

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.31	6.43
US 10 year	2.32	2.35
Eur 10 year	0.27	0.27
UK 10 year	1.43	1.46
JPY 10 year	0.03	0.04

RBI reference rate

	Close		% change
	21-11-2016	18-11-2016	
USD/INR	68.26	68.09	0.24
EUR/INR	72.35	72.21	0.19
GBP/INR	84.20	84.42	-0.25
YEN/INR	61.45	61.56	-0.18

Spot

Spot	Close	Prev close	% change
Rupee	68.17	68.14	0.04
Dollar index	101.05	101.21	-0.16
Euro	1.063	1.0588	0.40
British pound	1.2494	1.2342	1.23
Japanese Yen	110.82	110.91	-0.08
Australian (\$)	0.7369	0.7338	0.42
Swiss Franc	1.0088	1.0101	-0.13

Currency futures (US\$/₹, NSE)

Contracts	LTP	chng (%)	OI	Vol	chng (%)	
					OI	Vol
Nov	68.17	-0.01	3058889	1207945	1.05	-57.20
Dec	68.40	-0.04	493131	127103	4.10	-37.43
Nov - Dec	-0.23	-	-	1080842	-	89.48
Dec - Jan	-0.27	-	-	111346	-	87.60

Global Indices

Indices	Close	Prev close	% change
Dow Jones	18956.69	18867.93	0.47
Nasdaq	4858.998	4808.042	1.06
FTSE	6777.96	6775.77	0.03
DAX	10685.13	10664.56	0.19
Hang Sang	22645.6	22357.78	1.29
Nikkei	18114.68	18106.02	0.05
SGX Nifty	8004.5	7952	0.66

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1214.23	1207.89	0.52
Copper	251.5	246.75	1.93
Brent crude	48.9	46.86	4.35

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 jumped to record highs, as banks continued to buy debt after the government move to demonetise high-value currencies helped boost cash at banks. Expectations of a near-term rate cut have also increased since a rise in bank deposits
- The benchmark 6.97% bond maturing in 2026 ended at ₹ 104.80, highest since issuance against ₹ 103.80 the previous day
- The benchmark 6.97% 2026 bond yield fell to 6.31% from 6.43% on the previous day

Forex (US\$/INR)

- The rupee swayed between gains and losses before ending at a near nine-month low against the dollar. Weakness in domestic equities and strength in US\$ weighed on rupee
- The US\$ index ended slightly lower at 101.05 due to profit booking from 14-year highs. Also, a pullback in Japanese Yen on news of tsunami warning coupled with gains in British pound weighed on Dollar index

Equity

- Equity benchmarks extended losses for a sixth straight session, one of the longest losing streak since March 2016 amid fears that disruption in consumption following demonetisation will hurt GDP growth
- The Sensex lost 385 points or 1.47% to 25765 while the Nifty plunged 145 points or 1.80% to 7929
- The broader markets bore deeper cuts as the BSE midcap and small cap indices fell 2.8% and 3.16%, respectively. The overall market breadth was negative with an A/D ratio of 1:5.44 on the BSE

Commodities Market

- Crude oil prices extended gains on Monday on rising optimism that Opec could achieve some consensus to contain supply glut. Prices were supported on news that talks on individual supply quotas have been going well. The official Opec meet is on November 30
- Gold prices gained as the US\$ rally paused. The dollar index has been on a sustained uptrend due to higher probability of a rate hike expected in December FOMC meet. Also, a tsunami warning in Japan supported safe haven gains in gold

US\$/INR derivatives strategy: Sell November Contract

- In the currency futures market, the most traded dollar-rupee November contract on the NSE ended at 68.17. The November contract open interest rose 1.05% from the previous day
- December contract open interest rose 4.10% from the previous day
- We expect the US\$ to meet supply at higher levels. Utilise upsides in the dollar to go short on the US\$/INR pair

Intra-day strategy

US\$/INR November futures contract (NSE)	View: Bearish on US\$/INR
Sell US\$/INR in the range of 68.15 - 68.25	Market Lot: US\$1000
Target: 67.95/ 67.75	Stop Loss: 68.35
Support	Resistance
S1/ S2: 67.85/67.65	R1/R2:68.20/68.40

Source: Company, ICICIdirect.com Research

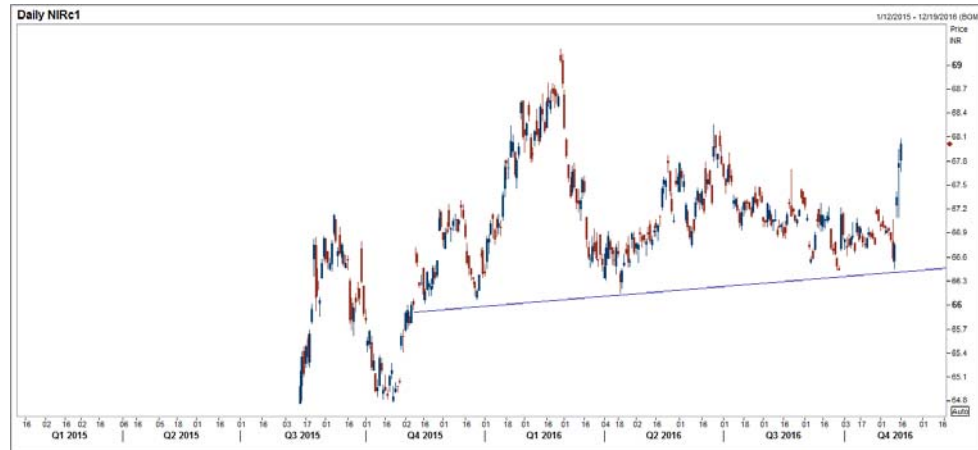
*Call initiation and update messages will be broadcast on iclick-2-gain"

FII Activity

Segment	Gross Purchase	Gross Sale	Net (₹ crore)
Equity	4183.10	5056.21	-873.11
Debt	1079.87	2867.43	-1787.56

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)	68.18	68.05	67.95	68.28	68.40
US\$ - INR (Dec)	68.43	68.29	68.19	68.53	68.66
EUR - INR (Nov)	72.41	72.25	72.06	72.60	72.76
EUR - INR (Dec)	72.76	72.62	72.46	72.93	73.07
GBP - INR (Nov)	84.12	83.93	83.72	84.33	84.51
GBP - INR (Dec)	84.48	84.29	84.10	84.68	84.87
JPY - INR (Nov)	61.52	61.39	61.21	61.71	61.83
JPY - INR (Dec)	61.83	61.71	61.54	62.00	62.13

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
21-Nov-16	November	Buy	Buy Fut	67.90	68.30	67.75	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



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.