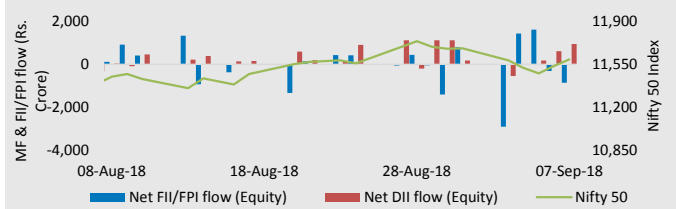


Macro Economic Release

Indicators	Actual	Consensus	Previous
CAD as % of GDP (Q1FY19)	-2.40%	NA	-1.90%
Nikkei India Composite PMI (Aug 2018)	51.9	NA	54.1
Nikkei India Services PMI (Aug 2018)	51.5	NA	54.2
Nikkei India Manufacturing PMI (Aug 2018)	51.7	52.8	52.3

Source: Thomson Reuters Eikon

FII and DII Investment vs Nifty 50



Source: NSDL, SEBI & NSE

Indian Equity Market Performance

Broad Indices	07-Sep-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	38,390	-0.66	21.25	12.72
Nifty 50	11,589	-0.78	16.71	10.05
S&P BSE 100	11,895	-1.02	14.80	7.84
Nifty 500	9,875	-1.17	12.77	4.05
Nifty Mid cap 50	5,234	-2.09	8.63	-5.53
Nifty Small cap 100	7,520	-1.94	-5.19	-17.30

Sector Indices	07-Sep-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	24,704	-0.05	2.06	-7.65
S&P BSE Bankex	31,010	-2.31	12.84	7.46
S&P BSE CD	20,867	-3.82	15.71	-8.03
S&P BSE CG	18,542	-2.40	7.00	-3.10
S&P BSE FMCG	12,186	-4.59	21.51	13.94
S&P BSE HC	16,311	2.30	23.04	10.21
S&P BSE IT	15,781	1.49	58.72	39.93
S&P BSE Metal	14,045	1.62	0.64	-5.98
S&P BSE Oil & Gas	14,971	-0.72	-1.40	-8.06
S&P BSE Power	2,098	-1.97	-7.14	-11.89
S&P BSE PSU	7,701	-2.61	-11.13	-16.05
S&P BSE Realty	2,076	-3.05	-6.27	-20.40
S&P BSE Teck	7,884	0.86	40.30	23.03

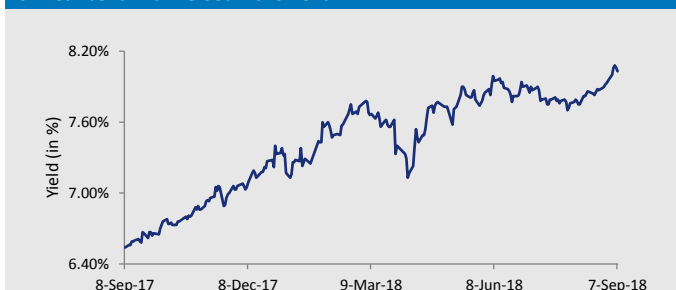
Source: BSE & NSE

Indian Debt Market Indicators

Broad Indices	07-Sep-18	Week Ago	Month Ago	Year Ago
Call Rate	6.34%	6.41%	6.33%	5.84%
CBLO	6.33%	5.40%	6.34%	5.83%
Repo	6.50%	6.50%	6.50%	6.00%
Reverse Repo	6.25%	6.25%	6.25%	5.75%
3 Month CP	7.65%	7.70%	7.55%	6.64%
1 Year CP	8.60%	8.60%	8.55%	7.01%
3 Month CD	7.19%	7.25%	7.20%	6.14%
1 Year CD	8.20%	8.04%	7.95%	6.50%

Source: CCIL, Thomson Reuters Eikon * as on Aug 31, 2018; ** as on Aug 24, 2018; # as on Aug 10, 2018; ## as on Sep 8, 2017

10 - Year benchmark G-Sec Movement



Source: Thomson Reuters Eikon

Macro economic Update

- According to the preliminary numbers released by the Reserve Bank of India (RBI), Current Account Deficit (CAD) stood at \$15.8 billion or 2.4% of Gross Domestic Product (GDP) in Q1 of 2018-19, compared to \$15.0 billion or 2.5% of GDP in Q1 of 2017-18. The widening of the CAD was driven by higher trade deficit that came in at \$45.7 billion as against \$41.9 billion in the previous year period. Net services receipts grew 2.1% YoY mainly due to rise in net earnings from software and financial services.
- India's manufacturing sector grew moderately in Aug 2018 because of softened domestic demand, according to a private business survey. The manufacturing Purchasing Managers' Index (PMI) came in at 51.7 in Aug 2018, compared to 52.3 in Jul 2018. A reading of over 50 indicates expansion and otherwise contraction.
- The Nikkei India Services PMI fell to 51.5 in Aug 2018 from 54.2 in Jul 2018. The downside reflects weakest growth in new work in three months. The seasonally adjusted Nikkei India Composite PMI Output Index fell to 51.9 in Aug 2018 as against 54.1 in Jul 2018.
- According to a global credit rating agency, the volatility of the Indian currency against the greenback will have limited impact on India's sovereign credit profile as the country has a low level of foreign currency and external debt.

