

Treasury yields

| | Closing yield% | Previous yield % |
|---------------|----------------|------------------|
| India 10 year | 6.84 | 6.84 |
| US 10 year | 1.83 | 1.78 |
| Eur 10 year | 0.15 | 0.14 |
| UK 10 year | 1.20 | 1.13 |
| JPY 10 year | -0.05 | -0.06 |

RBI reference rate

| | Close | | % change |
|---------|------------|------------|----------|
| | 07-11-2016 | 04-11-2016 | |
| USD/INR | 66.73 | 66.72 | 0.01 |
| EUR/INR | 73.84 | 74.05 | -0.29 |
| GBP/INR | 82.93 | 83.14 | -0.24 |
| YEN/INR | 63.88 | 64.62 | -1.15 |

Spot

| Spot | Close | Prev close | % change |
|-----------------|--------|------------|----------|
| Rupee | 66.74 | 66.71 | 0.05 |
| Dollar index | 97.78 | 97.07 | 0.74 |
| Euro | 1.1041 | 1.1141 | -0.90 |
| British pound | 1.2396 | 1.2517 | -0.97 |
| Japanese Yen | 104.46 | 103.12 | 1.30 |
| Australian (\$) | 0.7728 | 0.7673 | 0.72 |
| Swiss Franc | 0.9743 | 0.9684 | 0.61 |

Currency futures (US\$/₹, NSE)

| Contracts | LTP | chg (%) | OI | Vol | chg (%) | |
|-----------|-------|---------|---------|--------|---------|-------|
| | | | | | OI | Vol |
| Nov | 66.94 | 0.03 | 1641619 | 458200 | 0.48 | -7.43 |
| Dec | 67.24 | 0.04 | 240616 | 48808 | 4.43 | -4.32 |
| Nov - Dec | -0.30 | - | - | 409392 | - | 89.35 |
| Dec - Jan | -0.31 | - | - | 43442 | - | 89.01 |

Global Indices

| Indices | Close | Prev close | % change |
|-----------|----------|------------|----------|
| Dow Jones | 18259.6 | 17888.28 | 2.08 |
| Nasdaq | 4773.729 | 4660.457 | 2.43 |
| FTSE | 6806.9 | 6693.26 | 1.70 |
| DAX | 10456.95 | 10259.13 | 1.93 |
| Hang Sang | 22839.94 | 22801.4 | 0.17 |
| Nikkei | 17161.11 | 17177.21 | -0.09 |
| SGX Nifty | 8541 | 8509.5 | 0.37 |

* Asian market as at 08.00 am

Commodities

| | Close | Prev close | % change |
|-------------|---------|------------|----------|
| Gold | 1281.64 | 1305.06 | -1.79 |
| Copper | 230.95 | 226.5 | 1.96 |
| Brent crude | 46.15 | 45.58 | 1.25 |

Source: Reuters/Bloomberg for above all exhibits

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Debt market

- Government bonds ended little changed, as uncertainty surrounding US presidential election kept investors cautious, amid concerns that a victory by Republican candidate could hurt the appetite for emerging market assets
- The benchmark 6.97% bond maturing in 2026 ended at ₹ 100.95 from ₹ 100.92 on the previous day
- The benchmark 6.97% 2026 bond yield was unchanged at 6.84% previous day

Forex (US\$/INR)

- The rupee ended slightly weaker against the US\$ in line with emerging currencies due to strength in the US\$. The overall rupee has been trading in a narrow range with expectation of higher trending direction post election results
- The dollar index ended higher at 97.78 level boosted by the prospects of a win for the democratic candidate. A December US rate hike probability has increased to 80% now on expectation of continuance of policies raising scope for the FOMC to increase rates

Equity

- Benchmark indices recovered from their four month lows following a relief rally in global equities after recent polls indicated an improved chances for Hillary Clinton in the US presidential elections slated tomorrow
- The Sensex gained 185 points or 0.68% to 27459 while the Nifty gained 63 points or 0.75% to 8497
- Broader markets relatively performed better than benchmarks after a couple of days beating. The BSE midcap and small cap indices gained 1.19% and 1.7%, respectively. The overall market breadth was positive with an A/D ratio of 2.3:1 on the BSE

Commodities Market

- Crude oil prices gained in a relief rally along with equities as markets rallied on expectations of a win by Democratic candidate Hillary Clinton over the protectionist Republican candidate Donald Trump
- Gold prices tumbled on Monday as the FBI cleared the Democratic presidential candidate, the front-runner, from criminal wrongdoings. Expectations of continuance in policies and an establishment candidate win weighed on the safe haven appeal of gold

US\$/INR derivatives strategy: Buy November Contract

- In the currency futures market, the most traded dollar-rupee November contract on the NSE ended at 66.94. The November contract open interest rose 0.48% from the previous day
- December contract open interest rose 4.43% 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 November futures contract (NSE) | View: Bullish on US\$/INR |
|--|---------------------------|
| Buy US\$/INR in the range of 66.75 - 66.85 | Market Lot: US\$1000 |
| Target: 67.00 / 67.20 | Stop Loss: 66.65 |
| Support | Resistance |
| S1/ S2: 66.75/66.55 | R 1/R 2:67.00/67.20 |

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 | 5125.38 | 4632.80 | 492.58 |
| Debt | 827.53 | 344.80 | 482.73 |

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 (Nov) | 66.92 | 66.87 | 66.82 | 66.98 | 67.02 |
| US\$ - INR (Dec) | 67.22 | 67.18 | 67.12 | 67.27 | 67.31 |
| EUR - INR (Nov) | 74.11 | 73.99 | 73.87 | 74.24 | 74.36 |
| EUR - INR (Dec) | 74.51 | 74.41 | 74.31 | 74.61 | 74.71 |
| GBP - INR (Nov) | 83.36 | 82.75 | 82.33 | 83.78 | 84.39 |
| GBP - INR (Dec) | 83.64 | 83.36 | 83.10 | 83.90 | 84.18 |
| JPY - INR (Nov) | 64.15 | 63.97 | 63.83 | 64.29 | 64.47 |
| JPY - INR (Dec) | 64.48 | 64.34 | 64.22 | 64.60 | 64.75 |

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

| Date | Contract | View | Strategy | Rec. | Target | SL | (P/L)* | Comment |
|----------|----------|------|----------|-------|--------|-------|--------|---------------|
| 7-Nov-16 | November | Buy | Buy Fut | 66.85 | 67.15 | 66.70 | 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



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