

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.52	6.41
US 10 year	2.60	2.57
Eur 10 year	0.37	0.30
UK 10 year	1.49	1.39
JPY 10 year	0.09	0.06

RBI reference rate

	Close		% change
	15-12-2016	14-12-2016	
USD/INR	67.80	67.56	0.35
EUR/INR	71.16	71.92	-1.06
GBP/INR	85.12	85.55	-0.50
YEN/INR	57.72	58.66	-1.60

Spot

Spot	Close	Prev close	% change
Rupee	67.42	67.36	0.09
Dollar index	103.02	101.76	1.24
Euro	1.0414	1.0536	-1.16
British pound	1.2418	1.2564	-1.16
Japanese Yen	118.18	117.04	0.97
Australian (\$)	0.7358	0.7406	-0.65
Swiss Franc	1.03	1.0204	0.94

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Dec	67.90	0.59	1813902	1081737	6.46	0.00
Jan	68.13	0.55	611955	138190	0.90	142.62
Dec-Jan	-0.23	-	-	943547	-	87.23
Jan-Feb	-0.20	-	-	125933	-	91.13

Global Indices

Indices	Close	Prev close	% change
Dow Jones	19852.24	19792.53	0.30
Nasdaq	4933.407	4921.218	0.25
FTSE	6999.01	6949.19	0.72
DAX	11366.4	11244.84	1.08
Hang Sang	22119.84	22059.4	0.27
Nikkei	19417.4	19273.79	0.75
SGX Nifty	8175.5	8181	-0.07

* 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 slumped for the first time in three sessions, with the benchmark note falling to over one-month low, after the U.S. Federal Reserve raised its policy interest rate for the second time in a decade and indicated a faster pace of increases next year..
- The benchmark 6.97% 2026 bond yield jumped to 6.52% from 6.41% on Thursday
- The yield on the US 10 Year yield further rose to 2.6%, at almost 2-year highs from 2.57% due to US Fomc rate announcement decision.

Forex (US\$/INR)

- The rupee weakened in line with other currencies on fear of further outflows redemption pressures. US Fed increased rate by 25 bp, while indicating faster pace of rate hike in 2017. Profit booking in domestic equity markets also put pressure on Rupee
- The US\$ posted sharp gains against major currencies with Dollar index ending 1.24% higher at 101.76 level. Rising Divergent monetary policies between Fed and other major central banks is supporting US\$. BOE kept its policy rates unchanged, however raising concerns on Brexit going further due to increase in political risk and limited gains on weaker streling

Equity

- Equity benchmarks settled marginally lower in a volatile session of trade as investors remained cautious on US Fed's hawkish outlook for 2017
- The Sensex shed 83 points or 0.31% to 26519 while the Nifty was down 28 points or 0.35% to shut shop at 8153 levels
- Broader markets fared relatively better as the BSE mid cap index remained unchanged while the small cap index was up 0.21%. As a result, the overall market breadth was flattish

Commodities Market

- Crude oil prices fell on Thursday as strength in US\$ and Libya's intention to increase supply weighed on recent Opec supply deal to support prices.
- Gold prices slid further to 10-month lows as bolder and hawkish rate hike comments from Fed Fomc weighed on non-interest paying asset. Rising yields and increasing borrowing cost would weigh on Gold's investment appeal

US\$/INR derivatives strategy: Buy December Contract

- In the currency futures market, the most traded dollar-rupee December contract on the NSE ended at 67.90. The December contract open interest rose 6.46% from the previous day
- January contract open interest rose 0.90% 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 67.65 67.75	Market Lot: US\$1000
Target: 68.05 / 68.25	Stop Loss: 67.55
Support	Resistance
S1/ S2: 67.70/67.50	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	4295.79	4772.86	743.18
Debt	660.86	534.12	-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)	67.85	67.77	67.65	67.97	68.05
US\$ - INR (Jan)	68.10	68.02	67.89	68.23	68.31
EUR - INR (Dec)	71.23	70.77	70.46	71.54	72.01
EUR - INR (Jan)	71.55	71.17	70.92	71.80	72.18
GBP - INR (Dec)	85.10	84.93	84.76	85.27	85.44
GBP - INR (Jan)	85.53	85.36	85.23	85.65	85.82
JPY - INR (Dec)	57.60	57.20	56.97	57.82	58.22
JPY - INR (Jan)	58.05	57.42	57.08	58.39	59.02

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
15-Dec-16	December	Buy	Buy Fut	67.75	68.15	67.60	150	Exit in profit

(*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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