Domestic Equity Market Update

- Indian equity markets closed in the red following rupee's persistent weakness wherein it plunged to a record low against the greenback. Investor sentiment dented further as final reading of a private survey showed that the domestic service sector expanded at a slower pace on MoM basis in Aug as weaker demand and rising input costs restricted hiring. Further, India's manufacturing sector growth eased in Aug 2018, thereby weighing on market sentiment.
- Global cues too played spoilsport as heightened worries over international trade conflicts curbed investors' appetite for riskier assets. U.S.-Canada trade talks on the North Atlantic Free Trade Agreement (NAFTA) ended without a resolution. Investors had hoped of a revamped NAFTA out of the talks but were disappointed. The two countries would meet again soon to continue talks. Meanwhile, U.S. President came down hard on Canada over NAFTA and asked for revised deal that is "fair" to the U.S. Media reports suggested that the President could very soon impose tariffs on another \$267 billion worth of Chinese imports.
- On the BSE sectoral front, indices closed on a weak note. S&P BSE FMCG stood as the major loser that fell 4.59% followed by S&P BSE Consumer Durables that fell 3.82%. S&P BSE Realty and S&P BSE Capital Goods fell 3.05% and 2.40%, respectively. S&P BSE Realty stocks fell over the week following an order by the Supreme Court that directed a ban of all construction activities in Maharashtra, Madhya Pradesh, Uttarakhand and Union Territory of Chandigarh unless a solid waste management policy was in place. However, the ban was lifted in Maharashtra and Uttarakhand after the two states submitted their respective solid waste management policies to the court. S&P BSE Bankex and S&P BSE Power was down 2.31% and 1.97%, respectively. Decline in S&P BSE Bankex reflects fall in stock price of one of the private sector lenders following reports that the lender had been under pressure due to ambiguity on the tenure of its managing director and chief executive officer.
- S&P BSE Healthcare stood as the major gainer that surged 2.30%, followed by S&P BSE Metal and S&P BSE IT that grew 1.62% and 1.49%, respectively. The information technology (IT) sector gained as rupee hit a fresh low. A low rupee benefits export-oriented businesses such as IT.

Domestic Debt Market Update

Broad Indices	07-Sep-18	Week Ago	Month Ago	Year Ago
1 Year AAA Corporate Bond	8.66%	8.49%	8.27%	7.04%
3 Year AAA Corporate Bond	8.67%	8.60%	8.53%	7.04%
5 Year AAA Corporate Bond	8.81%	8.75%	8.63%	7.33%
1 Year G-Sec	7.81%	7.34%	7.31%	6.23%
3 Year G-Sec	7.98%	7.80%	7.67%	6.38%
5 Year G-Sec	8.11%	8.01%	7.87%	6.50%
10 Year G-Sec	8.03%	7.95%	7.79%	6.52%
Forex Reserve (\$ in billion)	400.10 [†]	401.29 ^{**}	400.88 [#]	400.73 ^{##}

Domestic Debt Market Update

- Bond yields rose for the fourth consecutive week as market sentiment remained subdued with rupee hitting a record low against the greenback.
- On the other hand, global crude oil prices continued to remain at elevated levels amid supply concerns from Iran. Higher global crude oil prices have sparked worries over rising inflation, widening trade deficit and possibility of further monetary tightening by the Monetary Policy Committee. However, at the end losses were restricted on value buying and as global crude oil prices eased to some extent.
- Yield on the 10-year benchmark paper (7.17% GS 2028) rose 8 bps to close at 8.03% from the previous week's close of 7.95% after trading in a range of 7.92% to 8.11%.
- RBI conducted the auction of government securities of 11 state governments on Sep 3, 2018 for notified amount of Rs. 11,100 crore against which Rs. 10,237.95 crore was accepted. The cut-off yield was in the range of 8.45% to 8.75%.
- RBI conducted auction of 91-, 182- and 364-Days Treasury Bills on Sep 6, 2018 for notified value of Rs. 10,000 crore, Rs. 4,000 crore and Rs. 4,000 crore, respectively, for which the total value was accepted. The cut-off prices for 91-, 182- and 364-Days Treasury Bills were Rs. 98.32 (6.85%), Rs. 96.57 (7.12%) and Rs. 93.02 (7.52%), respectively.

