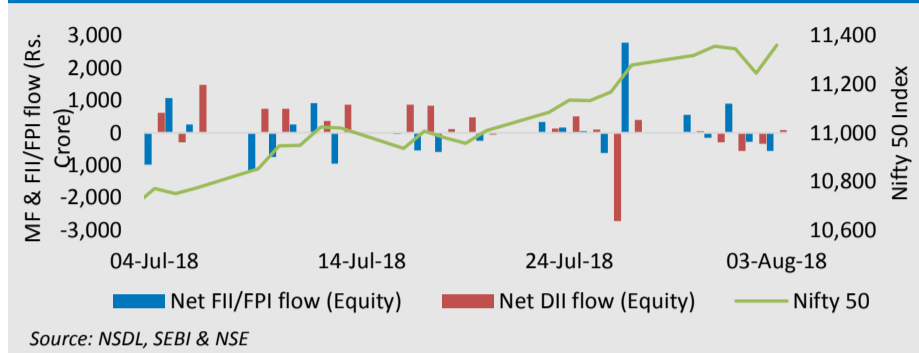


Macro Economic Release

| Indicators | Actual | Consensus | Previous |
|---|--------|-----------|----------|
| WPI inflation (Jun 2018) | 5.77% | 4.93% | 4.43% |
| CPI inflation (Jun 2018) | 5.00% | 5.30% | 4.87% |
| IIP growth (May 2018) (%) | 3.20% | 5.20% | 4.80% |
| Nikkei India Manufacturing PMI (Jul 2018) | 52.30 | 53.00 | 53.10 |

Source: Thomson Reuters Eikon

FII and DII Investment vs Nifty 50



Indian Equity Market Performance

| Broad Indices | 03-Aug-18 | % Change (WoW) | % Change (YoY) | % Change (YTD) |
|---------------------|-----------|----------------|----------------|----------------|
| S&P BSE Sensex | 37,556 | 0.59 | 16.50 | 10.27 |
| Nifty 50 | 11,361 | 0.73 | 13.45 | 7.88 |
| S&P BSE 100 | 11,634 | 0.86 | 12.08 | 5.48 |
| Nifty 500 | 9,686 | 1.11 | 10.96 | 2.06 |
| Nifty Mid cap 50 | 5,039 | 1.13 | 6.62 | -9.04 |
| Nifty Small cap 100 | 7,582 | 2.42 | -1.06 | -16.62 |

| Sector Indices | 03-Aug-18 | % Change (WoW) | % Change (YoY) | % Change (YTD) |
|-------------------|-----------|----------------|----------------|----------------|
| S&P BSE AUTO | 24,121 | -0.61 | -2.03 | -9.83 |
| S&P BSE Bankex | 31,079 | 1.09 | 11.45 | 7.70 |
| S&P BSE CD | 21,372 | 3.60 | 29.17 | -5.81 |
| S&P BSE CG | 18,305 | 0.77 | 3.42 | -4.33 |
| S&P BSE FMCG | 12,157 | 2.23 | 21.47 | 13.67 |
| S&P BSE HC | 14,675 | 4.61 | 4.75 | -0.84 |
| S&P BSE IT | 14,604 | 0.60 | 41.66 | 29.50 |
| S&P BSE METAL | 12,803 | 2.34 | 4.12 | -14.30 |
| S&P BSE Oil & Gas | 15,206 | 2.47 | 5.31 | -6.61 |
| S&P BSE Power | 1,992 | 2.08 | -14.09 | -16.37 |
| S&P BSE PSU | 7,834 | 3.65 | -9.08 | -14.60 |
| S&P BSE Realty | 2,082 | 0.67 | -3.91 | -20.17 |
| S&P BSE Teck | 7,409 | 0.77 | 26.62 | 15.62 |

