

**Treasury yields**

	Closing yield%	Previous yield %
India 10 year	6.52	6.59
US 10 year	2.48	2.51
Eur 10 year	0.18	0.20
UK 10 year	1.24	1.30
JPY 10 year	0.04	0.06

**RBI reference rate**

	Close		% change
	29-12-2016	28-12-2016	
USD/INR	68.12	68.23	-0.15
EUR/INR	71.21	71.45	-0.34
GBP/INR	83.42	83.86	-0.53
YEN/INR	58.41	58.06	0.60

**Spot**

Spot	Close	Prev close	% change
Rupee	68.10	68.24	-0.21
Dollar index	102.68	103.30	-0.60
Euro	1.049	1.0413	0.74
British pound	1.2261	1.2226	0.29
Japanese Yen	116.54	117.26	-0.61
Australian (\$)	0.7219	0.7177	0.59
Swiss Franc	1.023	1.0284	-0.53

**Currency futures (US\$/₹, NSE)**

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
Jan	68.27	-0.22	1428409	707933	-0.84	-55.79
Feb	68.45	-0.26	180567	60100	9.84	-43.64
Jan-Feb	-0.18	-	-	647833	-	91.51
Feb-Mar	-0.28	-	-	55083	-	91.65

**Global Indices**

Indices	Close	Prev close	% change
Dow Jones	19819.78	19833.68	-0.07
Nasdaq	4918.283	4926.286	-0.16
FTSE	7120.26	7106.08	0.20
DAX	11451.05	11474.99	-0.21
Hang Sang	21971.31	21790.91	0.83
Nikkei	19048.93	19145.14	-0.50
SGX Nifty	8130	8104	0.32

\* Asian market as at 08.00 am

**Commodities**

	Close	Prev close	% change
Gold	1158.19	1141.67	1.45
Copper	248.8	249.5	-0.28
Brent crude	56.14	56.22	-0.14

Source: Reuters, Bloomberg, CdsI for above all exhibits

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**Debt market**

- Government bonds rose for a second day, as short covering by investors and a decline in US treasury yields boosted demand for domestic debt
- The benchmark 6.97% 2026 bond yield fell to 6.52% from 6.59% on Wednesday
- Yield on the US 10-year yield fell to 2.48% from 2.51% as markets remain in profit booking mode from overstretched prices post US election results

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

- The rupee gained against US\$ getting support from a recovery in major currencies. Positive moves in domestic equities and expectations of normalcy in the economy from higher currency demonetisation action also boosted sentiments
- The US\$ index came under profit booking as US\$ pared gains after struggling near 103.60. A spike in euro prices due to lower liquidity in the ongoing holiday season led to further weakness in the US\$

**Equity**

- Equity benchmarks ended the December series F&O expiry session on a positive note led by renewed buying interest in late trade
- The Sensex rose 155 points or 0.59% to 26366 while the Nifty gained 68 points or 0.86% to end at 8103
- Broader markets outperformed the benchmark as the BSE midcap and small cap indices rallied over 1.1% each. As a result, the overall market breadth was positive with an A/D ratio of 1.87:1 on the BSE

**Commodities Market**

- Crude oil continued to trade in a narrow range as US government data showed weekly inventory rising by 0.61 mb against industry survey of 4.2 mb. Adherence of supply quota and resilience of shale oil producers hold key for crude oil prices in the near term
- Gold posted decent gains as overstretched gains in the US\$ post US election came under profit booking. US December employment data and upcoming central banks meetings hold key for non-interest paying asset in the near term

**US\$/INR derivatives strategy : Sell January Contract**

- In the currency futures market, the most traded dollar-rupee January contract on the NSE ended at 68.27. The January contract open interest fell by 0.84% from the previous day
- February contract open interest rose 9.84% from previous day
- We expect the US\$ to meet supply pressure at higher levels. Utilise upsides in the dollar to go short on the US\$/INR pair

**Intra-day strategy**

US\$INR January futures contract (NSE)	View: Bearish on US\$INR
Sell US\$INR in the range of 68.20 - 68.30	Market Lot: US\$1000
Target: 67.95/ 67.75	Stop Loss: 68.40
Support	Resistance
S1/ S2: 67.90/67.70	R1/R2:68.30/68.50

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	2302.10	2828.48	-526.38
Debt	1301.32	199.57	1101.75

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)	68.29	68.19	68.10	68.38	68.48
US\$ - INR (Feb)	68.53	68.39	68.28	68.64	68.78
EUR - INR (Jan)	71.53	71.46	71.34	71.66	71.73
EUR - INR (Feb)	71.80	71.73	71.63	71.91	71.98
GBP - INR (Jan)	83.83	83.75	83.61	83.97	84.06
GBP - INR (Feb)	84.19	84.11	84.00	84.30	84.38
JPY - INR (Jan)	58.70	58.55	58.33	58.92	59.07
JPY - INR (Feb)	59.03	58.94	58.81	59.17	59.26

Source: NSE, ICICIdirect.com Research

### Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
29-Dec-16	January	Buy	Buy fut	68.20	68.55	68.05	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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