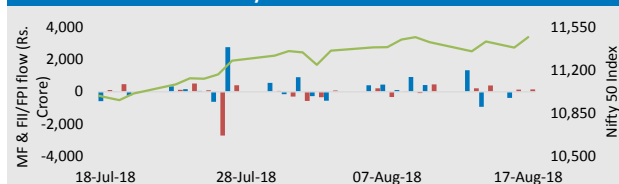


Macro Economic Release

Indicators	Actual	Consensus	Previous
WPI inflation (Jul 2018)	5.09%	5.24%	5.77%
CPI inflation (Jul 2018)	4.17%	4.51%	4.92%
IIP growth (Jun 2018)	7.00%	5.40%	3.90%
India Trade Deficit (Jul 2018)	\$18.02 billion	\$15.50 billion	\$16.60 billion

Source: Thomson Reuters Eikon

FII and DII Investment vs Nifty 50



Source: NSDL, SEBI & NSE

Indian Equity Market Performance

Broad Indices	17-Aug-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	37,948	0.21	19.35	11.43
Nifty 50	11,471	0.36	15.82	8.93
S&P BSE 100	11,748	0.43	14.32	6.51
Nifty 500	9,770	0.47	13.04	2.95
Nifty Mid cap 50	5,163	2.49	10.42	-6.81
Nifty Small cap 100	7,523	-0.20	-0.38	-17.27

Sector Indices	17-Aug-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	24,376	0.58	2.36	-8.88
S&P BSE Bankex	31,866	0.37	16.40	10.43
S&P BSE CD	22,048	0.46	24.84	-2.83
S&P BSE CG	17,856	-1.29	3.53	-6.68
S&P BSE FMCG	12,476	2.37	24.75	16.65
S&P BSE HC	15,014	5.33	14.19	1.45
S&P BSE IT	15,092	2.78	44.40	33.82
S&P BSE METAL	12,879	-1.06	-1.20	-13.79
S&P BSE Oil & Gas	14,766	-2.18	0.72	-9.32
S&P BSE Power	1,977	-0.56	-13.82	-16.98
S&P BSE PSU	7,697	-1.44	-10.13	-16.09
S&P BSE Realty	2,133	1.33	1.10	-18.23
S&P BSE Teck	7,606	2.00	29.43	18.69

Source: BSE & NSE

Macro economic Update

- Government data showed that growth of India's Consumer Price Index-based inflation (CPI) or retail inflation fell to 4.17% in Jul 2018 from 4.92% in Jun 2018. However, it increased as against 2.36% in Jul 2017. The growth in Consumer Food Price Index came in at 1.37% in Jul 2018 compared with 2.91% in Jun 2018 and -0.36% in the same month of the previous year. Among the key components, housing grew 8.30% in Jul as against a growth of 8.45% in Jun. Inflation in clothing and footwear came in at 5.28% in Jul compared with 5.67% in Jun. Fuel and light inflation grew 7.96% in Jul from 7.14% in the previous month.
- Government data showed that India's Wholesale Price Index-based inflation (WPI) decreased to 5.09% in Jul 2018 from 5.77% in Jun 2018 as prices of food articles, mainly fruits and vegetables, came down. Wholesale price inflation was at 1.88% in Jul 2017. Inflation in food articles stood at -2.16% in Jul 2018 compared to 1.80% in Jun. Inflation in vegetables stood at -14.07% in Jul compared to 8.12% in Jun. Fruit inflation stood at -8.81% in Jul compared to 3.87% in Jun. 'Fuel and power' inflation went up to 18.10% in Jul from 16.18% in Jun. The WPI Food Index came in at -0.86% in Jul against 1.56% in Jun.
- India's trade deficit in Jul 2018 increased to more than 5-year high at \$18.02 billion as against \$16.60 billion in Jun 2018. The rise was on the back of increase in oil imports that stood at \$12.35 billion, a 57.41% jump on a YoY basis. Merchandise exports increased 14.32% YoY to \$25.77 billion and imports rose 28.81% to \$43.79 billion.