Source: BSE & NSE

Macro economic Update

- The Monetary Policy Committee (MPC), in its third bi-monthly policy review for 2018-19, increased the key policy repo rate by 25 basis points to 6.50% from 6.25% and retained its 'neutral' stance. Consequently, reverse repo rate now stands adjusted to 6.25% and both the marginal standing facility rate and the bank rate stood at 6.75%. Five policymakers were in favour of the decision and one policymaker voted against the decision. MPC decided to increase key policy repo rate as it identified several factors that may lead to an increase in domestic inflationary pressures. Some of the factors are volatility in crude oil prices and global financial markets, fiscal slippage at the Centre and/or state government levels, regional distribution of monsoons, uncertainty regarding the impact of Minimum Support Price (MSP) on domestic inflation and the staggered impact of House Rent Allowance (HRA) revision by state governments.
- Data from a private survey showed that the Nikkei India Manufacturing Purchasing Managers' Index (PMI) fell to 52.3 in Jul 2018 from 53.1 in Jun 2018. This is the 12th consecutive month that the manufacturing PMI remained above 50. The decline in manufacturing PMI can be attributed to moderate rise in output, new orders and employment.
- Index of eight core industries rose to a 7-month high of 6.7% in Jun 2018 from 4.3% in the previous month and 1.0% in the same month of the previous year. The cement sector witnessed a maximum growth of 13.2% during the period under review followed by refinery products sector and coal sector which grew 12.0% and 11.5%, respectively.

Domestic Equity Market Update

- Indian equity market gained over the week on normal rains projection by the India Meteorological Department (IMD) for Aug and Sep and prediction of 95% of the Long Period Average (LPA).
- Higher services sector data added to gains as the Nikkei India Services Business Activity Index rose to 54.2 in Jul against 52.6 in Jun. The manufacturing sector also improved albeit at a slower pace as the Nikkei India Manufacturing Purchasing Managers' Index (PMI) data stood at 52.3 in Jul, down from 53.1 in Jun.
- Meanwhile, the total gross Goods and Services Tax (GST) revenue collection in Jul stood at Rs. 964.83 billion in Jul from Rs. 956.1 billion in the previous month. Additionally, one of the leading large cap companies set a new record by crossing Rs. 7.51 lakh crore in market value.
- However, the upside was limited as investors preferred to cash in on the recent gains. On the global front, escalating trade tensions between the U.S. and China kept investors cautious. Further the U.S. Federal Reserve hinted at raising interest rates soon, albeit maintaining status quo in interest rates in its latest policy meet.
- Investors were also cautious ahead of the Jul U.S. jobs report as it will provide further cues on Fed's future rate hike stance.
- On the BSE sectoral front, indices closed in green barring S&P BSE Auto (-0.61%). S&P BSE HC (4.61%) remained the top gainer (4.61%) followed by S&P BSE Consumer Durables (3.60%) and S&P BSE Oil & Gas (2.47%).
- Auto sector got impacted after one of the major players posted its first quarterly loss in around three years following lower sales at its key business arm. Being a rate sensitive sector, auto sector was further impacted as MPC has raised key policy rates in consecutive two policy decisions.

