

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.54	6.53
US 10 year	2.54	2.55
Eur 10 year	0.22	0.26
UK 10 year	1.35	1.37
JPY 10 year	0.06	0.06

RBI reference rate

	Close		% change
	23-12-2016	22-12-2016	
USD/INR	67.91	67.91	0.00
EUR/INR	70.95	70.87	0.11
GBP/INR	83.48	83.91	-0.51
YEN/INR	57.88	57.73	0.26

Spot

Spot	Close	Prev close	% change
Rupee	67.83	67.99	-0.24
Dollar index	103.01	103.09	-0.08
Euro	1.0456	1.0437	0.18
British pound	1.2282	1.2283	-0.01
Japanese Yen	117.33	117.54	-0.18
Australian (\$)	0.7176	0.7217	-0.57
Swiss Franc	1.0265	1.0256	0.09

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Dec	67.81	-0.25	1933813	789043	0.02	10.53
Jan	68.06	-0.26	747633	171940	9.57	71.41
Dec-Jan	-0.25	-	-	617103	-	78.21
Jan-Feb	-0.25	-	-	155144	-	90.23

Global Indices

Indices	Close	Prev close	% change
Dow Jones	19933.81	19918.88	0.07
Nasdaq	4940.023	4934.391	0.11
FTSE	7068.17	7063.68	0.06
DAX	11449.93	11456.1	-0.05
Hang Sang	21574.76	21636.2	-0.28
Nikkei	19406.46	19427.6	-0.10
SGX Nifty	7964	7996	-0.40

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1133.3	1128.38	0.44
Copper	247.25	249.45	-0.88
Brent crude	55.16	55.05	0.20

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bonds fell for a second session, after a hawkish outlook from the Monetary Policy Committee hurt hopes of a near-term interest rate cut
- The benchmark 6.97% 2026 bond yield rose to 6.54% from 6.53% on Friday
- Yield on the US 10-year yield rose to 2.54% from 2.55% even on upbeat housing data and uptick in consumer sentiment ahead of holiday season

Forex (US\$/INR)

- The rupee gained against the US\$ as the dollar remained weak against major currencies. Also, a recovery in yield differential between India and US allayed concerns on immediate outflows. However, gains would remain capped in a lean holiday season and also due to inflation concerns raised by MPC
- The US\$ continued to consolidate against major currencies as the holiday season sets in. December payrolls data would be a catalyst for a further trend in the US\$. November consumer sentiment data was higher a 98.2 against expectation of 98 level

Equity

- Benchmark indices snapped a seven day losing streak on Friday amid mixed global cues
- The Sensex gained 61 points or 0.2% to 26040 while the Nifty inched up to 7985, up 6 points
- Broader markets continued their underperformance as BSE midcap lost 0.4% while BSE small cap ended flat. As a result, the overall market breadth was slightly tilted in favour of declines

Commodities Market

- Crude oil prices rebounded on Friday as the US\$ remained in profit booking mode. US Baker-hughes oil rigs count rose by 13 to 513 active rigs due to favourable rising oil prices. Crude prices have been supported by expectation of a supply deal and improvement in demand outlook with higher revision of US GDP data
- Gold continues to trade in a tight range. On Friday, even though US\$ remained in profit booking mode, stronger new home sales data from the US capped gains in gold. November new home sales were higher at 592,000 against market expectation of 580,000 units

US\$/INR derivatives strategy : Buy December Contract

- In the currency futures market, the most traded dollar-rupee December contract on the NSE ended at 67.81. The December contract open interest fell by 0.02% from the previous day
- January contract open interest rose 9.57% 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 67.65 - 67.75	Market Lot: US\$1000
Target: 68.00 / 68.20	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	3642.09	4215.62	743.18
Debt	1247.63	301.04	-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)	67.83	67.72	67.64	67.91	68.02
US\$ - INR (Jan)	68.10	67.99	67.91	68.18	68.29
EUR - INR (Dec)	70.92	70.82	70.75	71.00	71.10
EUR - INR (Jan)	71.28	71.12	71.01	71.39	71.56
GBP - INR (Dec)	83.27	83.00	82.84	83.43	83.70
GBP - INR (Jan)	83.74	83.40	83.22	83.93	84.27
JPY - INR (Dec)	57.85	57.77	57.71	57.91	57.99
JPY - INR (Jan)	58.16	58.08	58.03	58.21	58.29

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
23-Dec-16	December	Buy	Buy fut	67.80	68.20	67.65	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 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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