Weekly Market Update

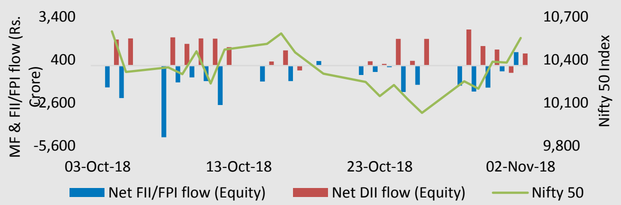
02 November 2018

Macro Economic Release

Indicators	Actual	Consensus	Previous
WPI inflation (Sep 2018)	5.13%	4.90%	4.53%
CPI inflation (Sep 2018)	3.77%	4.00%	3.69%
Growth of index of eight core industries (Sep 2018)	4.30%	--	4.20%
Nikkei India Manufacturing PMI (Oct 2018)	53.10	51.90	52.20

Source: Thomson Reuters Eikon

FII and DII Investment vs Nifty 50



Source: NSDL, SEBI & NSE

Macro economic Update

- The Nikkei India Manufacturing Purchasing Managers' Index (PMI) increased to 53.1 in Oct 2018 from 52.2 in Sep 2018. The growth reflects stronger order inflows as companies increased production, input purchasing and employment. This marked the 15 straight months of maintaining above-50 score. A score above 50 means expansion while below 50 denotes contraction.
- Government data showed that the growth of index of eight core industries slowed to 4.3% in Sep 2018 as against an upwardly revised 4.7% in Aug 2018 (4.2% originally reported). This marked a four-month low. Crude oil witnessed the maximum decline of 4.2%, thereby marking the 10th consecutive monthly fall for the sector. Natural gas sector also fell 1.8%. The maximum growth of 11.8% was seen in the cement sector. Notably, fertilizers sector witnessed gains of 2.5% in Sep 2018 as against a decline of 5.3% in the previous month.
- According to World Bank's Doing Business Report, India jumped another 23 points in the World Bank's ease of doing business ranking to 77th place. Hence, for the first time, now it has become the top ranked country in South Asia and third among the BRICS. The country has jumped 53 notches in the last two years. The biggest gain was in construction permit where India climbed 129 ranks to 52nd place driven by targeted government effort to remove hurdles. Meanwhile, the Department of Industrial Policy and Promotion stated that India now ranks in the top 25 with respect to three indicators - getting electricity, getting credit and protecting minority investors.

Indian Equity Market Performance

Broad Indices	02-Nov-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	35,012	4.98	4.28	2.80
Nifty 50	10,553	5.21	1.24	0.21
S&P BSE 100	10,825	5.45	-0.47	-1.85
Nifty 500	8,899	5.73	-3.66	-6.23
Nifty Mid cap 50	4,782	7.58	-7.24	-13.69
Nifty Small cap 100	6,243	8.61	-27.93	-31.35
Sector Indices	**02-Nov-18**	**% Change (WoW)**	**% Change (YoY)**	**% Change (YTD)**
S&P BSE AUTO	20,695	7.25	-17.90	-22.64
S&P BSE Bankex	29,016	6.84	0.74	0.55
S&P BSE CD	19,699	8.04	6.00	-13.18
S&P BSE CG	18,129	10.48	-1.47	-5.25
S&P BSE FMCG	11,223	2.89	8.92	4.94
S&P BSE HC	14,563	4.95	-0.34	-1.60
S&P BSE IT	14,085	4.51	35.61	24.90
S&P BSE METAL	13,072	4.35	-12.64	-12.50
S&P BSE Oil & Gas	13,668	5.70	-17.42	-16.06
S&P BSE Power	1,989	4.35	-15.55	-16.48
S&P BSE PSU	7,217	6.52	-24.01	-21.33
S&P BSE Realty	1,720	7.75	-27.34	-34.06
S&P BSE Teck	7,051	4.46	17.14	10.03

