

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.52	6.52
US 10 year	2.44	2.48
Eur 10 year	0.21	0.18
UK 10 year	1.24	1.24
JPY 10 year	0.05	0.04

RBI reference rate

	Close		% change
	30-12-2016	29-12-2016	
USD/INR	67.95	68.12	-0.25
EUR/INR	71.62	71.21	0.57
GBP/INR	83.42	83.42	0.00
YEN/INR	58.22	58.41	-0.33

Spot

Spot	Close	Prev close	% change
Rupee	67.93	68.10	-0.26
Dollar index	102.21	102.68	-0.46
Euro	1.0517	1.049	0.26
British pound	1.234	1.2261	0.64
Japanese Yen	116.96	116.54	0.36
Australian (\$)	0.7208	0.7219	-0.15
Swiss Franc	1.019	1.023	-0.39

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Jan	68.09	-0.26	1520711	110195	6.46	-84.43
Feb	68.30	-0.22	182971	51809	1.33	-13.80
Jan-Feb	-0.21	-	-	58386	-	52.98
Feb-Mar	-0.25	-	-	45806	-	88.41

Global Indices

Indices	Close	Prev close	% change
Dow Jones	19762.6	19819.78	-0.29
Nasdaq	4863.62	4918.283	-1.11
FTSE	7142.83	7120.26	0.32
DAX	11481.06	11451.05	0.26
Hang Sang	22000	21790	0.96
Nikkei	19114	19145.14	-0.16
SGX Nifty	8175	8184.5	-0.12

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1147.5	1158.19	-0.92
Copper	250.55	248.8	0.70
Brent crude	56.82	56.14	1.21

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bond yields recorded their biggest annual fall in eight years, as the government's cash ban swelled the country's banking system liquidity and boosted appetite for domestic debt, negating a flight of foreign investments from emerging market assets
- The benchmark 6.97% 2026 bond yield fell 1.25% this year but remained steady on Friday
- Yield on the US 10-year yield fell to 2.44% from 2.48% as markets remained in profit booking mode along with weakness seen in US\$

Forex (US\$/INR)

- The rupee posted a sixth straight year loss against the dollar, as rising expectations of a Federal Reserve rate increase next year led investors away from emerging markets
- The US\$ index continued profit booking on Friday amid thinly traded volumes during Christmas holidays. Dollar index ended down 0.46% as gains in GBP and euro weighed over gains made over JPY

Equity

- Benchmark indices bid adieu to CY16 on a positive note by rallying over 1% led by broad based buying
- The Sensex rallied 260 points or 0.99% to 26626 while the Nifty rose 82 points or 1.01% to shut shop at 8185
- Broader markets also performed in line with benchmarks as the BSE midcap and small cap indices rose 1% and 0.77%, respectively. As a result, overall market breadth was strong with A/D ratio of 2:1 on BSE

Commodities Market

- Crude oil rose on Friday amid signs of US producers increasing production as prices rise while Opec mulls supply cuts. Oil ended up almost 45% in 2016 while US operating oil rigs rose by 2 to 525 rising to highest level in 2016
- Gold ended lower on Friday due to profit booking ahead of New Year holidays. Precious metal has renewed appeal as the dollar rally took a breather due to profit booking overall ending up almost 9% for 2016

US\$/INR derivatives strategy : Sell January Contract

- In the currency futures market, the most traded dollar-rupee January contract on the NSE ended at 68.09. The January contract open interest rose by 6.46% from the previous day
- February contract open interest rose 1.33% from previous day
- We expect the US\$ to meet supply pressure at higher levels. Utilise upsides in the dollar to go short on the US\$/INR pair

Intra-day strategy

US\$INR January futures contract (NSE)

Sell US\$INR in the range of 68.20 - 68.30

Target: 67.95/ 67.75

Support

S1/ S2: 68.00/67.80

View: Bearish on US\$INR

Market Lot: US\$1000

Stop Loss: 68.40

Resistance

R1/R2:68.25/68.45

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	4482.30	5143.60	-661.30
Debt	349.80	59.19	290.61

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)	68.11	68.02	67.94	68.19	68.28
US\$ - INR (Feb)	68.32	68.26	68.20	68.38	68.44
EUR - INR (Jan)	71.91	71.68	71.43	72.16	72.39
EUR - INR (Feb)	72.19	71.96	71.73	72.42	72.65
GBP - INR (Jan)	83.80	83.68	83.54	83.94	84.06
GBP - INR (Feb)	84.15	84.04	83.91	84.28	84.40
JPY - INR (Jan)	58.40	58.21	58.02	58.59	58.78
JPY - INR (Feb)	58.63	58.16	57.72	59.07	59.54

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
30-Dec-16	January	Sell	Sell fut	68.25	67.85	68.40	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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