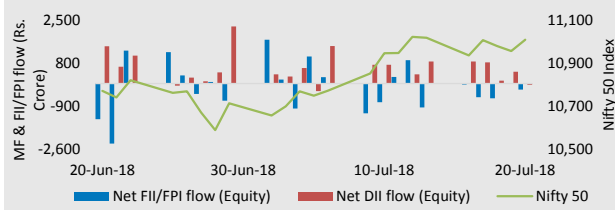


## Macro Economic Release

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 (Jun 2018)	53.10	51.40	51.18

Source: Thomson Reuters Eikon

## FII and DII Investment vs Nifty 50



Source: NSDL, SEBI & NSE

## Indian Equity Market Performance

Broad Indices	20-Jul-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	36,496	-0.12	14.39	7.16
Nifty 50	11,010	-0.08	11.51	4.55
S&P BSE 100	11,213	-0.30	9.56	1.66
Nifty 500	9,286	-0.67	7.46	-2.16
Nifty Mid cap 50	4,798	-1.37	1.76	-13.39
Nifty Small cap 100	7,031	-2.44	-8.83	-22.68

Sector Indices	20-Jul-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	24,013	-2.26	-1.53	-10.24
S&P BSE Bankex	29,701	-0.29	8.29	2.93
S&P BSE CD	19,973	1.05	25.55	-11.97
S&P BSE CG	17,495	-1.71	-1.56	-8.57
S&P BSE FMCG	11,341	-1.26	12.28	6.04
S&P BSE HC	13,661	-2.82	-8.42	-7.69
S&P BSE IT	14,572	1.30	43.51	29.21
S&P BSE METAL	11,731	-5.94	-3.70	-21.48
S&P BSE Oil & Gas	14,392	1.68	3.42	-11.62
S&P BSE Power	1,892	-0.99	-17.72	-20.56
S&P BSE PSU	7,207	0.11	-15.62	-21.44
S&P BSE Realty	1,976	-4.15	-9.56	-24.26
S&P BSE Teck	7,356	0.81	27.35	14.79

Source: BSE & NSE

## Macro economic Update

- Government data showed that India's Wholesale Price Index-based inflation (WPI) rose to 5.77% in Jun 2018 as prices of vegetables and fuel items increased. Wholesale price inflation was at 4.43% in May 2018 and at 0.90% in Jun 2017. Inflation in food articles came in at 1.80% in Jun against 1.60% in May. Inflation in vegetables increased to 8.12% in Jun from 2.51% in May. 'Fuel and power' inflation went up to 16.18% in Jun from 11.22% in May because of rising global crude oil prices. The WPI Food Index also increased to 1.56% in Jun 2018 from 1.12% in May 2018.
- The International Monetary Fund (IMF) lowered India's Gross Domestic Product (GDP) growth forecast by 10 basis points to 7.3% in the year 2018. For 2019, the bank lowered the GDP forecast by 30 basis points to 7.5%. IMF revised the forecast as it expects the Monetary Policy Committee to tighten the country's monetary policy at a faster pace. Also, rising global crude oil prices and fears of a trade war between China and U.S. are factors that could affect India's GDP negatively.
- According to media reports, the finance ministry approved capital infusion of Rs. 11,336 crore in five public sector banks. This was done to help these banks meet regulatory capital requirements.
- The Central Board of Indirect Taxes and Custom (CBIC) notified that import duty has been doubled on more than 50 textile products, such as carpets and suits. The duty on these products now stands at 20%. This is being done to promote domestic manufacturing activities.