Domestic Equity Market Update

- The domestic market witnessed marginal gains during the truncated trading week. The drop in inflation numbers in Jul 2018 soothed investor nerves. CPI fell to 9-month low and WPI decreased too in Jul 2018. Investors cheered the numbers as a contained inflation could mean that the Monetary Policy Committee may not raise rates any time soon.
- However, in monetary policy meeting minutes that was held on Aug 1, the members have expressed their concerns about inflation risks due to factors like increase in minimum support prices (MSPs), crude oil prices that continue to remain at elevated levels, and progress of monsoons. The RBI deputy governor further said retail inflation could resume upward movement in the period from Oct to Mar of 2018.
- Further, industrial output recorded a five-month high growth rate of 7% in Jun because of higher output in mining, manufacturing and power generation segments. But lower trade data weighed on sentiment as India's trade deficit in Jul 2018 increased to more than five-year high at \$18.02 billion. Merchandise exports increased 14.32% YoY to \$25.77 billion and imports rose 28.81% to \$43.79 billion.
- On the global front, concerns over China's slowing growth and trade tension between U.S. and China added to the woes. Nonetheless, as per the latest media report, U.S. and China are expected to hold their trade talks later in Aug. Turkey's currency crisis also played spoilsport after U.S. has warned of more economic sanctions on Turkey. The free fall in lira had been pulling rupee and other Asian currencies down as well.
- On the BSE sectoral front, most of the indices closed in green barring S&P BSE Oil & Gas (-2.18%), S&P BSE CG (-1.29%), S&P BSE Metal (-1.06%) and S&P BSE Power (-0.56%). S&P BSE HC (5.33%) stood as the major gainer followed by S&P BSE IT (2.78%) and S&P BSE FMCG (2.37%). Under the banking sector, the government has asked the Reserve Bank of India (RBI) to consider diluting the Prompt Corrective Action (PCA) framework.

Indian Debt Market Indicators

Broad Indices	16-Aug-18	Week Ago	Month Ago	Year Ago
Call Rate	6.44%	6.37%	6.12%	5.84%
CBLO	5.84%	6.40%	6.23%	5.84%
Repo	6.50%	6.50%	6.25%	6.00%
Reverse Repo	6.25%	6.25%	6.00%	5.75%
3 Month CP	7.70%	7.50%	7.65%	6.55%
1 Year CP	8.60%	8.45%	8.45%	6.94%
3 Month CD	7.19%	7.18%	7.05%	6.19%
1 Year CD	7.92%	8.02%	7.98%	6.48%

Source: CIL, Thomson Reuters Eikon * as on Aug 10, 2018; ** as on Aug 3, 2018; @ as on July 20, 2018; @@ as on Aug 18, 2017

Broad Indices	16-Aug-18	Week Ago	Month Ago	Year Ago
1 Year AAA Corporate Bond	8.28%	8.21%	8.21%	6.89%
3 Year AAA Corporate Bond	8.54%	8.46%	8.57%	6.98%
5 Year AAA Corporate Bond	8.70%	8.61%	8.71%	7.40%
1 Year G-Sec	7.30%	7.22%	7.18%	6.32%
3 Year G-Sec	7.71%	7.61%	7.70%	6.38%
5 Year G-Sec	7.92%	7.80%	7.91%	6.50%
10 Year G-Sec	7.86%	7.75%	7.75%	6.53%
Forex Reserve (\$ in billion)	400.88*	402.7**	405.14@	393.40@@

10 - Year benchmark G-Sec Movement



Source: Thomson Reuters Eikon

Note: The domestic debt market remained closed on Aug 17, 2018 on account of Parsi New Year

Domestic Debt Market Update

- Bond yields surged as rupee declined to a record low against the greenback after the Turkish lira plunged against the U.S. dollar affecting emerging economies. Geopolitical risks and concerns that India's current account deficit may widen in Jul 2018 added to the losses.
- Yield on the 10-year benchmark paper (7.17% GS 2028) rose 11 bps to close at 7.86% from the previous week's close of 7.75% after trading in a range of 7.79% to 7.88%.
- According to the Scheduled Bank's Statement of Position in India as of Aug 3, 2018, banks' deposit and credit growth stood at 8.20% and 12.70% YoY, respectively.
- Data from RBI showed that India's foreign exchange reserves fell to \$400.88 billion as on Aug 10 from \$402.70 billion in the previous week.
- RBI announced to conduct the auction for 91-Days, 182- and 364-Days Treasury Bills for notified amount of Rs, 10,000 crore, Rs. 4,000 crore and Rs. 4,000 crore respectively. The auction will be conducted on Aug 21, 2018.
- RBI announced to conduct the auction of state development loans of 11 state governments (9-, 10- and 12-year papers) for a notified amount of Rs. 7,650 crore on Aug 20, 2018. Gujarat will have an option to retain additional Rs. 300 crore under green shoe option

