

**Treasury yields**

|               | Closing yield% | Previous yield % |
|---------------|----------------|------------------|
| India 10 year | 6.46           | 6.48             |
| US 10 year    | 2.53           | 2.56             |
| Eur 10 year   | 0.25           | 0.27             |
| UK 10 year    | 1.39           | 1.41             |
| JPY 10 year   | 0.06           | 0.07             |

**RBI reference rate**

|         | Close      |            | % change |
|---------|------------|------------|----------|
|         | 21-12-2016 | 20-12-2016 |          |
| USD/INR | 67.87      | 67.90      | -0.03    |
| EUR/INR | 70.61      | 70.47      | 0.20     |
| GBP/INR | 83.96      | 84.10      | -0.16    |
| YEN/INR | 57.70      | 57.66      | 0.07     |

**Spot**

| Spot            | Close  | Prev close | % change |
|-----------------|--------|------------|----------|
| Rupee           | 67.91  | 68.04      | -0.19    |
| Dollar index    | 103.02 | 103.29     | -0.26    |
| Euro            | 1.0424 | 1.0388     | 0.35     |
| British pound   | 1.2353 | 1.2368     | -0.12    |
| Japanese Yen    | 117.55 | 117.86     | -0.26    |
| Australian (\$) | 0.7238 | 0.7259     | -0.29    |
| Swiss Franc     | 1.0268 | 1.0288     | -0.19    |

**Currency futures (US\$/₹, NSE)**

| Contracts | LTP   | chg (%) | OI      | Vol    | chg (%) |        |
|-----------|-------|---------|---------|--------|---------|--------|
|           |       |         |         |        | OI      | Vol    |
| Dec       | 67.94 | -0.19   | 2026879 | 590420 | 0.37    | -59.26 |
| Jan       | 68.20 | -0.19   | 662979  | 82451  | -2.13   | -35.04 |
| Dec-Jan   | -0.26 | -       | -       | 507969 | -       | 86.04  |
| Jan-Feb   | -0.23 | -       | -       | 68862  | -       | 83.52  |

**Global Indices**

| Indices   | Close    | Prev close | % change |
|-----------|----------|------------|----------|
| Dow Jones | 19941.96 | 19974.62   | -0.16    |
| Nasdaq    | 4948.905 | 4953.803   | -0.10    |
| FTSE      | 7041.42  | 7043.96    | -0.04    |
| DAX       | 11468.64 | 11464.74   | 0.03     |
| Hang Sang | 21670.84 | 21809.8    | -0.64    |
| Nikkei    | 19399.43 | 19444.49   | -0.23    |
| SGX Nifty | 8055.5   | 8077       | -0.27    |

\* Asian market as at 08.00 am

**Commodities**

|             | Close   | Prev close | % change |
|-------------|---------|------------|----------|
| Gold        | 1131.61 | 1132.35    | -0.07    |
| Copper      | 249.15  | 249.95     | -0.32    |
| Brent crude | 54.46   | 55.35      | -1.61    |

Source: Reuters, Bloomberg, Cdsl for above all exhibits

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**Debt market**

- Government bonds rose for a second day, after US treasury yields slipped from recent highs while investors remained cautious ahead of MPC minutes
- The benchmark 6.97% 2026 bond yield fell to 6.46% from 6.48% on Wednesday
- Yield on the US 10-year yield fell to 2.53% from 2.56% as the US dollar rally took a breather from recent surge

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

- The rupee rose for the first time in three sessions against the dollar, as the US currency took a breather from its recent rally. However, gains could be limited as the central bank's MPC minutes raised concerns on inflation and global financial conditions
- The US\$ fell against most currencies with dollar index down 0.26% as US interest rate hike sentiments subsided. Gains in euro and Japanese Yen led to profit booking in US\$. US November existing home sales were higher at 5.61 million units against expectations of 5.35 million units

**Equity**

- Equity benchmarks edged lower in late trade to end on a negative note for a sixth consecutive session led by a decline in FMCG, IT and capital goods stocks
- The Sensex was down 65 points or 0.25% to 26242 while the Nifty shed 21 points or 0.26% to shut shop at 8061
- Broader markets also traded in a range as the BSE midcap and small cap indices ended almost flat. As a result, the overall market breadth was slightly negative with an A/D ratio of 1:1.2 on the BSE

**Commodities Market**

- Crude oil prices fell yesterday due to profit booking as US inventories rose against market expectation of further fall in stocks. Weekly inventories rose by 2.3 mb against survey of fall by 2.5 mb
- Gold continued to consolidate in line with US\$. Higher interest rate hike expectations in US is weighing on gold. ETF investment in gold continues to see redemptions that is lowest since May 2016 at 1783.2 tonnes

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

- In the currency futures market, the most traded dollar-rupee December contract on the NSE ended at 67.94. The December contract open interest rose slightly by 0.37% from the previous day
- January contract open interest fell 2.13% 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**

| USSINR 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: 68.10 / 68.30                      | Stop Loss: 67.60          |
| Support                                    | Resistance                |
| S1/ S2: 67.75/67.55                        | 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  | 3288.88        | 3910.25    | 743.18        |
| Debt    | 144.26         | 1090.13    | -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) | 67.93 | 67.86 | 67.79 | 68.00 | 68.07 |
| US\$ - INR (Jan) | 68.23 | 68.10 | 68.00 | 68.33 | 68.45 |
| EUR - INR (Dec)  | 70.76 | 70.62 | 70.48 | 70.90 | 71.04 |
| EUR - INR (Jan)  | 71.07 | 70.98 | 70.87 | 71.19 | 71.28 |
| GBP - INR (Dec)  | 84.01 | 83.77 | 83.52 | 84.25 | 84.49 |
| GBP - INR (Jan)  | 84.42 | 84.19 | 83.95 | 84.66 | 84.89 |
| JPY - INR (Dec)  | 57.84 | 57.76 | 57.63 | 57.97 | 58.05 |
| JPY - INR (Jan)  | 58.16 | 58.09 | 57.99 | 58.26 | 58.33 |

Source: NSE, ICICIdirect.com Research

**Exhibit 3: Strategy follow up**

| Date      | Contract USD/INR | View | Strategy | Rec.  | Target | SL    | (P/L)* | Comment      |
|-----------|------------------|------|----------|-------|--------|-------|--------|--------------|
| 21-Dec-16 | December         | Buy  | Buy fut  | 67.85 | 68.15  | 67.60 | 0      | Exit at cost |

(\*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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