## Domestic Equity Market Update

- Indian equity markets closed almost on a flat note. Wholesale price index-based inflation shot up to 5.77% in Jun on increasing prices of vegetables and fuel items, thereby weighing on market sentiment.
- Investor sentiment dampened further as a report by a global investment bank and financial services provider stated that a likely rise in global crude oil prices, upcoming general elections and an upward pressure on inflation may prompt the Monetary Policy Committee to go for interest hike rates.
- However, further losses were restricted after the finance ministry approved capital infusion of Rs. 11,336 crore in five public sector banks.
- Meanwhile, the initial cautious stance at the backdrop of no-confidence motion moved by opposition parties against the ruling government receded later during the week. Developments suggested the ruling government may win the no-confidence vote, the outcome of which was scheduled post market hours on Jul 20.
- On the BSE sectoral front, indices closed on a softer note. S&P BSE Metal stood as the major loser (-5.94%) followed by S&P BSE Realty that fell 4.15%.
- Slowdown in China's GDP in the second quarter led to decline in metal stocks. S&P BSE Healthcare and S&P BSE Auto declined 2.82% and 2.26%, respectively.
- S&P BSE Oil & Gas (1.68%) stood as the major gainer followed by S&P BSE IT (1.30%) and S&P BSE Consumer Durables (1.05%).
- Gains in Oil & Gas stocks were driven by fall in global crude oil prices. Further, weakness in rupee led to gains in IT stocks since a weaker rupee boosts revenue of IT companies as a big part of the sector's sales come from exports.

## Indian Debt Market Indicators

Broad Indices	20-Jul-18	Week Ago	Month Ago	Year Ago
Call Rate	6.20%	6.16%	6.24%	6.05%
CBLO	5.78%	6.23%	6.28%	6.16%
Repo	6.25%	6.25%	6.25%	6.25%
Reverse Repo	6.00%	6.00%	6.00%	6.00%
3 Month CP	7.55%	7.55%	7.55%	6.56%
1 Year CP	8.50%	8.45%	8.55%	7.05%
3 Month CD	6.97%	6.98%	6.89%	6.27%
1 Year CD	7.98%	7.99%	8.10%	6.52%

Source: CCIL \* as on July 13, 2018; \*\* as on July 6, 2018; † as on June 22, 2018; ‡ as on July 21, 2017

## 10 - Year benchmark G-Sec Movement



Source: Thomson Reuters Eikon

## Domestic Debt Market Update

- Bond yields fell initially as decline in crude oil prices eased concerns of a rise in domestic inflationary pressures to some extent. Open market bond purchases conducted by the Reserve Bank of India (RBI) also boosted the market sentiment.
- However, gains were nullified following rise in U.S. Treasury yields and significant decline in rupee after the U.S. Federal Reserve chief in his testimony indicated continued rate hikes moving ahead and played down risks that may emanate from escalating trade tensions between U.S. and China.
- Yield on the 10-year benchmark paper (7.17% GS 2028) stood unchanged at 7.79% from the previous week's close after trading in a range of 7.72% to 7.85%.
- According to the Scheduled Bank's Statement of Position in India as of Jul 6, 2018, banks' deposit and credit growth stood at 8.3% and 12.8% YoY, respectively.
- Data from RBI showed that India's foreign exchange reserves came down for the fifth consecutive week and marginally fell to \$405.08 billion as on Jul 13 from \$405.81 billion in the previous week.

Broad Indices	20-Jul-18	Week Ago	Month Ago	Year Ago
1 Year AAA Corporate Bond	8.27%	8.27%	8.28%	6.97%
3 Year AAA Corporate Bond	8.59%	8.63%	8.58%	7.09%
5 Year AAA Corporate Bond	8.72%	8.76%	8.71%	7.42%
1 Year G-Sec	7.21%	7.21%	7.00%	6.38%
3 Year G-Sec	7.73%	7.75%	7.67%	6.43%
5 Year G-Sec	7.93%	7.95%	7.88%	6.54%
10 Year G-Sec	7.79%	7.79%	7.83%	6.45%
Forex Reserve (\$ in billion)	405.08 <sup>†</sup>	405.81 <sup>**</sup>	407.82 <sup>‡</sup>	391.33 <sup>‡‡‡</sup>

## Global Commodity Update

Commodities	20-Jul-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	69.70	-1.13	48.20	15.97
Brent Crude Oil (\$/barrel)	72.98	-2.43	48.15	9.55
Gold (\$/ounce)	1,231.37	-0.78	-1.03	-5.46
Silver (\$/ounce)	15.47	-1.96	-5.03	-8.70

Source: Thomson Reuters Eikon

## Currencies Update

Currency	20-Jul-18	Week Ago	Year Ago
U.S. Dollar	68.73	68.49	64.37
GBP	90.26	90.63	83.50
Euro	80.54	80.03	74.84
100 Yen	61.68	60.94	57.51

