

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.44	6.45
US 10 year	2.47	2.40
Eur 10 year	0.41	0.36
UK 10 year	1.40	1.37
JPY 10 year	0.05	0.06

RBI reference rate

	Close		% change
	24-01-2017	23-01-2017	
USD/INR	68.16	68.08	0.11
EUR/INR	73.23	73.15	0.12
GBP/INR	85.15	84.65	0.59
YEN/INR	60.27	60.10	0.28

Spot

Spot	Close	Prev close	% change
Rupee	68.15	68.22	-0.10
Dollar index	100.35	100.16	0.19
Euro	1.0731	1.0765	-0.32
British pound	1.252	1.2535	-0.12
Japanese Yen	113.79	112.71	0.96
Australian (\$)	0.7582	0.7584	-0.03
Swiss Franc	1.001	0.9965	0.45

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Jan	68.16	-0.12	1436884	781498	-6.82	6.45
Feb	68.40	-0.10	628561	283653	18.05	79.09
Jan-Feb	-0.24	-	-	497845	-	63.70
Feb-Mar	-0.26	-	-	257989	-	90.95

Global Indices

Indices	Close	Prev close	% change
Dow Jones	19912.71	19799.85	0.57
Nasdaq	5101.064	5065.7	0.70
FTSE	7150.34	7151.18	-0.01
DAX	11594.94	11545.75	0.43
Hang Sang	23002.11	22949.86	0.23
Nikkei	19000.46	18787.99	1.13
SGX Nifty	8511.5	8485.5	0.31

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1208.94	1218.23	-0.76
Copper	270.85	264.75	2.30
Brent crude	55.44	55.23	0.38

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bonds ended higher for a third session, tracking a slump in US treasury yields following the US President's assertion of tough protectionist trade policies
- The benchmark 6.97% 2026 bond yield fell to 6.44% from 6.45% on Tuesday
- Yield on the US 10-year yield rose sharply to 2.47% from 2.40% amid consolidation

Forex (US\$/INR)

- The rupee ended on slightly stronger note on the back of strength in major currencies during Asian session. The rupee continue to trade in a narrow range ahead of national holiday and upcoming Union Budget
- The US\$ gained slightly against major currencies on the back of a recovery in US yields. The UK Supreme Court ruled in favour of parliamentary vote of for the May government to trigger Article 50, which would begin discussions on separation from EU

Equity

- Benchmark indices surged ~1% to close at two month highs ahead of the January series derivatives expiry and Union Budget 2017 that will be presented on February 1
- The Sensex rose 258 points or 0.95% to 27375 while the Nifty rallied 84 points or 1% to shut shop at 8475
- Broader markets also gained in line with benchmarks as the BSE midcap and small cap indices rose 0.96% and 0.85%, respectively. The overall market breadth was positive with A/D ratio of 1.45:1 on the BSE

Commodities Market

- Crude oil prices continued to trade in a range as supply cuts from Opec amid expectation of higher stocks in the US would keep prices in a narrow range. Libya's supply continue to rise since 2014 while American Petroleum Institute (API) data showed US stocks rising by 2.93 mb
- Gold prices witnessed profit booking as the US\$ gained strength on the back of a rise in yields. Further hints on a rate hike would keep the gold rally under check while absence of details on stimulus spending would support non-interest paying asset

US\$/INR derivatives strategy

- In the currency futures market, the most traded dollar-rupee January contract on the NSE ended at 68.16. The January contract open interest fell 6.82% from the previous day
- February contract open interest rose 18.05% from previous day
- We expect the US dollar to gain supports at lower levels. Utilise downsides in the dollar to go long on the US\$/INR pair

Intra-day strategy

US\$INR January futures contract (NSE)	View: Bullish on US\$INR
Buy US\$INR in the range of 68.05 - 68.15	Market Lot: US\$1000
Target: 68.35 / 68.55	Stop Loss: 67.95
Support	Resistance
S1/ S2: 68.00 / 67.80	R1/R2: 68.40 / 68.60

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	4542.32	4509.14	33.18
Debt	565.76	1238.71	-672.95

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)	68.15	68.11	68.04	68.23	68.27
US\$ - INR (Feb)	68.39	68.35	68.29	68.46	68.50
EUR - INR (Jan)	73.23	73.08	72.99	73.32	73.47
EUR - INR (Feb)	73.55	73.42	73.34	73.63	73.76
GBP - INR (Jan)	85.03	84.68	84.45	85.25	85.60
GBP - INR (Feb)	85.36	85.03	84.81	85.58	85.91
JPY - INR (Jan)	60.29	59.95	59.76	60.48	60.81
JPY - INR (Feb)	60.59	60.18	59.95	60.82	61.23

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
24-Jan-17	January	Sell	Sell fut	68.20	67.80	68.35	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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