

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.77	6.77
US 10 year	1.79	1.76
Eur 10 year	0.09	0.03
UK 10 year	1.15	1.09
JPY 10 year	-0.06	-0.07

RBI reference rate

	Close		% change
	26-10-2016	25-10-2016	
USD/INR	66.76	66.88	-0.17
EUR/INR	72.82	72.79	0.04
GBP/INR	81.36	81.77	-0.50
YEN/INR	64.13	64.06	0.11

Spot

Spot	Close	Prev close	% change
Rupee	66.83	66.83	0.01
Dollar index	98.63	98.72	-0.09
Euro	1.0908	1.0889	0.17
British pound	1.2247	1.2188	0.48
Japanese Yen	104.47	104.22	0.24
Australian (\$)	0.7651	0.7646	0.07
Swiss Franc	0.9935	0.9943	-0.08

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Non	67.16	-0.01	1735247	1052443	29.98	124.14
Dec	67.44	-0.04	155150	54959	13.06	166.55
Nov - Dec	-0.28	-	-	997484	-	94.78
Dec - Jan	-0.31	-	-	44091	-	80.23

Global Indices

Indices	Close	Prev close	% change
Dow Jones	18199.33	18169.27	0.17
Nasdaq	4860.593	4891.455	-0.63
FTSE	6958.09	7017.64	-0.85
DAX	10709.68	10757.31	-0.44
Hang Sang	23107.82	23325.43	-0.93
Nikkei	17358.22	17391.84	-0.19
SGX Nifty	8591	8615	-0.28

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1267.1	1273.87	-0.53
Copper	214.55	213.85	0.33
Brent crude	49.98	50.79	-1.59

Source: Reuters/Bloomberg for above all exhibits

Research Analyst

Amit Gupta
amit.gup@icicisecurities.com

Gaurav Shah
gaurav.shah@icicisecurities.com

Debt market

- Government bonds were little changed, as investors slowed purchases in the absence of fresh positive cues amid increasing expectations of a December rate hike by the US Federal Reserve
- The benchmark 6.97% bond maturing in 2026 ended unchanged at ₹ 101.39
- The benchmark 6.97% 2026 bond yield remained unchanged at 6.77%

Forex (US\$/INR)

- The rupee ended little changed, as likely dollar sales by banks helped offset losses stemming from month-end US\$ demand while strength in major currencies also helped rupee recover losses against US\$
- The dollar index ended mildly lower at 98.63 on the back of profit booking from the recent surge against major currencies. Higher gains in GBP and euro weighed on US\$ while JPY weakened on rising expectations of BoJ keeping its monetary policy unchanged in its upcoming monetary meet

Equity

- Equity benchmarks ended in the red for a second consecutive session on Wednesday ahead of October series derivatives expiry and below expectation earnings reporting from some private lenders
- The Sensex settled at 27836, down 255 points or 0.91% while the Nifty shut shop at 8615, down 76 points or 0.88%
- Broader markets also corrected in tandem with benchmarks as BSE midcap and small cap index retreated 0.9% and 0.6%, respectively. The overall market breadth favoured declines

Commodities Market

- Crude oil prices settled lower on Wednesday as the Opec deal came under a cloud due to Iraq joining other nations like Iran in raising output to levels before civil turmoil led disruption. Huge oil stocks already on ground would continue to weigh on prices on any meaningful rallies
- Gold prices fell on Wednesday as rising US interest rate hike possibilities weigh on non interest paying asset. December rate hike probability rose to 72% on higher US economic data from 60% at the start of October

US\$/INR derivatives strategy: Buy November Contract

- In the currency futures market, the most traded dollar-rupee November contract on the NSE ended at 67.16. The November contract open interest rose 29.98% from the previous day
- December contract open interest rose 13.06% 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 November futures contract (NSE)	View: Bullish on US\$INR
Buy US\$INR in the range of 67.05 - 67.15	Market Lot: US\$1000
Target: 67.40 / 67.60	Stop Loss: 66.95
Support	Resistance
S1/ S2: 67.10/66.90	R 1/R 2:67.30/67.50

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	3555.39	4060.40	-505.01
Debt	2528.28	1710.55	817.73

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)	67.14	67.09	67.04	67.20	67.25
US\$ - INR (Dec)	67.43	67.40	67.34	67.49	67.52
EUR - INR (Nov)	73.32	73.17	72.95	73.54	73.68
EUR - INR (Dec)	73.70	73.56	73.34	73.92	74.07
GBP - INR (Nov)	81.96	81.81	81.54	82.22	82.38
GBP - INR (Dec)	82.38	82.22	81.95	82.65	82.81
JPY - INR (Nov)	64.44	64.29	64.16	64.57	64.73
JPY - INR (Dec)	64.69	64.53	64.35	64.87	65.02

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
26-Oct-16	October USD/INR	Buy	Buy Fut	67.05	67.00	66.55	50	Exit in profit

(*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

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