Global Commodity Update

Commodities	07-Sep-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	67.78	-2.99	38.04	12.78
Brent Crude Oil (\$/barrel)	77.01	-0.49	41.28	15.60
Gold (\$/ounce)	1195.36	-0.45	-11.38	-8.22
Silver (\$/ounce)	14.1	-2.76	-21.98	-16.79

Source: Thomson Reuters Eikon

Currencies Update

Currency	07-Sep-18	Week Ago	Year Ago
U.S. Dollar	71.78	71.00	64.01
GBP	92.74	92.02	83.85
Euro	82.91	82.37	76.95
100 Yen	64.61	63.92	59.01

Source: Thomson Reuters Eikon

Global Equity Market Performance

Country/Region	Indices	07-Sep-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Dow Jones	25,917	-0.19	18.97	4.84
	S&P 500	2,872	-1.03	16.49	7.41
U.K.	FTSE	7,278	-2.08	-1.61	-5.33
France	CAC 40	5,252	-2.86	2.69	-1.14
Germany	DAX	11,960	-3.27	-2.74	-7.42
Japan	Nikkei 225	22,307	-2.44	15.01	-2.01
China	Shanghai Composite	2,702	-0.84	-19.71	-18.29
Hong Kong	Hang Seng	26,973	-3.28	-2.00	-9.85
Singapore	Straits Times	3,134	-2.46	-2.90	-7.89
Russia	RTS Index	1,051	-3.82	-5.42	-9.00
Brazil	Sao Paulo Se Bovespa	76,416	-0.34	4.09	0.02

Source: Thomson Reuters Eikon

Global Bond Yield Update

Indicators	07-Sep-18	Week ago	Month ago	Year ago
U.S. 10 Year Bond yield (%)	2.94	2.85	2.97	2.06
U.K. 10 Year Bond yield (%)	1.46	1.43	1.33	0.97
German 10 Year Bond yield (%)	0.39	0.33	0.41	0.30
Japan 10 Year Bond yield (%)	0.10	0.10	0.11	0.01

Source: Thomson Reuters Eikon

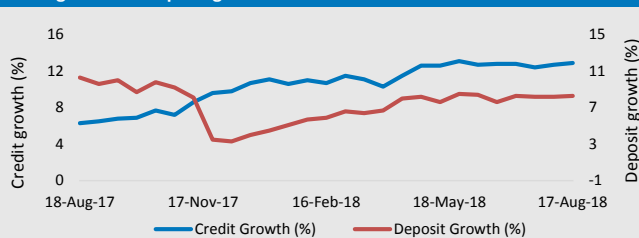
Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
U.S. ISM Manufacturing Index (Aug)	4-Sep	61.30	5760.00%	58.10
Eurozone Retail Sales (YoY) (Jul)	5-Sep	1.10%	1.30%	1.50%
Germany Factory Orders (YoY) (Jul)	6-Sep	-0.90%	1.90%	-0.80%
U.S. Non-Farm Payrolls (Aug)	7-Sep	201K	190K	147K

Source: FX Street; Thomson Reuters Eikon

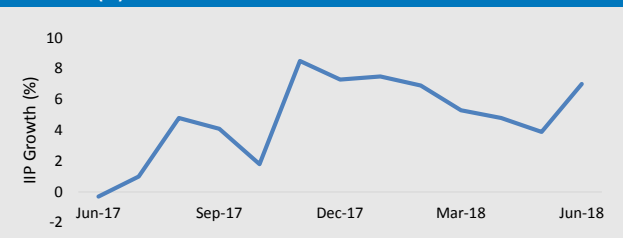
Macro Economic Performance of India

Credit growth vs Deposit growth



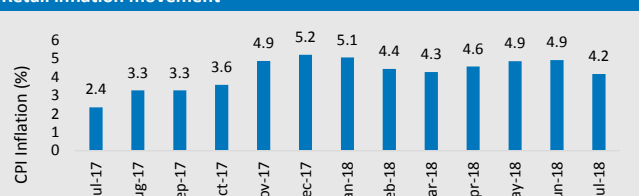
Source: Thomson Reuters Eikon

IIP Growth (%)



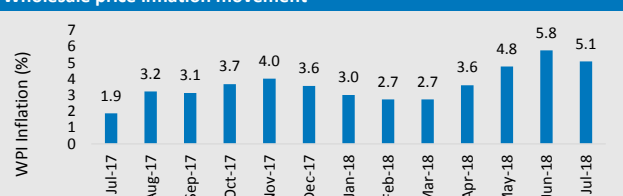
Source: Thomson Reuters Eikon

Retail inflation movement



Source: Thomson Reuters Eikon

Wholesale price inflation movement



Source: Thomson Reuters Eikon

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