Global Commodity Update

Commodities	17-Aug-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	65.57	-3.16	39.78	9.10
Brent Crude Oil (\$/barrel)	71.78	-1.56	41.30	7.75
Gold (\$/ounce)	1184.35	-2.19	-8.02	-9.07
Silver (\$/ounce)	14.76	-3.35	-13.14	-12.90

Source: Thomson Reuters Eikon

Currencies Update

Currency	16-Aug-18	Week Ago	Year Ago
U.S. Dollar	70.15	68.89	64.17
GBP	89.29	87.95	82.54
Euro	80.01	78.60	75.22
100 Yen	63.50	62.08	58.56

Source: RBI

Global Equity Market Performance

Country/Region	Indices	17-Aug-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Dow Jones	25,669	1.41	18.02	3.84
	S&P 500	2,850	0.59	17.29	6.60
U.K.	FTSE	7,559	-1.41	2.31	-1.68
France	CAC 40	5,345	-1.29	3.85	0.61
Germany	DAX	12,211	-1.72	0.06	-5.47
Japan	Nikkei 225	22,270	-0.12	13.03	-2.17
China	Shanghai Composite	2,669	-4.52	-18.34	-19.30
Hong Kong	Hang Seng	27,213	-4.07	-0.48	-9.04
Singapore	Straits Times	3,209	-2.29	-1.82	-5.69
Russia	RTS Index	1,053	-0.40	1.81	-8.81
Brazil	Sao Paulo Se Bovespa	76,029	-0.63	11.84	-0.49

Source: Thomson Reuters Eikon

Global Bond Yield Update

Indicators	17-Aug-18	Week ago	Month ago	Year ago
U.S. 10 Year Bond yield (%)	2.87	2.86	2.86	2.20
U.K. 10 Year Bond yield (%)	1.24	1.24	1.26	1.09
German 10 Year Bond yield (%)	0.31	0.32	0.35	0.43
Japan 10 Year Bond yield (%)	0.09	0.10	0.04	0.04

Source: Thomson Reuters Eikon

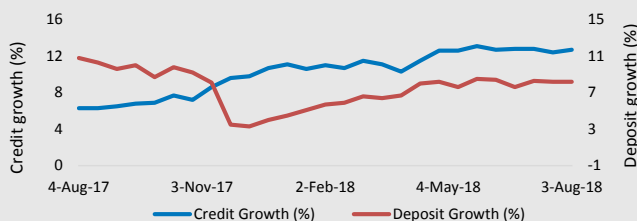
Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
U.S. Business Inventories (Jun)	15-Aug	0.10%	0.10%	0.30%
U.S. Housing Starts (MoM) (Jul)	16-Aug	0.90%	7.40%	-12.90%
U.S. Building Permits (MoM) (Jul)	16-Aug	1.5%	1.4%	-0.7%
U.S. Initial Jobless Claims (Aug 11)	16-Aug	212K	215K	214K

Source: FX Street; Thomson Reuters Eikon

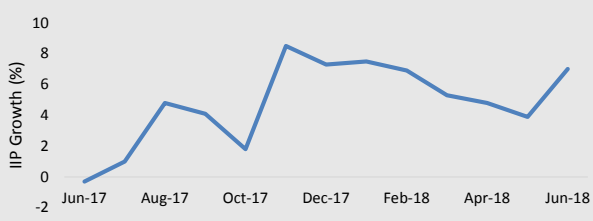
Macro Economic Performance of India

Credit growth vs Deposit growth



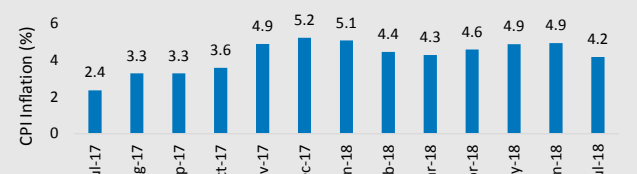
Source: Thomson Reuters Eikon

IIP Growth (%)



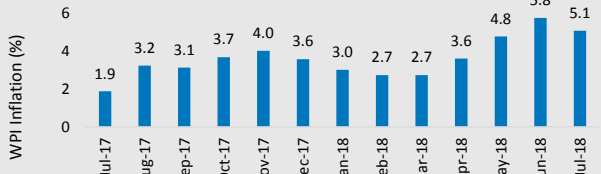
Source: Thomson Reuters Eikon

Retail inflation movement



Source: Thomson Reuters Eikon

Wholesale price inflation movement



Source: Thomson Reuters Eikon

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