

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.51	6.51
US 10 year	2.54	2.59
Eur 10 year	0.25	0.31
UK 10 year	1.40	1.44
JPY 10 year	0.09	0.08

RBI reference rate

	Close		% change
	19-12-2016	16-12-2016	
USD/INR	67.73	67.78	-0.08
EUR/INR	70.84	70.75	0.13
GBP/INR	84.54	84.23	0.37
YEN/INR	57.73	57.38	0.61

Spot

Spot	Close	Prev close	% change
Rupee	67.87	67.77	0.15
Dollar index	103.14	102.95	0.18
Euro	1.0402	1.0451	-0.47
British pound	1.2395	1.2496	-0.81
Japanese Yen	117.09	117.93	-0.71
Australian (\$)	0.7245	0.7304	-0.81
Swiss Franc	1.0274	1.0261	0.13

Currency futures (US\$/₹, NSE)

Contracts	LTP	chng (%)	OI	Vol	chng (%)	
					OI	Vol
Dec	67.91	0.15	1809290	578541	0.02	-11.76
Jan	68.17	0.12	652133	76001	3.10	6.30
Dec-Jan	-0.26	-	-	502540	-	86.86
Jan-Feb	-0.22	-	-	65518	-	86.21

Global Indices

Indices	Close	Prev close	% change
Dow Jones	19883.06	19843.41	0.20
Nasdaq	4934.847	4914.864	0.41
FTSE	7017.16	7011.64	0.08
DAX	11426.7	11404.01	0.20
Hang Sang	21829.18	21832.68	-0.02
Nikkei	19388.38	19391.6	-0.02
SGX Nifty	8126.5	8132	-0.07

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1138.21	1134.88	0.29
Copper	249.65	256.1	-2.52
Brent crude	54.92	55.21	-0.53

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bonds fell in lacklustre trade, as investors awaited fresh cues after the US Federal Reserve's December rate hike
- The benchmark 6.97% 2026 bond yield remained steady at 6.51% on Monday
- The yield on the US 10-year yield fell to 2.54% from 2.59% as the US\$ continues to consolidate from a recent surge post first rate hike of 2016

Forex (US\$/INR)

- The rupee traded weak near a two-week low against the US\$ in thin trade, amid tepid domestic equities and weakness in euro against US\$. Gains in crude oil and a widening CAD would also remain a concern for the rupee in the near term
- The US\$ gained against major currencies except Japanese Yen with the dollar index posting mild gains of 0.18%. BoJ kept its policy rates unchanged in its monetary meeting. Rising geopolitical risk and divergent monetary policies also supported gains in the US\$

Equity

- Equity benchmarks settled lower for a fourth consecutive session weighed down by weak Asian cues
- The Sensex fell 114 points or 0.43% to 26374 while the Nifty shed 35 points or 0.43% to shut shop at 8104
- Broader markets also fell in line with benchmarks as the BSE midcap and small cap indices lost ~0.50% each. As a result, the overall market breadth was negative with an A/D ratio of 1:1.4 on the BSE

Commodities Market

- Crude oil prices witnessed slight profit booking on expectations of rising stocks in upcoming US weekly stock data. A survey shows inventory rising by 2.5 mb. Exemption to Libya to increase output would also weigh on prices at higher levels
- Gold prices gained slightly due to rising geopolitical risks leading to safe haven demand. Weak investment demand is seen from redemptions in gold ETF while curbs on illicit cash in India would weigh on gold physical demand in near term

US\$/INR derivatives strategy : Buy December Contract

- In the currency futures market, the most traded dollar-rupee December contract on the NSE ended at 67.91. The December contract open interest rose slightly by 0.2% from the previous day
- January contract open interest rose 3.10% from previous day
- We expect the US\$ to gain supports 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: 67.70/67.50	R1/R2:68.00/68.20

Source: Company, ICICIdirect.com Research

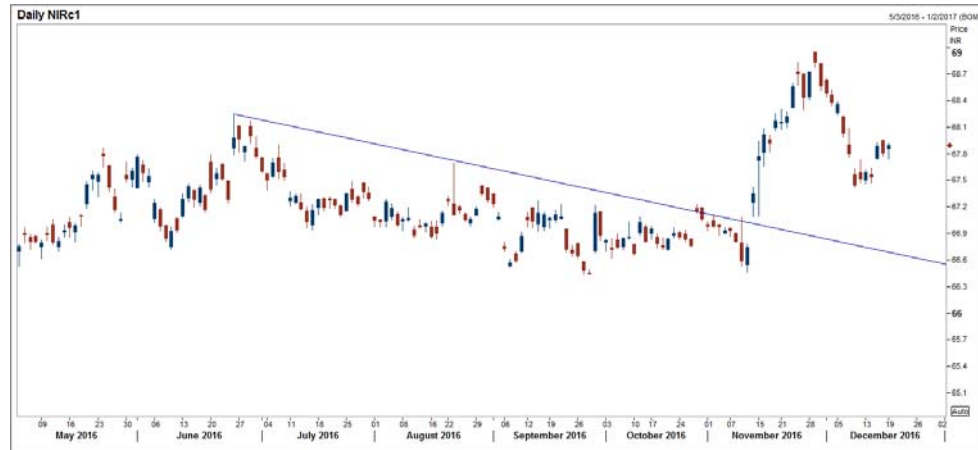
*Call initiation and update messages will be broadcast on iclick-2-gain"

FII Activity

Segment	Gross Purchase	Gross Sale	Net (₹ crore)
Equity	7138.05	6883.19	743.18
Debt	308.08	1515.69	-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	67.78	67.68	67.96	68.03
US\$ - INR (Jan)	68.11	68.05	67.94	68.22	68.29
EUR - INR (Dec)	70.99	70.90	70.85	71.04	71.13
EUR - INR (Jan)	71.30	71.22	71.17	71.35	71.44
GBP - INR (Dec)	84.58	84.34	84.17	84.74	84.98
GBP - INR (Jan)	84.98	84.74	84.59	85.13	85.37
JPY - INR (Dec)	57.87	57.74	57.57	58.03	58.16
JPY - INR (Jan)	58.19	58.06	57.88	58.37	58.50

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
19-Dec-16	December	Sell	Sell Fut	68.00	67.60	68.20	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 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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