

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.41	6.20
US 10 year	2.34	2.39
Eur 10 year	0.35	0.37
UK 10 year	1.36	1.42
JPY 10 year	0.03	0.05

RBI reference rate

	Close		% change
	07-12-2016	06-12-2016	
USD/INR	67.87	68.03	-0.24
EUR/INR	72.75	73.11	-0.49
GBP/INR	85.86	86.73	-1.00
YEN/INR	59.41	59.68	-0.45

Spot

Spot	Close	Prev close	% change
Rupee	67.64	67.90	-0.39
Dollar index	100.23	100.49	-0.26
Euro	1.0753	1.0718	0.33
British pound	1.2626	1.2678	-0.41
Japanese Yen	113.77	114.02	-0.22
Australian (\$)	0.7482	0.7461	0.28
Swiss Franc	1.0075	1.0102	-0.27

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Dec	67.76	-0.37	1415579	1454339	-4.33	1279.21
Jan	67.99	-0.35	443095	191781	5.14	14.19
Dec-Jan	-0.23	-	-	1262558	-	86.81
Jan-Feb	-0.22	-	-	179823	-	93.76

Global Indices

Indices	Close	Prev close	% change
Dow Jones	19549.62	19251.78	1.55
Nasdaq	4851.939	4788.671	1.32
FTSE	6902.23	6779.84	1.81
DAX	10986.69	10775.32	1.96
Hang Sang	22976.85	22800.92	0.77
Nikkei	18654.92	18496.69	0.86
SGX Nifty	8210.5	8142.5	0.84

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1173.98	1169.85	0.35
Copper	263.7	267.2	-1.31
Brent crude	53	53.93	-1.72

Source: Reuters, Bloomberg, Cdsl for above all exhibits

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Debt market

- Government bonds slumped for the first time in three sessions, with the benchmark bond yield recording its biggest gain in over three years, as the Monetary Policy Committee kept the key interest rate unchanged against majority market expectations of a rate cut
- The benchmark 6.97% bond maturing in 2026 ended at ₹ 104.00 against ₹ 105.55 the previous day
- The benchmark 6.97% 2026 bond yield jumped to 6.41% from 6.20% on the previous day

Forex (US\$/INR)

- The rupee rose to an over three-week high against the dollar, even as the central bank's Monetary Policy Committee unexpectedly left key interest rate unchanged, with investors now awaiting the European Central Bank's monetary policy meeting today
- US\$ has come under profit booking ahead of the crucial ECB policy meeting today. Forex traders are awaiting signals on its asset buying programme. Major expectations are of an announcement on extension of the asset buying programme beyond March 2017

Equity

- Benchmark indices ended lower after the RBI kept key policy rates unchanged as against Street expectations. The central bank said it decided to pause given the imminent tightening of monetary policy in the US, which is triggering bouts of high volatility in financial markets
- The Sensex fell 155 points or 0.59% to 26236 while the Nifty lost 41 points or 0.50% to shut shop at 8102
- In the broader market space, the BSE midcap index fared relatively better losing just 0.16% while small cap index was down 0.51%. Overall market breadth was negative with an A/D ratio of 1:1.4 on the BSE

Commodities Market

- Crude oil prices slumped as doubts grow over Opec members's deal with Russia to contain supply glut. Saudi Arabia lowered prices for its Asian buyers to preserve market share ahead of supply cuts
- Gold prices gained slightly as 10-month low prices lured investors to value buying. A soft US\$ ahead of the ECB meet today supported gains in non interest paying assets. Domestic curbs on illicit wealth in India could put pressure on short-term physical demand for gold from India

US\$/INR derivatives strategy: Sell December Contract

- In the currency futures market, the most traded dollar-rupee December contract on the NSE ended at 67.76. The December contract open interest fell 4.33% from the previous day
- January contract open interest rose 5.14% from the previous day
- We expect the US\$ to gain support at lower levels. Utilise downsides in the dollar to go long on the US\$/INR pair

Intra-day strategy

US\$/INR December futures contract (NSE)	View: Bullish on US\$/INR
Buy US\$/INR in the range of 67.45 - 67.55.	Market Lot: US\$1000
Target: 67.75 / 67.95	Stop Loss: 67.35
Support	Resistance
S1/ S2: 67.55/67.35	R1/R2:68.00/68.20

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	3162.24	2956.05	206.19
Debt	1086.73	3499.10	-2412.37

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 (Dec)	67.88	67.67	67.55	68.01	68.22
US\$ - INR (Jan)	68.10	67.90	67.79	68.22	68.41
EUR - INR (Dec)	72.85	72.59	72.44	73.00	73.26
EUR - INR (Jan)	73.18	72.94	72.80	73.33	73.57
GBP - INR (Dec)	85.67	85.19	84.93	85.93	86.40
GBP - INR (Jan)	86.09	85.61	85.35	86.35	86.82
JPY - INR (Dec)	59.62	59.36	59.21	59.77	60.03
JPY - INR (Jan)	59.89	59.67	59.54	60.01	60.23

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
7-Dec-16	December	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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