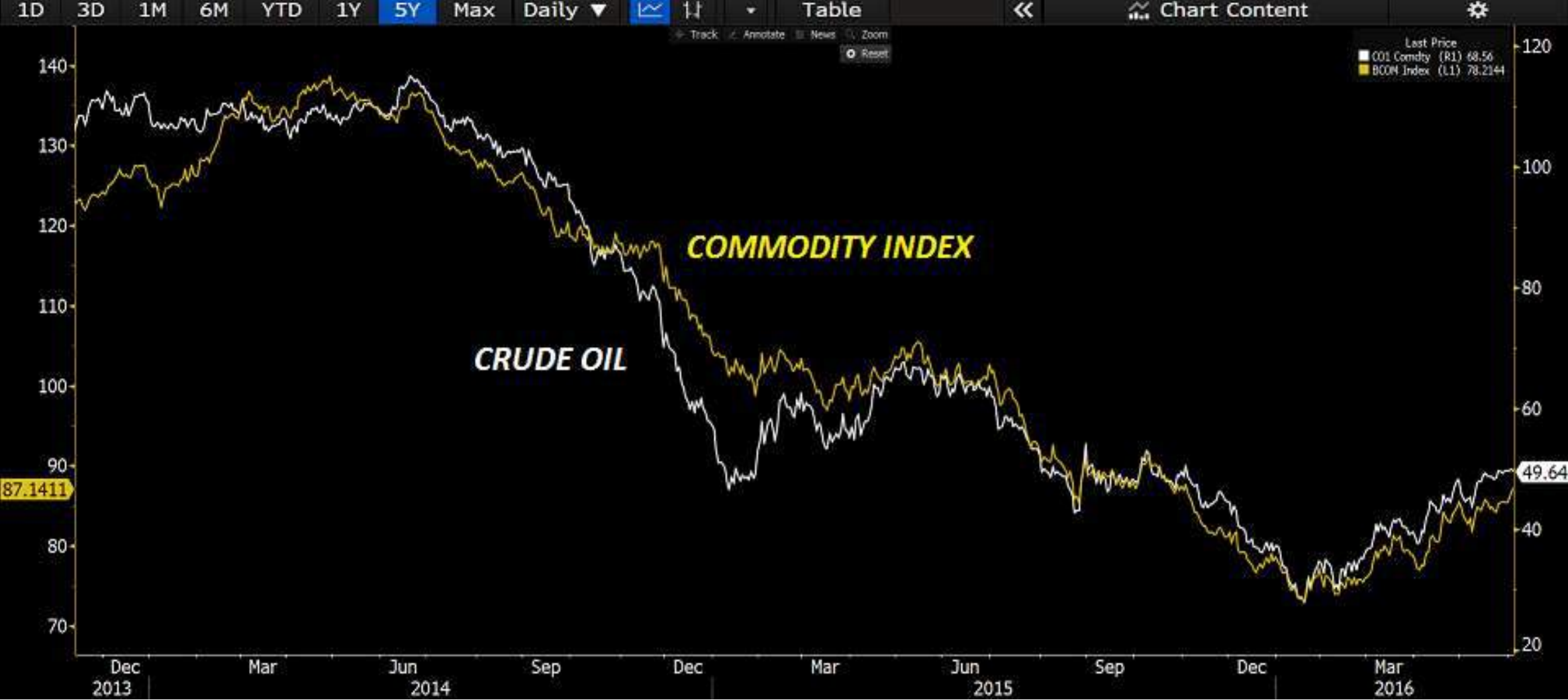
GLOBAL STOCK MARKETS



US DOLLAR

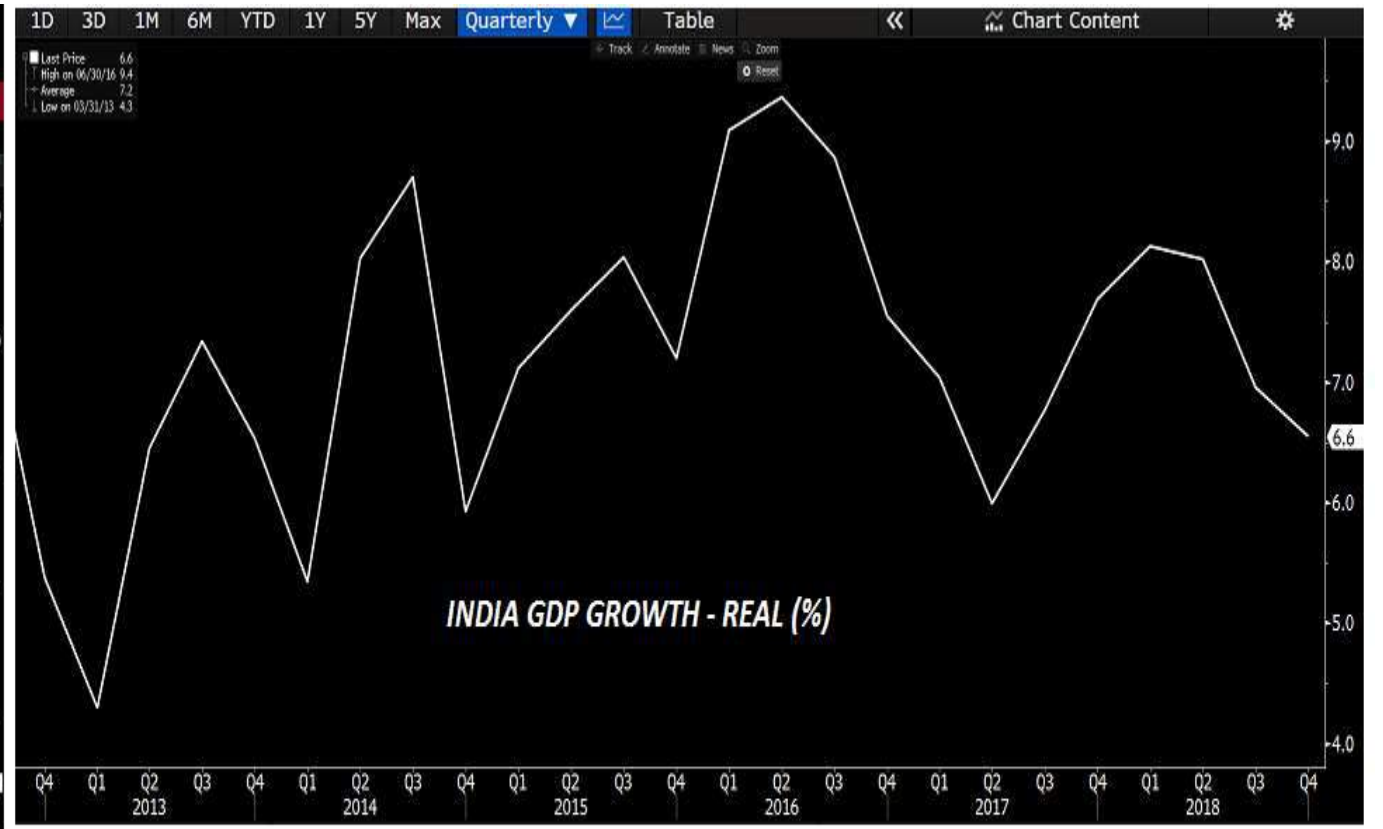


COMMODITY & OIL



Source: Bloomberg

GROWTH & INFLATION



Source: Bloomberg

NaMo 2

CHINESE YUAN



CRUDE OIL



FXCM DOLLAR INDEX



MSCI EM EQUITY ETF



MSCI EM EQUITY ETF



TECHNICAL CHARTS

USDINR CHART



EURINR CHART



Source: Bloomberg

GBPINR CHART



JPYINR CHART



NIFTY



MISTAKES



1. NOT HAVING STOP LOSSES

2. AVERAGING IN LOSSES

3. TAKING TOO LARGE A POSITION

QUESTIONS

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