

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.41	6.52
US 10 year	2.44	2.44
Eur 10 year	0.19	0.21
UK 10 year	1.24	1.24
JPY 10 year	0.05	0.05

RBI reference rate

	Close		% change
	02-01-2017	30-12-2016	
USD/INR	68.02	67.95	0.10
EUR/INR	71.51	71.62	-0.15
GBP/INR	83.97	83.42	0.65
YEN/INR	58.19	58.22	-0.05

Spot

Spot	Close	Prev close	% change
Rupee	68.23	67.93	0.45
Dollar index	102.78	102.21	0.56
Euro	1.0455	1.0517	-0.59
British pound	1.2278	1.234	-0.50
Japanese Yen	117.55	116.96	0.50
Australian (\$)	0.7184	0.7208	-0.33
Swiss Franc	1.0235	1.019	0.44

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Jan	68.41	0.47	1567216	545028	3.06	394.60
Feb	68.63	0.48	202693	63482	10.78	22.53
Jan-Feb	-0.22	-	-	481546	-	88.35
Feb-Mar	-0.22	-	-	56591	-	89.14

Global Indices

Indices	Close	Prev close	% change
Dow Jones	19762.6	19819.78	-0.29
Nasdaq	4863.62	4918.283	-1.11
FTSE	7142.83	7120.26	0.32
DAX	11598.33	11481.06	1.02
Hang Sang	22114	22000	0.52
Nikkei	19114	19145.14	-0.16
SGX Nifty	8203.5	8190.5	0.16

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1147.5	1158.19	-0.92
Copper	250.55	248.8	0.70
Brent crude	56.82	56.14	1.21

Source: Reuters, Bloomberg, CdsI for above all exhibits

Research Analyst

Amit Gupta
 amit.gup@icicisecurities.com

Gaurav Shah
 gaurav.shah@icicisecurities.com

Debt market

- Government bonds rose for a fourth day, as lending rate cuts by some domestic banks sparked expectations of a near-term policy easing by the Monetary Policy Committee
- The benchmark 6.97% 2026 bond yield fell to 6.41% as increased expectation of rate cuts in the near term spurred purchases in bonds
- Yield on the US 10-year yield remained steady at 2.44% as US markets were shut on account of new year's day holiday

Forex (US\$/INR)

- The rupee started the New Year with a fall against the dollar, tracking US\$ demand and weak domestic shares amidst thin trading
- The US\$ index extended gains against major currencies due to the expectation of divergent monetary policies. While most markets remained shut, thin volumes supported sharp gains in the US\$

Equity

- Domestic equity benchmarks began the first session of CY17 on a flat note after recouping most losses in late trade led by a recovery in the auto and metal space
- The Sensex settled at 26595, down 31 points or 0.12% while the Nifty shut shop at 8179, down just 6 points
- The broader markets were abuzz with action even as benchmarks remained rudderless as the BSE midcap and small cap indices outperformed by gaining 0.83% and 1.20%, respectively. As a result, the market breadth, indicating the overall health of the market, was strong with an A/D ratio of 2.4:1 on the BSE

Commodities Market

- Crude oil rose on Monday as Kuwait delivered on its promise of supply cuts. Kuwait had reportedly cut supplies by 130000 barrels. Further adherence to supply cuts by other Opec members and Russia will extend support to oil prices
- Gold remained steady as most markets remained shut on Monday. Upcoming US payrolls data and major central bank meetings will be a catalyst for the trend in gold prices

US\$/INR derivatives strategy : Buy January Contract

- In the currency futures market, the most traded dollar-rupee January contract on the NSE ended at 68.41. The January contract open interest rose by 3.06% from the previous day
- February contract open interest rose 10.78% from previous day
- We expect the US\$ to gain supports at lower levels. Utilise downsides in the dollar to go long on the US\$/INR pair

Intra-day strategy

US\$INR January futures contract (NSE)	View: Bullish on US\$INR
Buy US\$INR in the range of 68.15 - 68.25	Market Lot: US\$1000
Target: 68.45/ 68.65	Stop Loss: 68.05
Support	Resistance
S1/ S2: 68.20/68.00	R1/R2:68.45/68.65

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	2231.13	2910.00	-678.87
Debt	1000.43	524.52	475.91

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 (Jan)	68.29	68.17	67.96	68.50	68.62
US\$ - INR (Feb)	68.52	68.39	68.19	68.72	68.85
EUR - INR (Jan)	71.73	71.60	71.45	71.87	72.00
EUR - INR (Feb)	72.01	71.89	71.76	72.14	72.25
GBP - INR (Jan)	84.12	84.01	83.89	84.24	84.35
GBP - INR (Feb)	84.46	84.38	84.27	84.57	84.66
JPY - INR (Jan)	58.36	58.24	58.08	58.52	58.64
JPY - INR (Feb)	58.65	58.53	58.38	58.80	58.92

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
2-Jan-17	January	Sell	Sell fut	68.25	67.85	68.40	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 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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