

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.40	6.41
US 10 year	2.41	2.34
Eur 10 year	0.38	0.35
UK 10 year	1.38	1.36
JPY 10 year	0.05	0.03

RBI reference rate

	Close		% change
	08-12-2016	07-12-2016	
USD/INR	67.43	67.87	-0.65
EUR/INR	72.61	72.75	-0.19
GBP/INR	85.24	85.86	-0.72
YEN/INR	59.44	59.41	0.05

Spot

Spot	Close	Prev close	% change
Rupee	67.36	67.64	-0.41
Dollar index	101.10	100.23	0.87
Euro	1.0615	1.0753	-1.28
British pound	1.2586	1.2626	-0.32
Japanese Yen	114.04	113.77	0.24
Australian (\$)	0.7463	0.7482	-0.25
Swiss Franc	1.0163	1.0075	0.87

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Dec	67.45	-0.46	1477095	1088629	4.35	-25.15
Jan	67.70	-0.43	560892	240314	26.59	25.31
Dec-Jan	-0.25	-	-	848315	-	77.93
Jan-Feb	-0.23	-	-	230162	-	95.78

Global Indices

Indices	Close	Prev close	% change
Dow Jones	19614.81	19549.62	0.33
Nasdaq	4859.186	4851.939	0.15
FTSE	6931.55	6902.23	0.42
DAX	11179.42	10986.69	1.75
Hang Sang	22757.27	22861.84	-0.46
Nikkei	18948.55	18765.47	0.98
SGX Nifty	8290	8238.5	0.63

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1170.78	1173.98	-0.27
Copper	262	263.7	-0.64
Brent crude	53.89	53	1.68

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bonds ended little changed, as the Monetary Policy Committee's surprise decision to keep rates steady dissuaded investors from adding positions
- The benchmark 6.97% bond maturing in 2026 ended at ₹ 104.07 against ₹ 104.00 the previous day
- The benchmark 6.97% 2026 bond yield fell to 6.40% from 6.41% on the previous day

Forex (US\$/INR)

- The rupee rose to a near-one-month high against the US\$, as domestic equities rose amid improved risk appetite ahead of the European Central Bank's policy review. Gains in major currencies against US\$ prior to ECB policy meeting also supported gains in the rupee
- The US\$ recovered sharply with US\$ index posting gains of 0.87% as the euro tumbled post the ECB monetary policy meeting. ECB lowered quantum of asset purchase to €60 billion per month from current €80 billion from April 2017 but extended the programme till December 2017

Equity

- Equity benchmarks surged nearly 2% higher on Thursday led by strong global cues ahead of the European Central Bank (ECB) meet
- The Sensex jumped 457 points or 1.74% to 26694 while the Nifty surged 144 points or 1.79% to end at 8246
- The broader markets also rose in line with the benchmarks as the BSE midcap and small cap indices were up 1.49% and 1.28%, respectively. Overall market breadth was strong with an A/D ratio of 2.2:1 on the BSE

Commodities Market

- Crude oil prices gained slightly as the Russian Energy Minister confirmed a meeting on non-Opec members in Vienna. US government agency EIA reported weekly inventory drawdown of 2.4 million barrels, further extending support to crude oil prices
- Gold prices continue to consolidate as strength in US\$ weighed on recent mild recovery in non-interest paying asset. Rising expectations of interest rate hike in US is weighing on gold's ETF investment demand leading to high redemptions

US\$/INR derivatives strategy: Buy December Contract

- In the currency futures market, the most traded dollar-rupee December contract on the NSE ended at 67.45. The December contract open interest rose 4.35% from the previous day
- January contract open interest rose 26.59% 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 67.50 - 67.60	Market Lot: US\$1000
Target: 67.80 / 68.00	Stop Loss: 67.40
Support	Resistance
S1/ S2: 67.55/67.35	R1/R2:67.85/68.00

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	4094.57	3740.17	354.40
Debt	1972.85	4043.85	-2071.00

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)	67.50	67.37	67.29	67.58	67.71
US\$ - INR (Jan)	67.73	67.63	67.57	67.80	67.90
EUR - INR (Dec)	72.82	72.70	72.58	72.94	73.07
EUR - INR (Jan)	73.15	73.01	72.89	73.27	73.40
GBP - INR (Dec)	85.53	85.33	85.05	85.81	86.01
GBP - INR (Jan)	85.94	85.75	85.51	86.18	86.37
JPY - INR (Dec)	59.60	59.41	59.26	59.76	59.95
JPY - INR (Jan)	59.90	59.71	59.57	60.03	60.22

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
8-Dec-16	December	Buy	Buy Fut	67.50	67.85	67.35	-60	Exit in loss

(*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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