

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.79	6.77
US 10 year	1.85	1.79
Eur 10 year	0.17	0.09
UK 10 year	1.25	1.15
JPY 10 year	-0.05	-0.06

RBI reference rate

	Close		% change
	27-10-2016	26-10-2016	
USD/INR	66.89	66.76	0.18
EUR/INR	72.94	72.82	0.17
GBP/INR	81.69	81.36	0.41
YEN/INR	63.93	64.13	-0.31

Spot

Spot	Close	Prev close	% change
Rupee	66.87	66.83	0.05
Dollar index	98.89	98.63	0.26
Euro	1.0897	1.0908	-0.10
British pound	1.2164	1.2247	-0.68
Japanese Yen	105.29	104.47	0.78
Australian (\$)	0.7589	0.7651	-0.81
Swiss Franc	0.9936	0.9935	0.01

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Non	67.16	0.00	1607696	934758	-7.35	-11.18
Dec	67.44	0.00	173735	61784	11.98	12.42
Nov - Dec	-0.28	-	-	872974	-	93.39
Dec - Jan	-0.29	-	-	53586	-	86.73

Global Indices

Indices	Close	Prev close	% change
Dow Jones	18169.68	18199.33	-0.16
Nasdaq	4836.447	4860.593	-0.50
FTSE	6986.57	6958.09	0.41
DAX	10717.08	10709.68	0.07
Hang Sang	23124.97	23132.35	-0.03
Nikkei	17434.61	17336.42	0.57
SGX Nifty	8616.5	8615.5	0.01

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1268.4	1267.1	0.10
Copper	216.35	214.55	0.84
Brent crude	50.47	49.98	0.98

Source: Reuters/Bloomberg for above all exhibits

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Debt market

- Government bonds fell as developments in the US, including the crucial presidential elections next month, dented foreign investors' interest for risk assets ahead of a fresh supply of debt today
- The benchmark 6.97% bond maturing in 2026 ended at ₹ 101.27 from ₹ 101.39 on the previous day
- The benchmark 6.97% 2026 bond yield rose to 6.79% from 6.77% in previous day

Forex (US\$/INR)

- The rupee fell with other Asian currencies, as upbeat US economic data strengthened bets of a Federal Reserve rate hike in December, boosting demand for the US\$
- Dollar index ended higher at 98.89 level supported by weakness in the JPY on rising expectation of divergent monetary policies. US December rate hike probability has increased to 73% from 60% at start of October

Equity

- Equity benchmarks reversed early losses and ended the choppy October series expiry session flat even as subdued global cues weighed on sentiments
- The Sensex finished 79 points higher or 0.29% to 27915 while the Nifty ended unchanged at 8615 levels
- Broader markets underperformed benchmarks as the midcap and small cap indices fell 1% and 0.77%, respectively. As a result, the overall market breadth was negative with an A/D ratio of 1:1.5 on the BSE

Commodities Market

- Crude oil prices gained slightly on Thursday as market participants weigh on the Opec oil members meet in Vienna to discuss on individual supply quotas. Deal on supply limits would provide support to prices while focus would shift on shale oil production on Russian supply
- Gold prices fell on Thursday as rising US interest rate hike possibilities weigh on non interest paying asset. Upcoming US third quarter advance GDP data and CPE data would provide cues on further rate hike possibility

US\$/INR derivatives strategy: Buy November Contract

- In the currency futures market, the most traded dollar-rupee November contract on the NSE ended unchanged at 67.16. The November contract open interest fell 7.35% from the previous day
- December contract open interest rose 11.98% 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 67.00 - 67.10	Market Lot: US\$1000
Target: 67.30 / 67.50	Stop Loss: 66.90
Support	Resistance
S1/ S2: 67.00/66.80	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	3904.79	5417.57	-1512.78
Debt	655.37	802.50	-147.13

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)	67.17	67.11	67.07	67.21	67.27
US\$ - INR (Dec)	67.44	67.35	67.27	67.52	67.61
EUR - INR (Nov)	73.39	73.32	73.21	73.50	73.57
EUR - INR (Dec)	73.78	73.70	73.60	73.88	73.95
GBP - INR (Nov)	82.31	82.14	81.88	82.56	82.73
GBP - INR (Dec)	82.77	82.54	82.27	83.04	83.27
JPY - INR (Nov)	64.23	64.03	63.91	64.35	64.56
JPY - INR (Dec)	64.64	64.27	64.08	64.83	65.20

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
27-Oct-16	November USD/INR	Buy	Buy Fut	67.10	67.50	66.95	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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