

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.25	6.32
US 10 year	2.38	2.29
Eur 10 year	0.28	0.22
UK 10 year	1.42	1.37
JPY 10 year	0.03	0.02

RBI reference rate

	Close		% change
	30-11-2016	29-11-2016	
USD/INR	68.53	68.65	-0.19
EUR/INR	72.84	72.80	0.06
GBP/INR	85.53	85.23	0.36
YEN/INR	60.79	61.25	-0.75

Spot

Spot	Close	Prev close	% change
Rupee	68.39	68.66	-0.39
Dollar index	101.50	100.93	0.56
Euro	1.0589	1.065	-0.57
British pound	1.2506	1.2493	0.10
Japanese Yen	114.46	112.38	1.85
Australian (\$)	0.7385	0.7484	-1.32
Swiss Franc	1.0173	1.0117	0.55

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Dec	68.56	-0.39	1534797	1638300	4.74	115.64
Jan	68.82	-0.32	289699	132359	9.62	101.79
Dec-Jan	-0.26	-	-	1505941	-	91.92
Jan-Feb	-0.20	-	-	104222	-	78.74

Global Indices

Indices	Close	Prev close	% change
Dow Jones	19123.58	19121.6	0.01
Nasdaq	4810.814	4873.209	-1.28
FTSE	6783.79	6772	0.17
DAX	10640.3	10620.49	0.19
Hang Sang	22985.12	22789.77	0.86
Nikkei	18741.64	18308.48	2.37
SGX Nifty	8260.5	8240	0.25

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1173.2	1188.31	-1.27
Copper	262.15	259.5	1.02
Brent crude	50.47	46.38	8.82

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bond yield recorded their biggest monthly fall in over seven years in November, as the Centre's demonetisation move flushed the banking system with liquidity and raised hopes of an interest rate cut
- The benchmark 6.97% bond maturing in 2026 ended at ₹ 105.24 against ₹ 104.69 the previous day
- The benchmark 6.97% 2026 bond yield fell to 6.25% from 6.32% in the previous day

Forex (US\$/INR)

- The rupee rose for a second straight day to a one-week high against the dollar, as domestic equities continued their gains, easing concerns about foreign fund outflows
- The US\$ index rallied yesterday gaining over 0.55% due to strength against Japanese Yen and euro. The JPY continued to weaken on rising monetary divergence and subsiding improved risk sentiment. The euro also fell against the US\$ as the ECB president raised concerns on falling productivity, which could hurt the overall output of the euro area

Equity

- Equity benchmarks climbed for a third session in a row on Tuesday despite banking stocks remaining under pressure as participation from few other heavyweights continued
- The Sensex was up 44 points or 0.17% to 26394 while the Nifty rose 15 points or 0.19% to 8142
- Broader markets continued their outperformance as the BSE midcap and small cap indices rose ~0.5% each. As a result, the overall market breadth was positive with an A/D ratio of 1.5:1 on the BSE

Commodities Market

- Crude oil prices rallied over 8% as Opec moves towards its first coordinated supply cut in eight years. Overall, the Opec group has agreed to limit output to 32.m bpd. Crude oil price is expected to remain supportive as limited outcut could help contain the supply glut
- Gold prices fell due to strength in the US\$ coupled with a rally in risk commodities led by crude oil. Gold tested supports near \$1170/oz, lowest since February. Domestic curbs on black money in India would also weigh on physical demand of gold ahead of peak wedding season

US\$/INR derivatives strategy: Buy December Contract

- In the currency futures market, the most traded dollar-rupee December contract on the NSE ended at 68.56. The December contract open interest rose 4.74% from the previous day
- January contract open interest rose 9.62% from the previous day
- We expect the US\$ to gain support at lower levels. Utilise downsides in the dollar to go long on the US\$INR pair

Intra-day strategy

US\$INR December futures contract (NSE)	View: Bullish on US\$INR
Buy US\$INR in the range of 68.45 - 68.55	Market Lot: US\$1000
Target: 68.80 / 69.00	Stop Loss: 68.30
Support	Resistance
S1/ S2: 68.50/68.30	R1/R2:68.85/69.05

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	4715.12	5367.87	-652.75
Debt	1432.18	2420.18	-988.00

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 (Dec)	68.63	68.45	68.33	68.75	68.93
US\$ - INR (Jan)	68.87	68.72	68.61	68.98	69.13
EUR - INR (Dec)	73.12	73.00	72.84	73.28	73.39
EUR - INR (Jan)	73.40	73.21	73.05	73.57	73.76
GBP - INR (Dec)	85.47	85.06	84.82	85.71	86.12
GBP - INR (Jan)	85.75	85.38	85.15	85.98	86.36
JPY - INR (Dec)	60.90	60.61	60.43	61.09	61.38
JPY - INR (Jan)	61.14	60.79	60.55	61.38	61.74

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
30-Nov-16	December	Sell	Sell Fut	68.90	68.50	69.05	0	Not initiated

(*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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