

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.44	6.40
US 10 year	2.47	2.47
Eur 10 year	0.40	0.37
UK 10 year	1.47	1.45
JPY 10 year	0.09	0.06

RBI reference rate

	Close		% change
	12/9/2016	12/8/2016	
USD/INR	67.58	67.43	0.22
EUR/INR	71.76	72.61	-1.17
GBP/INR	85.13	85.24	-0.13
YEN/INR	59.06	59.44	-0.64

Spot

Spot	Close	Prev close	% change
Rupee	67.42	67.36	0.09
Dollar index	101.03	101.59	0.48
Euro	1.0635	1.0561	-0.51
British pound	1.2679	1.2572	-0.11
Japanese Yen	115.02	115.32	1.12
Australian (\$)	0.7497	0.7449	-0.19
Swiss Franc	1.0134	1.0171	0.08

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Dec	67.52	0.10	1466588	882184	-0.71	-18.96
Jan	67.78	0.12	609902	139779	8.74	-41.83
Dec-Jan	-0.26	-	-	742405	-	84.16
Jan-Feb	-0.23	-	-	134839	-	96.47

Global Indices

Indices	Close	Prev close	% change
Dow Jones	19796.43	19756.85	0.20
Nasdaq	4874.297	4895.904	-0.44
FTSE	6890.42	6954.21	-0.92
DAX	11190.21	11203.63	-0.12
Hang Sang	22392.75	22433.02	-0.18
Nikkei	19127.52	19155.03	-0.14
SGX Nifty	8197.5	8183	0.18

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1162.22	1159.86	0.20
Copper	261.3	264.2	-1.10
Brent crude	55.69	54.33	2.50

Source: Reuters, Bloomberg, Cdsl for above all exhibits

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Debt market

- Government bond and currency market were closed in the last session. Looking at the surge in bond yield across the developed market covering bond market, the yield on Indian G-sec is also likely to move higher.
- The benchmark 6.97% 2026 bond yield increased to 6.44% from 6.40% on Friday
- The yield on the US 10 Year surged to 2.52 level only to see a closed at 2.46 level. The current yield is the highest seen since Sep 2013.

Forex (US\$/INR)

- The rupee is likely to weaken in the coming session and is likely to rise from near-one-month high against the US\$, as Dollar continues to trade around 101 level with PBoC allowing Yuan to weaken to 6.9 levels.
- The US\$ recovered sharply with US\$ index moving above 101 levels as crude zoomed over 6% higher. However in the US session, as the yield on US 10-Yr cooled off along with a flat equity market the index closed lower for the last session.

Equity

- Equity benchmarks snapped a two day up move and settled over 1% lower on Monday weighed down by profit bookings across heavy weights following a spurt in crude oil price that will impact inflation and amid prospects of rate hike by US Federal Reserve later during the week
- The Sensex fell 231 points or 0.87% to 26515 while the Nifty lost 90 points or 1.10% to shut shop at 8170
- Broader markets also fell in line with the benchmarks as the BSE mid cap and small cap indices lost 1.11% and 0.73% respectively. Overall market breadth was negative with an A/D ratio of 1:1.4 on the BSE

Commodities Market

- On Saturday Russia and 10 other nations, who are not members of OPEC, agreed to scale back production by 558,000 barrels a day for six months, following a Nov 30 decision by OPEC members to decrease supply by 1.2 million barrels a day over the same period.
- Gold traded near the lowest in 10 months as investors prepared for the first U.S. interest-rate increase in a year at the Federal Reserve meeting this week.

US\$/INR derivatives strategy: Buy December Contract

- In the currency futures market, the most traded dollar-rupee December contract on the NSE ended at 67.52. The December contract open interest decreased 0.7% from the previous day
- January contract open interest rose 8.74% from thursdays session
- 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	4352.68	3609.50	743.18
Debt	5156.00	6813.87	-1657.87

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	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
9-Dec-16	December USD/INR	Buy	Buy Fut	67.50	67.80	67.35	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 paise 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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