Source: BSE & NSE

Domestic Equity Market Update

- Markets rose after the manufacturing PMI for Oct 2018 grew at the quickest pace in four months on the back of strong orders. Fall in global crude oil prices and strengthening of the rupee against the greenback provided some support.
- Reserve Bank of India's (RBI) steps to boost liquidity also supported sentiment after it had announced to buy Rs. 400 billion worth of government bonds through open market operations in Nov 2018.
- However, rift between the Reserve Bank of India (RBI) and the government deepened on government intervention over the autonomy of the central bank which capped the gains. RBI deputy governor said attempts of curbing the central bank's autonomy could be catastrophic and the finance minister responded by blaming RBI for allowing banks to lend in excess and adding to the non-performing assets problem.
- Improvement in auto sales number in Oct 2018 as reported by some companies also buoyed sentiment.
- On the global front, investors became hopeful on U.S.-China trade deal after media reported that the U.S. President has shown interest in reaching an agreement with China at the G20 summit in Argentina this month. U.S. has also hinted on giving waivers to eight nations, including India, to continue importing crude oil from Iran after sanctions.
- On the BSE sectoral front, all the indices closed in the green with S&P BSE Capital Goods (10.48%) being the major gainer followed by S&P BSE Consumer Durables (8.04%) and S&P BSE Realty (7.75%). The auto sector gained as various companies posted steady increase in sales for Oct 2018.

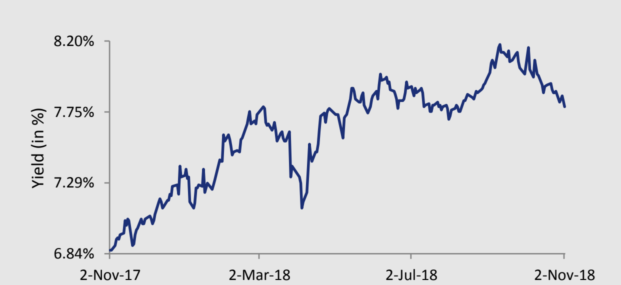
Indian Debt Market Indicators

Broad Indices	02-Nov-18	Week Ago	Month Ago	Year Ago
Call Rate	6.41%	6.48%	6.37%	5.84%
CBLO	6.30%	5.13%	5.94%	5.80%
Repo	6.50%	6.50%	6.50%	6.00%
Reverse Repo	6.25%	6.25%	6.25%	5.75%
3 Month CP	8.60%	8.45%	8.00%	6.77%
1 Year CP	9.10%	9.05%	8.65%	7.13%
3 Month CD	7.56%	7.34%	7.46%	6.21%
1 Year CD	8.34%	8.34%	8.35%	6.57%

Broad Indices	02-Nov-18	Week Ago	Month Ago	Year Ago
1 Year AAA Corporate Bond	8.85%	9.07%	8.98%	7.06%
3 Year AAA Corporate Bond	8.66%	8.83%	8.88%	7.19%
5 Year AAA Corporate Bond	8.64%	8.84%	8.94%	7.55%
1 Year G-Sec	7.35%	7.59%	7.73%	6.31%
3 Year G-Sec	7.62%	7.67%	7.91%	6.51%
5 Year G-Sec	7.81%	7.86%	8.04%	6.73%
10 Year G-Sec	7.78%	7.88%	7.99%	6.86%
Forex Reserve ($ in billion)	392.08*	393.52**	399.61@	398.74@@

*Source: CCIL, Thomson Reuters Eikon * as on Oct 26, 2018; **as on Oct 19, 2018; @ as on Oct 5, 2018; @@ as on Nov 3, 2017*

10 - Year benchmark G-Sec Movement



Source: Thomson Reuters Eikon

Domestic Debt Market Update

- Bond yields declined after the central bank revealed its plan of purchasing Rs. 400 billion worth of bonds under open market operation in Nov 2018. which lifted market sentiment.
- Yields eased further with the strong revival in rupee against the greenback and fall in crude oil prices, which helped alleviate concerns of increase in domestic inflationary pressures and worries over foreign fund outflow to some extent.
- However, gains were restricted following news that RBI governor is considering various options including stepping down from his position after the government's reported intervention under the RBI Act.
- Yield on the 10-year benchmark paper (7.17% GS 2028) fell 10 bps to close at 7.78% from the last week's close at 7.88%, after trading in a range of 7.75% to 7.89%.
- RBI on Oct 31, 2018 conducted auction of 91-, 182-, and 364-Days Treasury Bills for notified amount of Rs. 7,000 crore, Rs. 4,000 crore, and Rs. 4,000 crore, respectively, for which the entire amount was accepted. The cut-off prices were Rs. 98.30 (6.94%), Rs. 96.52 (7.23%), and Rs. 93.06 (7.48%), respectively.

Weekly Market Update

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Bajaj Allianz Life Insurance Co. Ltd.