Source: Thomson Reuters Eikon

## Global Equity Market Performance

Country/Region	Indices	20-Jul-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Dow Jones	25,058	0.15	15.95	1.37
	S&P 500	2,802	0.02	13.28	4.80
U.K.	FTSE	7,679	0.22	2.55	-0.12
France	CAC 40	5,398	-0.57	3.83	1.61
Germany	DAX	12,561	0.16	0.92	-2.76
Japan	Nikkei 225	22,698	0.44	12.67	-0.29
China	Shanghai Composite	2,829	-0.07	-12.81	-14.45
Hong Kong	Hang Seng	28,224	-1.06	5.55	-5.66
Singapore	Straits Times	3,298	1.15	0.14	-3.09
Russia	RTS Index	1,115	-6.29	7.32	-3.45
Brazil	Sao Paulo Se Bovespa	78,571	2.58	20.99	2.84

Source: Thomson Reuters Eikon

## Global Bond Yield Update

Indicators	20-Jul-18	Week ago	Month ago	Year ago
U.S. 10 Year Bond yield (%)	2.89	2.83	2.93	2.27
U.K. 10 Year Bond yield (%)	1.23	1.27	1.30	1.21
German 10 Year Bond yield (%)	0.37	0.28	0.37	0.54
Japan 10 Year Bond yield (%)	0.03	0.04	0.03	0.07

Source: Thomson Reuters Eikon

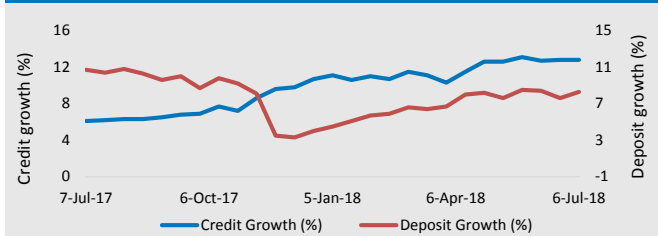
## Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
China Gross Domestic Product (YoY) (2Q)	16-Jul	6.70%	6.70%	6.80%
U.S. Housing Starts (Jun)	18-Jul	1173k	1320k	1337k
U.K. Consumer Price Index (YoY) (Jun)	18-Jul	2.40%	2.60%	2.40%
U.S. Initial Jobless Claims (Jul 14)	19-Jul	207k	220k	215k

Source: FX Street; Thomson Reuters Eikon

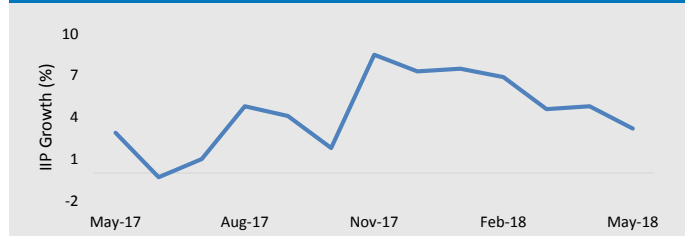
## Macro Economic Performance of India

### Credit growth vs Deposit growth



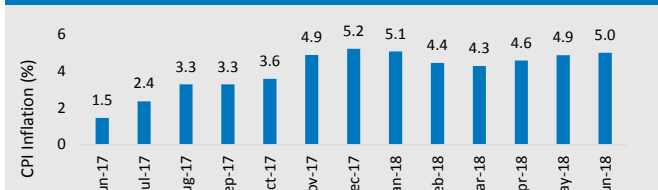
Source: Thomson Reuters Eikon

### IIP Growth (%)



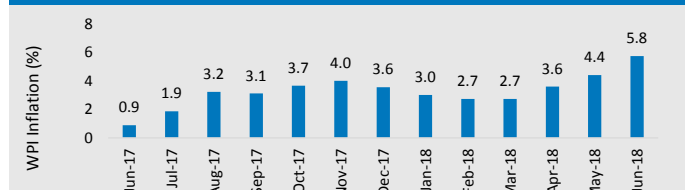
Source: Thomson Reuters Eikon

### Retail inflation movement



Source: Thomson Reuters Eikon

### Wholesale price inflation movement



Source: Thomson Reuters Eikon

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