

### Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.53	6.46
US 10 year	2.55	2.53
Eur 10 year	0.26	0.25
UK 10 year	1.37	1.39
JPY 10 year	0.06	0.06

### RBI reference rate

	Close		% change
	22-12-2016	21-12-2016	
USD/INR	67.91	67.87	0.06
EUR/INR	70.87	70.61	0.37
GBP/INR	83.91	83.96	-0.06
YEN/INR	57.73	57.70	0.05

### Spot

Spot	Close	Prev close	% change
Rupee	67.99	67.91	0.11
Dollar index	103.09	103.02	0.07
Euro	1.0437	1.0424	0.12
British pound	1.2283	1.2353	-0.57
Japanese Yen	117.54	117.55	-0.01
Australian (\$)	0.7217	0.7238	-0.29
Swiss Franc	1.0256	1.0268	-0.12

### Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Dec	67.98	0.06	1933360	713891	-4.61	20.91
Jan	68.24	0.06	682344	100312	2.92	21.66
Dec-Jan	-0.26	-	-	613579	-	85.95
Jan-Feb	-0.21	-	-	92818	-	92.53

### Global Indices

Indices	Close	Prev close	% change
Dow Jones	19918.88	19941.96	-0.12
Nasdaq	4934.391	4948.905	-0.29
FTSE	7063.68	7041.42	0.32
DAX	11456.1	11468.64	-0.11
Hang Sang	21512.92	21636.2	-0.57
Nikkei	19427.67	19375.19	0.27
SGX Nifty	7971.5	7991	-0.24

\* Asian market as at 08.00 am

### Commodities

	Close	Prev close	% change
Gold	1128.38	1131.61	-0.29
Copper	249.45	249.15	0.12
Brent crude	55.05	54.46	1.08

Source: Reuters, Bloomberg, CdsI for above all exhibits

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### Debt market

- Government bonds fell for the first time in three sessions, after the minutes of the Monetary Policy Committee's December review meeting raised concerns on upside risks to inflation, denting risk appetite
- The benchmark 6.97% 2026 bond yield rose to 6.53% from 6.46% on Thursday
- Yield on the US 10-year yield rose slightly to 2.55% from 2.53% on mixed economic data in the US

### Forex (US\$/INR)

- The rupee fell against the dollar, as domestic equities continued their downtrend, raising concerns of foreign fund outflows. Also, concerns raised by MPC in its December monetary policy meeting minutes weighed on the rupee
- The US\$ continued to consolidate against major currencies. US\$ gained against British pound as Brexit uncertainty hangs on Sterling. Scotland has vowed to go for a referendum as it prefers to remain in the single market zone, thus complicating matters for the British Prime Minister

### Equity

- Benchmark indices witnessed over 1% cut on Thursday to extend losses for a record seventh consecutive session tracking losses among Asian peers
- The Sensex lost 262 points or 1% to 25979 while the Nifty fell 82 points or 1.02% to shut shop at 7979 levels
- Broader markets underperformed the benchmarks as BSE midcap and small cap indices lost 1.47% and 1.25% respectively. As a result, the overall market breadth was negative with an A/D ratio of 1:3 on the BSE

### Commodities Market

- Crude oil prices recovered on Thursday as higher revision in US GDP raised demand outlook. Weekly inventories rose by 2.3 mb against survey of fall by 2.5 mb. Doubts over member's adhering to the Opec deal also weighed on crude oil prices on rallies
- Gold fell as US yields recovered supporting US\$. Faster interest rate hike expectations in the 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 67.98. The December contract open interest fell by 4.61% from the previous day
- January contract open interest rose 2.92% 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)

Buy US\$INR in the range of 67.70 - 67.80

Target: 68.10 / 68.30

Support

S1/ S2: 67.75/67.55

#### View: Bullish on US\$INR

Market Lot: US\$1000

Stop Loss: 67.60

Resistance

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	3622.72	4730.88	743.18
Debt	1222.13	176.45	-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)	67.95	67.87	67.76	68.07	68.15
US\$ - INR (Jan)	68.21	68.13	68.03	68.32	68.39
EUR - INR (Dec)	71.11	70.96	70.69	71.37	71.52
EUR - INR (Jan)	71.41	71.27	71.01	71.67	71.81
GBP - INR (Dec)	83.94	83.85	83.72	84.07	84.17
GBP - INR (Jan)	84.32	84.23	84.11	84.44	84.53
JPY - INR (Dec)	57.85	57.76	57.62	57.99	58.08
JPY - INR (Jan)	58.15	58.06	57.93	58.28	58.37

Source: NSE, ICICIdirect.com Research

### Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
22-Dec-16	December	Buy	Buy fut	67.75	68.20	67.60	0	Booked 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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