

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.41	6.42
US 10 year	2.57	2.47
Eur 10 year	0.30	0.36
UK 10 year	1.39	1.44
JPY 10 year	0.06	0.09

RBI reference rate

	Close		% change
	14-12-2016	13-12-2016	
USD/INR	67.56	67.49	0.11
EUR/INR	71.92	71.77	0.21
GBP/INR	85.55	85.55	0.00
YEN/INR	58.66	58.54	0.20

Spot

Spot	Close	Prev close	% change
Rupee	67.42	67.36	0.09
Dollar index	101.76	101.07	0.68
Euro	1.0536	1.0626	-0.85
British pound	1.2564	1.2658	-0.74
Japanese Yen	117.04	115.19	1.61
Australian (\$)	0.7406	0.75	-1.25
Swiss Franc	1.0204	1.0121	0.82

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Dec	67.50	-0.15	1703861	1081737	7.27	-29.26
Jan	67.76	-0.16	606485	56958	0.38	-43.39
Dec-Jan	-0.26	-	-	1024779	-	94.73
Jan-Feb	-0.22	-	-	53401	-	93.76

Global Indices

Indices	Close	Prev close	% change
Dow Jones	19792.53	19911.21	-0.60
Nasdaq	4921.218	4935.837	-0.30
FTSE	6949.19	6968.57	-0.28
DAX	11244.84	11284.65	-0.35
Hang Sang	22099.11	22456.62	-1.59
Nikkei	19221.81	19253.61	-0.17
SGX Nifty	8119	8184.5	-0.80

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1142.95	1158.54	-1.35
Copper	260	259.3	0.27
Brent crude	53.9	55.72	-3.27

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bonds rose for the second day, as slide in retail inflation boosted hopes of a near-term rate cut by the country's central bank.
- The benchmark 6.97% 2026 bond yield rose to 6.41% from 6.42% on Wednesday
- The yield on the US 10 Year yield rose sharply to 2.57%, at almost 2-year highs from 2.47% post US Fomc rate announcement decision.

Forex (US\$/INR)

- The rupee rose for first time in three sessions, as traders remained on sidelines ahead of a near-certain rate increase by the U.S. Federal Reserve.
- The US\$ posted significant gains against major as well as emerging nation currencies post US Fomc rate announcement decision. US\$ index rose by 0.68% to end at 101.76 level. US Fed raised rates by 25 bps, a first hike of 2016 and a second in almost a decade. Fed gave bolder hawkish signals for 2017 of further 3-rate hikes wherein market expectations were of two-hikes thereby supporting US\$.

Equity

- Equity benchmarks settled lower on Wednesday ahead of outcome of US FOMC meet wherein market participants are anticipating 25 bps rate hike while WPI data released on Tuesday indicated moderation for third month in a row
- The Sensex declined 95 points or 0.36% to 26602 while the Nifty slipped to 8182, down 39 points or 0.48% for the day
- Broader markets underperformed the benchmarks as the BSE mid cap and small cap indices ended lower by 0.8% each. As a result, the overall market breadth was negative with A/D ratio of 1:1.9 on BSE

Commodities Market

- Crude oil prices fell on Wednesday even though US Government data showed drawdown in inventories. Strength in US\$ and profit booking from recent surge weighed on oil prices at higher levels.
- Gold prices tumbled sharply as US Fed moved to raise rates by 25bps for second time in a decade. However hawkish signals from fed for three further hikes in 2017 as against market expectation of two hikes weighed on non-interest paying asset.

US\$/INR derivatives strategy: Buy December Contract

- In the currency futures market, the most traded dollar-rupee December contract on the NSE ended at 67.50. The December contract open interest rose 7.27% from the previous day
- January contract open interest rose 0.38% from 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 67.70 - 67.80	Market Lot: US\$1000
Target: 68.05 / 68.25	Stop Loss: 67.60
Support	Resistance
S1/ S2: 67.75/67.55	R1/R2:68.05/68.25

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	3992.73	4724.59	743.18
Debt	4157.15	4568.59	-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)	67.55	67.46	67.38	67.63	67.72
US\$ - INR (Jan)	67.81	67.72	67.65	67.88	67.97
EUR - INR (Dec)	71.96	71.78	71.62	72.13	72.31
EUR - INR (Jan)	72.32	72.14	71.98	72.48	72.66
GBP - INR (Dec)	85.52	85.32	85.16	85.68	85.88
GBP - INR (Jan)	85.94	85.75	85.61	86.08	86.27
JPY - INR (Dec)	58.80	58.68	58.53	58.94	59.06
JPY - INR (Jan)	59.04	58.87	58.58	59.33	59.50

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
14-Dec-16	December	Buy	Buy Fut	67.45	67.80	67.30	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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