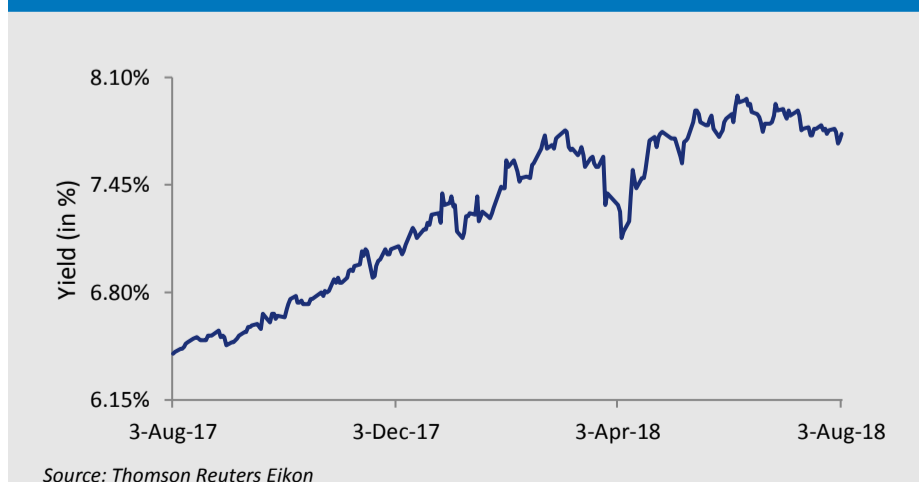
Indian Debt Market Indicators

| Broad Indices | 03-Aug-18 | Week Ago | Month Ago | Year Ago |
|---------------|-----------|----------|-----------|----------|
| Call Rate | 6.37% | 6.14% | 6.11% | 5.83% |
| CBLO | 5.21% | 6.21% | 6.00% | 5.87% |
| Repo | 6.50% | 6.25% | 6.25% | 6.00% |
| Reverse Repo | 6.25% | 6.00% | 6.00% | 5.75% |
| 3 Month CP | 7.60% | 7.50% | 7.30% | 6.61% |
| 1 Year CP | 8.60% | 8.70% | 8.35% | 6.93% |
| 3 Month CD | 7.03% | 7.33% | 6.78% | 6.20% |
| 1 Year CD | 7.96% | 7.99% | 8.11% | 6.48% |

Source: CCIL, Thomson Reuters Eikon * as on Jul 27, 2018; **as on Jul 20, 2018; @ as on July 05, 2018; @@ as on Aug 04, 2017

| Broad Indices | 03-Aug-18 | Week Ago | Month Ago | Year Ago |
|-------------------------------|-----------|----------|-----------|----------|
| 1 Year AAA Corporate Bond | 8.28% | 8.26% | 8.40% | 6.89% |
| 3 Year AAA Corporate Bond | 8.54% | 8.58% | 8.68% | 7.01% |
| 5 Year AAA Corporate Bond | 8.66% | 8.66% | 8.83% | 7.34% |
| 1 Year G-Sec | 7.25% | 7.25% | 7.20% | 6.22% |
| 3 Year G-Sec | 7.65% | 7.67% | 7.75% | 6.35% |
| 5 Year G-Sec | 7.85% | 7.92% | 8.01% | 6.43% |
| 10 Year G-Sec | 7.76% | 7.78% | 7.88% | 6.43% |
| Forex Reserve (\$ in billion) | 404.19* | 405.14** | 405.81@ | 393.45@@ |

10 - Year benchmark G-Sec Movement



Domestic Debt Market Update

- Bond yields declined after the Monetary Policy Committee's (MPC) commentary in the third bi-monthly monetary policy for FY19 pacified concerns regarding the pace of monetary tightening to some extent. Meanwhile, MPC increased repo rate by 25 bps as market expected and maintained "neutral" stance. Fall in crude oil prices added to the gains.
- However, at the end, gains were limited as market participants booked profits to benefit from the recent bond rally. Moreover, fresh supply worth Rs. 12,000 crore from the auction of five government stocks, limited the fall in yield.
- Yield on the 10-year benchmark paper (7.17% GS 2028) fell 2 bps to close at 7.76% from the previous week's close of 7.78% after trading in a range of 7.76% to 7.84%.
- The Reserve Bank of India (RBI) conducted auction of state development loans of five state governments for a notified amount of Rs. 5,500 crore, for which the entire amount was accepted. The cut-off yield was either 8.41% or 8.42%.
- RBI conducted the auction of 6.65% GS 2020, 7.59% GS 2026, GOI FRB 2031, 6.57% GS 2033 and 7.06% GS 2046 for a notified amount of Rs. 12,000 crore for which the total amount was accepted. The cut-off price for 6.65% GS 2020, 7.59% GS 2026, GOI FRB 2031, 6.57% GS 2033 and 7.06% GS 2046 was Rs. 98.65 (7.51%), Rs. 97.69 (8.01%), Rs. 100 (7.94%), Rs. 86.77 (8.09%) and Rs. 88.57 (8.09%), respectively.

