

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.59	6.62
US 10 year	2.51	2.56
Eur 10 year	0.20	0.21
UK 10 year	1.30	1.35
JPY 10 year	0.06	0.06

RBI reference rate

	Close		% change
	28-12-2016	27-12-2016	
USD/INR	68.23	68.00	0.34
EUR/INR	71.45	71.05	0.57
GBP/INR	83.86	83.50	0.43
YEN/INR	58.06	57.97	0.16

Spot

Spot	Close	Prev close	% change
Rupee	68.24	68.06	0.27
Dollar index	103.30	103.02	0.27
Euro	1.0413	1.0457	-0.42
British pound	1.2226	1.2271	-0.37
Japanese Yen	117.26	117.43	-0.14
Australian (\$)	0.7177	0.7185	-0.11
Swiss Franc	1.0284	1.028	0.04

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Jan	68.42	0.21	1440457	1601219	22.80	171.90
Feb	68.63	0.19	164394	106634	39.61	347.46
Jan-Feb	-0.21	-	-	1494585	-	93.34
Feb-Mar	-0.22	-	-	84720	-	79.45

Global Indices

Indices	Close	Prev close	% change
Dow Jones	19833.68	19945.04	-0.56
Nasdaq	4926.286	4965.808	-0.80
FTSE	7106	7068	0.53
DAX	11474.99	11472.24	0.02
Hang Sang	21682.51	21754.74	-0.33
Nikkei	19198.4	19401.72	-1.05
SGX Nifty	8009	8038	-0.36

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1141.67	1138.78	0.25
Copper	249.5	250.8	-0.52
Brent crude	56.22	56.09	0.23

Source: Reuters, Bloomberg, CdsI for above all exhibits

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Debt market

- Government bonds rose for the first time in five sessions, after the Cabinet approved an amendment to nullify the central bank's liability with regard to the scrapped higher currency denomination, boosting expectations of fiscal gains
- The benchmark 6.97% 2026 bond yield fell to 6.59% from 6.62% on Wednesday
- Yield on the US 10-year yield fell to 2.51% from 2.56%, in line with profit booking in the US\$ ahead of the new year

Forex (US\$/INR)

- The rupee fell to a near-four-week-low against the dollar, on an upbeat US\$ during the Asian session in a thinly traded holiday season
- The US\$ index continue to struggle near 103.6 level. Dollar index pared gains coming off from highs as major currencies bounced back on receding Trump concerns. US\$JPY pair lost as prices seem to be stretched while doubts over Trump's infrastructure spending plans grow

Equity

- Benchmark indices ended with strong gains of more than 1.5% on Tuesday to recoup its entire previous session's decline led by strong buying efforts across the board
- The Sensex jumped 406 points or 1.57% to 26213 while the Nifty rallied 124 points or 1.58% to settle near the high point of the week at 8032
- Broader markets also rallied in line with benchmarks as the BSE midcap and small cap indices gained 1.7% and 1.5%, respectively. As a result, the overall market breadth was strong with an A/D ratio of 2:1 on the BSE

Commodities Market

- Crude oil continued to hover near \$56/bl as expectations of rising US inventories weighed on oil prices ahead of planned supply cuts by Opec and Russia. American Petroleum Institute (API) showed oil inventories rising by 4.2 mb ahead of government data today
- Gold traded with minor gains as a slump over Trump concerns faded at a lower value buying area. US employment data and further moves in US\$ index would remain catalyst for further trend in non-interest paying asset

US\$/INR derivatives strategy : Buy January Contract

- In the currency futures market, the most traded dollar-rupee January contract on the NSE ended at 68.42. The January contract open interest rose by 22.80% from the previous day
- February contract open interest rose 39.61% 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 January futures contract (NSE)	View: Bullish on US\$INR
Buy US\$INR in the range of 68.15 - 68.25	Market Lot: US\$1000
Target: 68.45 / 68.65	Stop Loss: 68.05
Support	Resistance
S1/ S2: 68.20/68.00	R1/R2:68.50/68.70

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	1645.31	2329.16	-683.85
Debt	697.73	686.04	11.69

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 (Jan)	68.37	68.30	68.22	68.45	68.52
US\$ - INR (Feb)	68.59	68.53	68.47	68.65	68.71
EUR - INR (Jan)	71.58	71.33	71.18	71.72	71.97
EUR - INR (Feb)	71.89	71.60	71.45	72.04	72.32
GBP - INR (Jan)	83.93	83.55	83.34	84.14	84.52
GBP - INR (Feb)	84.30	83.94	83.73	84.51	84.87
JPY - INR (Jan)	58.32	58.19	58.11	58.41	58.53
JPY - INR (Feb)	58.59	58.47	58.39	58.67	58.80

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
28-Dec-16	January	Buy	Buy fut	68.15	68.50	68.00	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



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