

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.73	6.66
US 10 year	2.26	2.15
Eur 10 year	0.32	0.31
UK 10 year	1.41	1.36
JPY 10 year	-0.01	-0.02

RBI reference rate

	Close		% change
	11-11-2016	10-11-2016	
USD/INR	67.03	66.43	0.91
EUR/INR	73.12	72.71	0.56
GBP/INR	84.18	82.51	2.02
YEN/INR	62.94	63.02	-0.13

Spot

Spot	Close	Prev close	% change
Rupee	67.25	66.63	0.93
Dollar index	100.11	99.06	1.06
Euro	1.0737	1.0855	-1.09
British pound	1.249	1.2596	-0.84
Japanese Yen	108.42	106.65	1.66
Australian (\$)	0.7554	0.7546	0.11
Swiss Franc	0.9981	0.988	1.02

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Nov	67.42	1.00	1319175	2612087	-24.51	126.83
Dec	67.70	1.01	394337	358038	-2.52	73.83
Nov - Dec	-0.28	-	-	2254049	-	86.29
Dec - Jan	-0.26	-	-	324516	-	90.64

Global Indices

Indices	Close	Prev close	% change
Dow Jones	18868.69	18847.66	0.11
Nasdaq	4702.045	4751.951	-1.05
FTSE	6753.18	6730.43	0.34
DAX	10693.69	10667.95	0.24
Hang Sang	22298.3	22222.22	0.34
Nikkei	17646.34	17672.62	-0.15
SGX Nifty	8224.5	8206.5	0.22

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1221.35	1227.64	-0.51
Copper	252.1	250.9	0.48
Brent crude	44.43	44.75	-0.72

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 bond yields recorded their biggest weekly fall in eight months, as the government's drive to flush out black money through demonetisation of high denomination currency notes is likely to boost banking system liquidity and curb inflation
- The benchmark 6.97% bond maturing in 2026 ended at ₹ 101.75 from ₹ 102.22 on the previous day
- The benchmark 6.97% 2026 bond yield rose to 6.73% from 6.66% on the previous day

Forex (US\$/INR)

- The rupee fell the most in about five months against the dollar, tracking strength in US\$ and foreign fund outflow concerns after higher US inflationary expectations drove treasury yields in the world's biggest economy
- The dollar index continued to gain sharply and is currently trading above 100 level. Increasing rate hike probability, which is at 90% for December, is expected to support US\$

Equity

- Benchmark indices fell over 2.5% on Friday following a sell-off across Asian equities and emerging market currencies amid fears that higher interest rates in the US under the new President will spark capital outflow from the region
- The Sensex fell 698 points or 2.54% to 26818 while the Nifty plunged 229 points or 2.69% to end a tad below 8300 at 8296
- Broader markets bore deeper cuts as the BSE midcap and small cap indices fell over 3.2% each. As a result, the overall market breadth was sharply negative with an A/D ratio of 1:4.7 on BSE

Commodities Market

- Crude oil prices ended lower as a discord amongst Opec members over supply curb deal is weighing on oil prices. Also, a huge build-up in oil inventories in US along with strong US\$ would put pressure on oil prices
- Gold prices continued to slide due to strong US\$. December US interest rate hike expectations have climbed to over 90%. Also, a clamp down on illicit money in domestic market will weigh on gold demand in the near term on one of the biggest consumers 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 67.42. The November contract open interest fell 24.51% from the previous day
- December contract open interest fell 2.52% 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 67.70 - 67.80	Market Lot: US\$1000
Target: 68.10 / 68.30	Stop Loss: 67.55
Support	Resistance
S1/ S2: 67.80/67.60	R1/R2:68.20/68.40

Source: Company, ICICIdirect.com Research

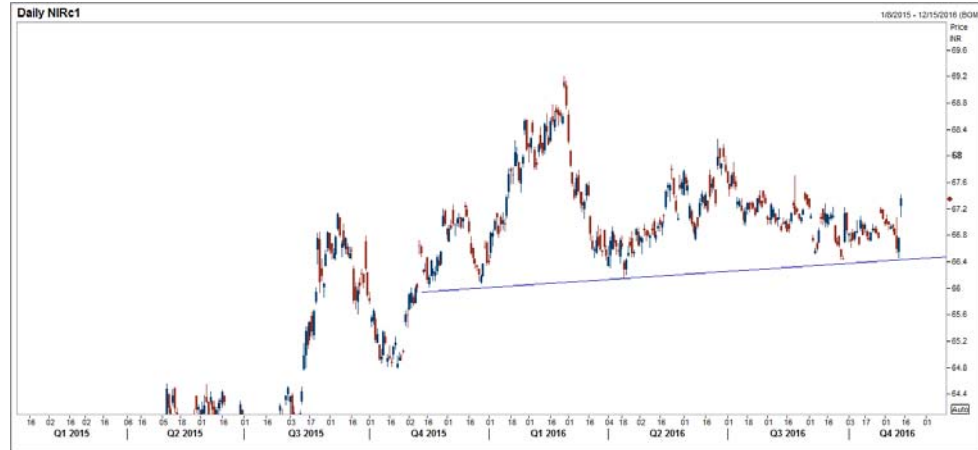
*Call initiation and update messages will be broadcast on iclick-2-gain"

FII Activity

Segment	Gross Purchase	Gross Sale	Net (₹ crore)
Equity	5667.07	6296.04	-628.97
Debt	2518.43	1032.15	1486.28

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)	67.29	67.15	66.96	67.48	67.62
US\$ - INR (Dec)	67.56	67.41	67.21	67.76	67.91
EUR - INR (Nov)	73.27	73.07	72.89	73.45	73.65
EUR - INR (Dec)	73.68	73.43	73.23	73.89	74.14
GBP - INR (Nov)	84.81	84.34	83.63	85.52	85.99
GBP - INR (Dec)	85.11	84.56	83.71	85.96	86.51
JPY - INR (Nov)	63.22	62.99	62.68	63.53	63.76
JPY - INR (Dec)	63.59	63.39	63.09	63.90	64.10

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
11-Nov-16	November	Buy	Buy Fut	66.85	67.30	66.70	-	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

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.