

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.38	6.45
US 10 year	2.44	2.44
Eur 10 year	0.28	0.26
UK 10 year	1.34	1.33
JPY 10 year	0.07	0.05

RBI reference rate

	Close		% change
	1/3/2017	1/2/2017	
USD/INR	68.18	68.09	0.14
EUR/INR	70.99	71.38	-0.54
GBP/INR	83.53	83.76	-0.27
YEN/INR	57.81	58.03	-0.38

Spot

Spot	Close	Prev close	% change
Rupee	68.05	68.33	-0.42
Dollar index	102.70	103.21	-0.49
Euro	1.0489	1.0405	0.81
British pound	1.2323	1.2237	0.70
Japanese Yen	117.25	117.75	-0.42
Australian (\$)	0.7283	0.7219	0.89
Swiss Franc	1.0209	1.0274	-0.63

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Jan	68.21	-0.42	1626466	899100	-4.65	-38.78
Feb	68.45	-0.37	215980	58581	2.63	-30.30
Jan-Feb	-0.24	-	-	840519	-	93.48
Feb-Mar	-0.22	-	-	47143	-	80.47

Global Indices

Indices	Close	Prev close	% change
Dow Jones	19942.16	19881.76	0.30
Nasdaq	4937.205	4911.333	0.53
FTSE	7189.74	7177.89	0.17
DAX	11584.31	11584.24	0.00
Hang Sang	22367.07	22134.47	1.05
Nikkei	19544.7	19594.16	-0.25
SGX Nifty	8238.5	8198	0.28

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1163.65	1158.84	0.42
Copper	255.65	248.9	2.71
Brent crude	56.46	55.47	1.78

Source: Reuters, Bloomberg, Cdsl for above all exhibits

Research Analyst

Amit Gupta
amit.gup@icicisecurities.com

Gaurav Shah
gaurav.shah@icicisecurities.com

Debt market

- Government bonds witnessed fresh buying after a sudden sell-off was seen in the penultimate session. Expectations of a rate cut by central banks may have triggered fresh buying in bonds
- The benchmark 6.97% 2026 bond yield declined to 6.38% from 6.45% in the previous day
- Yield on the US 10-year yield remained steady at 2.44% on Wednesday

Forex (US\$/INR)

- The rupee witnessed renewed strength from the one month high against the dollar. The weakness in the dollar index was the primary reason behind the rupee strength
- The US\$ index lost gains against major currencies despite the dovish statement from the Fed. It suggests that the aggressive stance of rate hikes by the Fed in 2017 is already factored in the prices

Equity

- Equity benchmarks remained directionless for a third consecutive session on Wednesday while stock specific action continued to be in focus amid lack of directional global cues
- The Sensex settled at 26633, down just 10 points while the Nifty shut shop at 8190, down just 1 point for the day
- In the broader markets, the BSE small cap index outperformed for a third consecutive session by rallying 0.47% while the midcap index took a breather after a two day advance and was down just 0.09%. Overall market breadth remained positive with an A/D ratio of 1.37:1 on the BSE

Commodities Market

- Oil halted gains near \$53 a barrel as investors weighed rising Libyan supply against signs Opec output began slipping before the group and other nations implement production cuts this year
- Gold prices edged up on Wednesday as buoyant physical demand from major consumers China and India offset the impact of a stronger dollar

US\$/INR derivatives strategy : Buy January Contract

- In the currency futures market, the most traded dollar-rupee January contract on the NSE ended at 68.21. The January contract open interest declined by 4.65% from the previous day
- February contract open interest rose 2.63% from previous day
- We expect the US\$ to find resistance at higher levels. Utilise upsides in the dollar to go short on the US\$/INR pair

Intra-day strategy

US\$INR January futures contract (NSE)	View: Bullish on US\$INR
Sell US\$INR in the range of 68.20 - 68.30	Market Lot: US\$1000
Target: 67.95/ 67.75	Stop Loss: 68.50
Support	Resistance
S1/ S2: 67.75/67.95	R1/R2:68.50/68.70

Source: Company, ICICIdirect.com Research

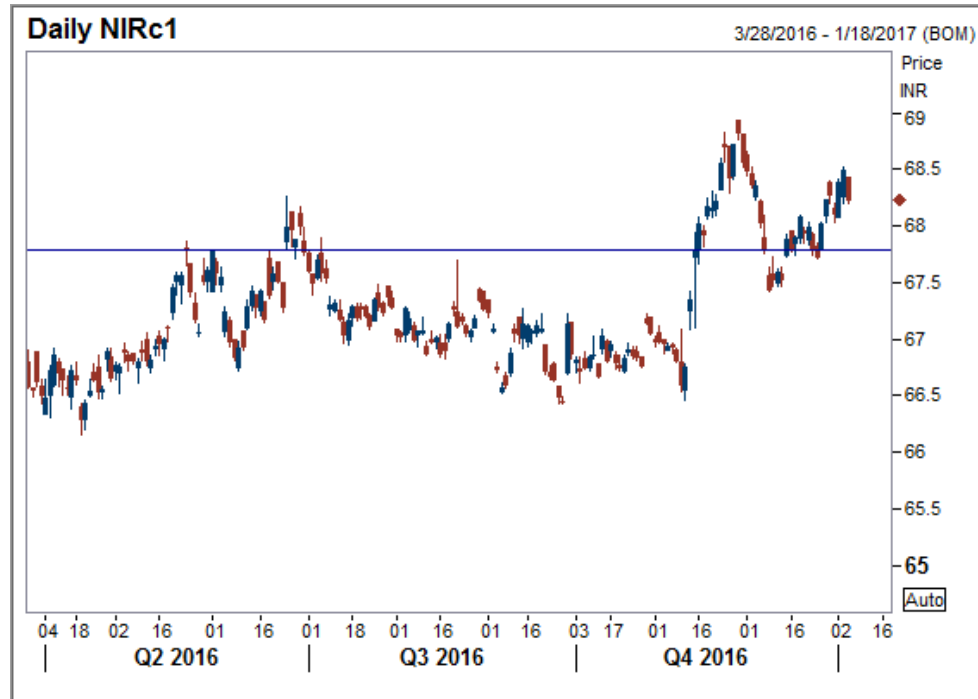
*Call initiation and update messages will be broadcast on iclick-2-gain"

FII Activity

Segment	Gross Purchase	Gross Sale	Net (₹ crore)
Equity	867.26	1215.04	-347.78
Debt	49.63	54.15	-4.52

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)	68.40	68.29	68.09	68.60	68.71
US\$ - INR (Feb)	68.62	68.51	68.32	68.81	68.92
EUR - INR (Jan)	71.38	71.10	70.93	71.56	71.84
EUR - INR (Feb)	71.69	71.42	71.25	71.85	72.12
GBP - INR (Jan)	84.06	83.87	83.57	84.36	84.56
GBP - INR (Feb)	84.42	84.23	83.94	84.71	84.89
JPY - INR (Jan)	58.12	57.85	57.69	58.27	58.54
JPY - INR (Feb)	58.33	58.07	57.91	58.50	58.76

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
4-Jan-17	January	Buy	Buy fut	68.25	68.55	68.10	-100	Exit in loss

(*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



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

Disclaimer

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities Ltd (I-Sec). The author may be holding a small number of shares/position in the above-referred companies as on date of release of this report. I-Sec may be holding a small number of shares/position in the above-referred companies as on date of release of this report. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This report may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. I-Sec and affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Actual results may differ materially from those set forth in projections. I-Sec may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject I-Sec and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.