

**Treasury yields**

|               | Closing yield% | Previous yield % |
|---------------|----------------|------------------|
| India 10 year | 6.76           | 6.73             |
| US 10 year    | 1.76           | 1.74             |
| Eur 10 year   | 0.00           | 0.03             |
| UK 10 year    | 1.08           | 1.08             |
| JPY 10 year   | -0.07          | -0.06            |

**RBI reference rate**

|         | Close      |            | % change |
|---------|------------|------------|----------|
|         | 20-10-2016 | 19-10-2016 |          |
| USD/INR | 66.74      | 66.71      | 0.04     |
| EUR/INR | 73.15      | 73.21      | -0.09    |
| GBP/INR | 81.91      | 81.79      | 0.15     |
| YEN/INR | 64.35      | 64.40      | -0.08    |

**Spot**

| Spot            | Close  | Prev close | % change |
|-----------------|--------|------------|----------|
| Rupee           | 66.81  | 66.68      | 0.20     |
| Dollar index    | 98.32  | 97.92      | 0.40     |
| Euro            | 1.0929 | 1.0974     | -0.41    |
| British pound   | 1.2254 | 1.2285     | -0.25    |
| Japanese Yen    | 103.95 | 103.44     | 0.49     |
| Australian (\$) | 0.7627 | 0.7722     | -1.23    |
| Swiss Franc     | 0.9927 | 0.989      | 0.37     |

**Currency futures (US\$/₹, NSE)**

| Contracts | LTP   | chg (%) | OI      | Vol    | chg (%) |       |
|-----------|-------|---------|---------|--------|---------|-------|
|           |       |         |         |        | OI      | Vol   |
| Oct       | 66.83 | 0.13    | 1298227 | 796032 | -3.72   | -7.98 |
| Nov       | 67.18 | 0.11    | 801045  | 270110 | 5.73    | 87.99 |
| Oct - Nov | -0.34 | -       | -       | 525922 | -       | 66.07 |
| Nov - Dec | -0.30 | -       | -       | 232409 | -       | 86.04 |

**Global Indices**

| Indices   | Close    | Prev close | % change |
|-----------|----------|------------|----------|
| Dow Jones | 18162.35 | 18202.62   | -0.22    |
| Nasdaq    | 4832.71  | 4836.61    | -0.08    |
| FTSE      | 7026.9   | 7021.92    | 0.07     |
| DAX       | 10701.39 | 10645.68   | 0.52     |
| Hang Sang | 23374.4  | 23304.97   | 0.30     |
| Nikkei    | 17286.48 | 17235.5    | 0.30     |
| SGX Nifty | 8695     | 8707       | -0.14    |

\* Asian market as at 07.30 am

**Commodities**

|             | Close   | Prev close | % change |
|-------------|---------|------------|----------|
| Gold        | 1265.76 | 1269.23    | -0.27    |
| Copper      | 209.6   | 210.35     | -0.36    |
| Brent crude | 51.38   | 52.67      | -2.45    |

Source: Reuters/Bloomberg for above all exhibits

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**Debt market**

- Government bonds fell for a second day, as investors deferred purchases amid lack of fresh triggers, awaiting an announcement of open market purchase by the central bank
- The benchmark 6.97% bond maturing in 2026 ended at ₹ 101.48 against the previous close of ₹ 101.69
- The benchmark 6.97% 2026 bond yield rose to 6.76% from 6.73% in the previous day

**Forex (US\$/INR)**

- The rupee fell for the first time in three days, as importers stepped up dollar purchases amid caution ahead of the European Central Bank's monetary policy decision
- The dollar index rose sharply in yesterday's trade ending above the 98 level gaining 0.40%. US\$ rose mainly on account of weakness in the euro as ECB abstained from any asset buying taper talks. The ECB reiterated review of monetary policy in December weighing on euro

**Equity**

- Equity benchmarks settled higher in a choppy trading session on Thursday amid consolidation owing to lack of directional global cues
- The Sensex rose 145 points or 0.52% to 28129 while the Nifty was up 40 points or 0.47% to 8699
- In the broader market space, the midcap index underperformed by gaining just 0.06% while the small cap index was up 0.50%, in line with benchmarks. The overall market breadth was positive with an A/D ratio of 1.3:1 on the BSE

**Commodities Market**

- Crude oil prices fell on Thursday as strength in the US\$ weighed on risk assets. Potential supply cuts also weighed as Russia's major oil company said it had capacity to significantly increase output
- Gold prices fell on Thursday due to strength in the US\$ amid a rising US rate hike probability. US September existing home sales beat estimates at 5.470 million units against consensus of 5.350 million units

**US\$/INR derivatives strategy: Buy October Contract**

- In the currency futures market, the most traded dollar-rupee October contract on the NSE ended at 66.83. The October contract open interest fell 3.72% from the previous day
- November contract open interest rose 5.73% from the 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 October futures contract (NSE)**

Buy US\$/INR in the range of 66.80 - 66.90  
Target: 67.05 / 67.25  
Support  
S1/ S2: 66.80/66.60

**View: Bullish on US\$/INR**

Market Lot: US\$1000  
Stop Loss: 66.70  
Resistance  
R1/R2: 67.15/67.35

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  | 4235.93        | 4531.47    | -295.54      |
| Debt    | 1367.83        | 1519.54    | -151.71      |

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 (0 ct) | 66.80 | 66.74 | 66.65 | 66.89 | 66.94 |
| US\$ - INR (Nov)  | 67.14 | 67.09 | 67.01 | 67.23 | 67.28 |
| EUR - INR (0 ct)  | 73.37 | 73.26 | 73.09 | 73.54 | 73.65 |
| EUR - INR (Nov)   | 73.81 | 73.71 | 73.55 | 73.97 | 74.07 |
| GBP - INR (0 ct)  | 82.01 | 81.91 | 81.80 | 82.12 | 82.23 |
| GBP - INR (Nov)   | 82.47 | 82.37 | 82.26 | 82.57 | 82.68 |
| JPY - INR (0 ct)  | 64.42 | 64.35 | 64.25 | 64.52 | 64.59 |
| JPY - INR (Nov)   | 64.77 | 64.71 | 64.62 | 64.87 | 64.93 |

Source: NSE, ICICIdirect.com Research

### Exhibit 3: Strategy follow up

| Date       | Contract | View | Strategy | Rec.  | Target | SL    | (P/L)* | Comment       |
|------------|----------|------|----------|-------|--------|-------|--------|---------------|
| 20-0 ct-16 | October  | Sell | Sell Fut | 66.95 | 66.65  | 67.10 | 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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