02 November 2018

Global Commodity Update

Commodities	02-Nov-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil ($/barrel)	62.81	-6.99	15.25	3.97
Brent Crude Oil ($/barrel)	72.55	-7.33	18.97	8.17
Gold ($/ounce)	1232.48	-0.06	-3.38	-5.37
Silver ($/ounce)	14.713	0.70	-13.84	-13.18

Source: Thomson Reuters Eikon

Currencies Update

Currency	02-Nov-18	Week Ago	Year Ago
U.S. Dollar	72.44	73.46	64.57
GBP	93.95	94.25	84.31
Euro	82.47	83.78	75.26
100 Yen	63.97	65.63	56.59

Source: Thomson Reuters Eikon

Global Equity Market Performance

Country/ Region	Indices	02-Nov-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Dow Jones	25,271	2.36	7.46	2.23
	S&P 500	2,723	2.42	5.55	1.85
U.K.	FTSE	7,094	2.23	-6.10	-7.72
France	CAC 40	5,102	2.71	-7.41	-3.96
Germany	DAX	11,519	2.84	-14.30	-10.83
Japan	Nikkei 225	22,244	5.00	-1.31	-2.29
China	Shanghai Composite	2,676	2.99	-20.89	-19.07
Hong Kong	Hang Seng	26,486	7.16	-7.13	-11.47
Singapore	Straits Times	3,116	4.86	-7.81	-8.42
Russia	RTS Index	1,135	3.32	1.44	-1.70
Brazil	Sao Paulo Se Bovespa *	88,419	3.15	19.77	15.73

*Source: Thomson Reuters Eikon; * Last close as on 01-Nov-2018*

Global Bond Yield Update

Indicators	02-Nov-18	Week ago	Month ago	Year ago
U.S. 10 Year Bond yield (%)	3.21	3.08	3.06	2.35
U.K. 10 Year Bond yield (%)	1.49	1.39	1.53	1.26
German 10 Year Bond yield (%)	0.44	0.35	0.42	0.37
Japan 10 Year Bond yield (%)	0.13	0.11	0.13	0.06

Source: Thomson Reuters Eikon

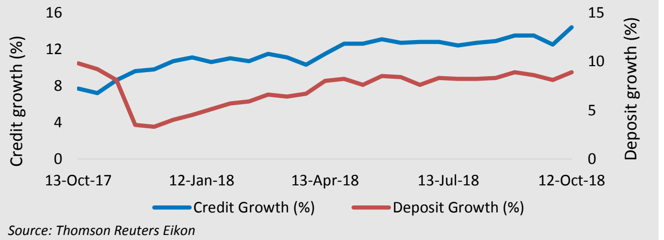
Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
Eurozone GDP (YoY) (3Q A)	30-Oct	1.7%	1.8%	2.2%
Bank of Japan Rate Decision	31-Oct	-0.1%	-0.1%	-0.1%
U.S. ISM Manufacturing (Oct)	1-Nov	57.70	59.00	59.80
U.S. Change in Non-farm Payrolls (Oct)	2-Nov	250k	200k	118k

Source: FX Street; Thomson Reuters Eikon

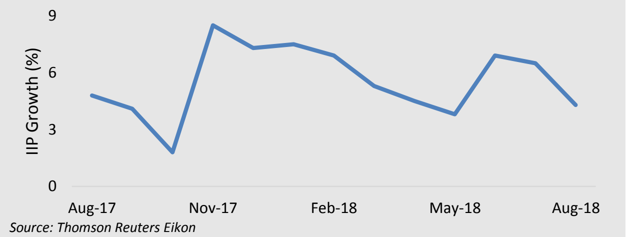
Macro Economic Performance of India

Credit growth vs Deposit growth



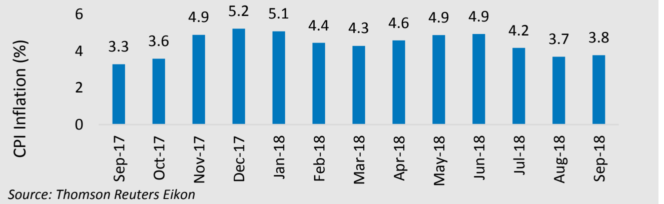
Source: Thomson Reuters Eikon

IIP Growth (%)



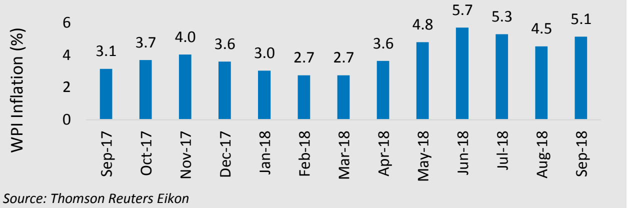
Source: Thomson Reuters Eikon

Retail inflation movement



Source: Thomson Reuters Eikon

Wholesale price inflation movement



Source: Thomson Reuters Eikon

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