

**Treasury yields**

	Closing yield%	Previous yield %
India 10 year	6.51	6.52
US 10 year	2.59	2.60
Eur 10 year	0.31	0.37
UK 10 year	1.44	1.49
JPY 10 year	0.08	0.09

**RBI reference rate**

	Close		% change
	16-12-2016	15-12-2016	
USD/INR	67.78	67.80	-0.03
EUR/INR	70.75	71.16	-0.57
GBP/INR	84.23	85.12	-1.04
YEN/INR	57.38	57.72	-0.59

**Spot**

Spot	Close	Prev close	% change
Rupee	67.77	67.84	-0.09
Dollar index	102.95	103.02	-0.07
Euro	1.0451	1.0414	0.36
British pound	1.2496	1.2418	0.63
Japanese Yen	117.93	118.18	-0.21
Australian (\$)	0.7304	0.7358	-0.73
Swiss Franc	1.0261	1.03	-0.38

**Currency futures (US\$/₹, NSE)**

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Dec	67.81	-0.13	1808945	655620	-0.27	-39.39
Jan	68.09	-0.06	632517	71494	3.36	-48.26
Dec-Jan	-0.28	-	-	584126	-	89.10
Jan-Feb	-0.19	-	-	61603	-	86.17

**Global Indices**

Indices	Close	Prev close	% change
Dow Jones	19843.41	19852.24	-0.04
Nasdaq	4914.864	4933.407	-0.38
FTSE	7011.64	6999.01	0.18
DAX	11404.01	11366.4	0.33
Hang Sang	21866.67	22020.75	-0.70
Nikkei	19351.48	19401.15	-0.26
SGX Nifty	8128	8147	-0.23

\* Asian market as at 08.00 am

**Commodities**

	Close	Prev close	% change
Gold	1134.88	1128.5	0.57
Copper	256.1	259.6	-1.35
Brent crude	55.21	54.02	2.20

Source: Reuters, Bloomberg, CdsI for above all exhibits

**Research Analyst**

Amit Gupta  
amit.gup@icicisecurities.com

Gaurav Shah  
gaurav.shah@icicisecurities.com

**Debt market**

- Government bonds extended losses for the week, after the Federal Reserve's projection of a faster pace of rate increases next year supported U.S. treasury yields, weighing on debt prices
- The benchmark 6.97% 2026 bond yield fell slightly to 6.51% from 6.52% on Friday
- The yield on the US 10 Year yield fell to 2.59% from 2.60% as dollar rally took a breather

**Forex (US\$/INR)**

- The rupee rose on Friday as the recent dollar rally paused, triggered by the Federal Reserve forecasting of more-than-anticipated rate increases next year.
- The US\$ consolidated against major currencies due to profit booking from sharp previous gains and weak housing data. US November housing data was bit lower at 1.090 million units against 1.340m units previously. Dollar index continue to remain subdued as rising geo political risk over Drone issue with china is leading to profit booking

**Equity**

- Equity benchmarks settled marginally lower in a lacklustre trading session on Friday amid muted global cues post hawkish outlook from the US Federal Reserve in its monetary policy announcement on Wednesday
- The Sensex was down just 27 points or 0.11% to 26489 while the Nifty shed 14 points or 0.17% to shut shop at 8139 levels
- Broader markets ended mixed as the BSE mid cap index was again unchanged for second consecutive session while the small cap index was down 0.25%. As a result, the overall market breadth was negative with an A/D ratio of 1:1.3 on the BSE

**Commodities Market**

- Crude oil prices recovered on Friday due to weakness in US\$ and doubts over Libya's supply comeback. Domestic oil disruptions in Libya, exempt from supply agreement would keep supporting oil prices in near term
- Gold prices recovered slightly from 10-month lows as profit booking in US\$ helped non-interest paying asset gains some losses. CFTC data shows consecutive 5-weeks of falling long positions in Gold.

**US\$/INR derivatives strategy: Sell December Contract**

- In the currency futures market, the most traded dollar-rupee December contract on the NSE ended at 67.81. The December contract open interest fell 0.28% from the previous day
- January contract open interest rose 3.36% from previous day
- We expect the US\$ to meet supply pressure at higher levels. Utilise upsides in the dollar to go short on the US\$/INR pair

**Intra-day strategy**

US\$INR December futures contract (NSE)	View: Bearish on US\$INR
Sell US\$INR in the range of 67.95 - 68.05	Market Lot: US\$1000
Target: 67.70 / 67.50	Stop Loss: 68.20
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	3978.44	4384.00	743.18
Debt	666.18	1196.28	-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)	67.84	67.74	67.67	67.91	68.02
US\$ - INR (Jan)	68.09	68.01	67.96	68.14	68.21
EUR - INR (Dec)	70.97	70.84	70.69	71.12	71.25
EUR - INR (Jan)	71.44	71.09	70.84	71.69	72.04
GBP - INR (Dec)	84.50	84.20	83.93	84.77	85.07
GBP - INR (Jan)	84.87	84.73	84.56	85.04	85.18
JPY - INR (Dec)	57.49	57.34	57.18	57.64	57.79
JPY - INR (Jan)	57.82	57.69	57.55	57.96	58.09

Source: NSE, ICICIdirect.com Research

### Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
16-Dec-16	December	Buy	Buy Fut	67.70	68.15	67.55	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



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICIdirect.com Research Desk,  
ICICI Securities Limited,  
1st Floor, Akruiti Trade Centre,  
Road No 7, MIDC  
Andheri (East)  
Mumbai – 400 093  
[research@icicidirect.com](mailto:research@icicidirect.com)

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