Global Commodity Update

| Commodities | 03-Aug-18 | % Change (WoW) | % Change (YoY) | % Change (YTD) |
|-----------------------------|-----------|----------------|----------------|----------------|
| NYMEX Crude Oil (\$/barrel) | 68.62 | -0.52 | 40.33 | 14.18 |
| Brent Crude Oil (\$/barrel) | 73.33 | -1.36 | 41.21 | 10.07 |
| Gold (\$/ounce) | 1213.03 | -0.81 | -4.35 | -6.87 |
| Silver (\$/ounce) | 15.38 | -0.49 | -7.42 | -9.24 |

Source: Thomson Reuters Eikon

Currencies Update

| Currency | 03-Aug-18 | Week Ago | Year Ago |
|-------------|-----------|----------|----------|
| U.S. Dollar | 68.61 | 68.60 | 63.69 |
| GBP | 89.14 | 89.93 | 83.67 |
| Euro | 79.28 | 79.97 | 75.59 |
| 100 Yen | 61.59 | 61.77 | 57.87 |

Source: Thomson Reuters Eikon

Global Equity Market Performance

| Country/Region | Indices | 03-Aug-18 | % Change (WoW) | % Change (YoY) | % Change (YTD) |
|----------------|----------------------|-----------|----------------|----------------|----------------|
| U.S. | Dow Jones | 25,463 | 0.05 | 15.60 | 3.01 |
| | S&P 500 | 2,840 | 0.76 | 14.89 | 6.24 |
| U.K. | FTSE | 7,659 | -0.55 | 2.47 | -0.37 |
| France | CAC 40 | 5,479 | -0.59 | 6.79 | 3.13 |
| Germany | DAX | 12,616 | -1.90 | 3.79 | -2.34 |
| Japan | Nikkei 225 | 22,525 | -0.83 | 12.46 | -1.05 |
| China | Shanghai Composite | 2,740 | -4.63 | -16.27 | -17.14 |
| Hong Kong | Hang Seng | 27,676 | -3.92 | 0.53 | -7.50 |
| Singapore | Straits Times | 3,266 | -1.78 | -2.31 | -4.03 |
| Russia | RTS Index | 1,145 | -0.58 | 11.24 | -0.81 |
| Brazil | Sao Paulo Se Bovespa | 81,435 | 1.96 | 21.95 | 6.59 |

Source: Thomson Reuters Eikon

Global Bond Yield Update

| Indicators | 03-Aug-18 | Week ago | Month ago | Year ago |
|-------------------------------|-----------|----------|-----------|----------|
| U.S. 10 Year Bond yield (%) | 2.95 | 2.96 | 2.84 | 2.23 |
| U.K. 10 Year Bond yield (%) | 4.11 | 1.28 | 1.24 | 1.15 |
| German 10 Year Bond yield (%) | 0.41 | 0.41 | 0.29 | 0.46 |
| Japan 10 Year Bond yield (%) | 0.11 | 0.10 | 0.02 | 0.07 |

Source: Thomson Reuters Eikon

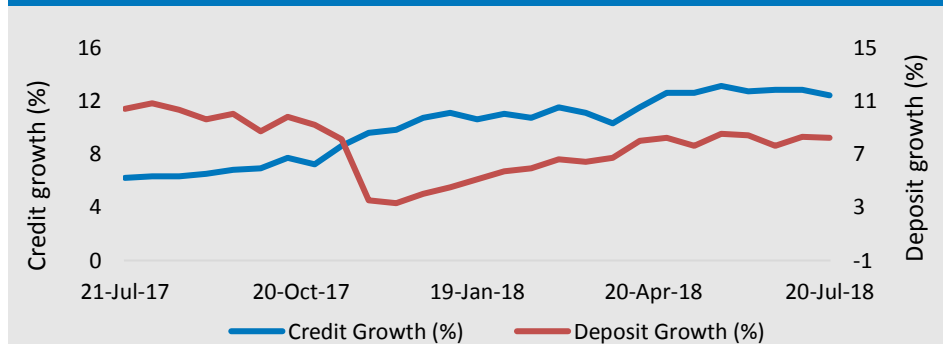
Global Economic Calendar

| Economic Events | Release date | Actual | Consensus | Previous |
|--|--------------|--------|-----------|----------|
| Bank of Japan Rate Decision | 31-Jul | -0.10% | -0.10% | -0.10% |
| U.S. FOMC Rate Decision | 21-Feb | 2.00% | 2.00% | 2.00% |
| Bank of England Rate Decision | 22-Feb | 0.75% | 0.75% | 0.50% |
| U.S. Change in Non-farm Payrolls (JUL) | 23-Feb | 157k | 193k | 248k |

Source: dailyfx

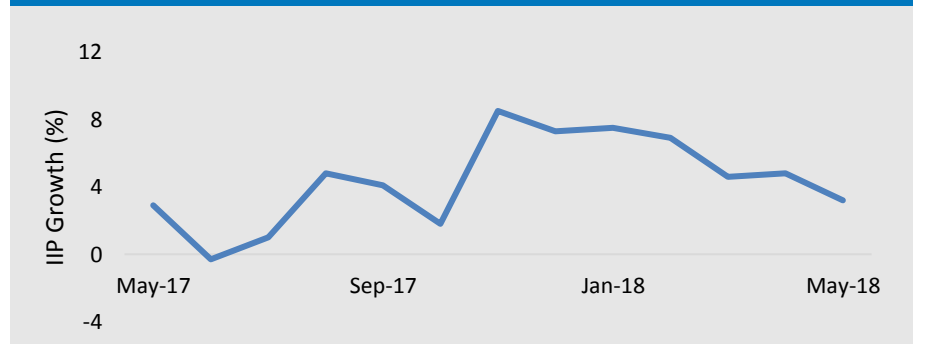
Macro Economic Performance of India

Credit growth vs Deposit growth



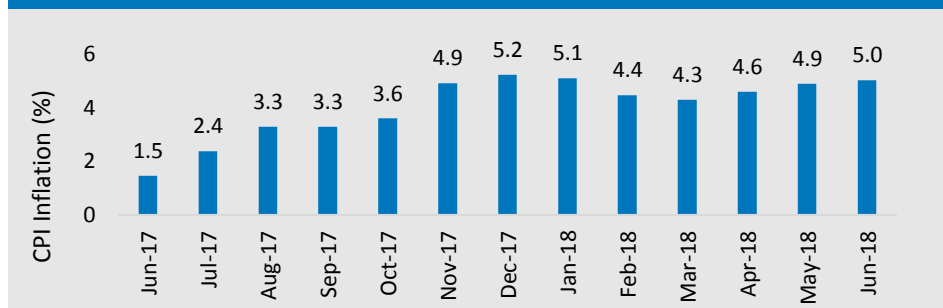
Source: Thomson Reuters Eikon

IIP Growth (%)



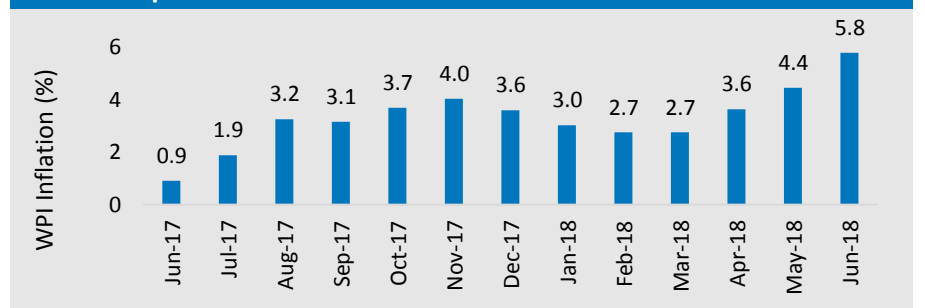
Source: Thomson Reuters Eikon

Retail inflation movement



Source: Thomson Reuters Eikon

Wholesale price inflation movement



Source: Thomson Reuters Eikon

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Regd. Office Address: Bajaj Allianz House , Airport Road, Yerawada, Pune - 411006, Reg.No.: 116. | CIN : U66010PN2001PLC015959 | Mail us : customer@bajajallianz.co.in | Call on : Toll free no. 1800 209 7272 | Fax No: 02066026789 |