

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	24-Aug-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	38,252	0.80	21.07	12.32
Nifty 50	11,557	0.75	17.25	9.75
S&P BSE 100	11,870	1.04	15.95	7.62
Nifty 500	9,851	0.82	14.47	3.79
Nifty Mid cap 50	5,220	1.11	12.99	-5.78
Nifty Small cap 100	7,532	0.13	0.22	-17.17

Sector Indices	24-Aug-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	24,469	0.38	3.91	-8.53
S&P BSE Bankex	31,444	-1.33	14.53	8.97
S&P BSE CD	21,646	-1.83	24.27	-4.60
S&P BSE CG	18,714	4.80	9.05	-2.19
S&P BSE FMCG	12,554	0.63	25.30	17.38
S&P BSE HC	15,481	3.11	17.05	4.60
S&P BSE IT	15,053	-0.26	50.21	33.48
S&P BSE METAL	13,204	2.52	1.15	-11.61
S&P BSE Oil & Gas	15,039	1.85	1.19	-7.64
S&P BSE Power	2,042	3.25	-9.03	-14.28
S&P BSE PSU	7,738	0.53	-9.67	-15.64
S&P BSE Realty	2,128	-0.22	1.62	-18.41
S&P BSE Teck	7,596	-0.14	33.42	18.53

Source: BSE & NSE

Macro economic Update

- According to the commerce ministry, a National Logistics Portal is being developed to ensure ease of trading in the international and domestic markets. The development comes as India targets lowering the logistics cost from 14% of Gross Domestic Product (GDP) to less than 10% by 2022. The portal that is being developed will link all the stakeholders of export-import, domestic trade and all trade activities on a single platform. Besides, generating jobs, this is expected to increase trade competitiveness and help the country transform into a logistics hub.
- According to a major credit rating agency, India's current account deficit (CAD) could widen to 2.5% of GDP in FY19 from 1.5% in FY18 because of higher oil prices and rupee depreciation, experts and a leading global rating agency have said. Rupee has dipped to a record low of 70.32 against the dollar in the week to Aug 17, 2018. CAD may increase due to higher oil prices and strong non-oil import demand. Net oil imports made up 2.6% of GDP in FY18 and could increase FY19.
- According to a Reserve Bank of India (RBI) report, Micro, Small and Medium Enterprises (MSME) exports were hit more by issues around Goods and Services Tax (GST) implementation than demonetisation. Delay in refund of upfront GST and input tax credit affected cash-driven working capital requirements of MSME. MSMEs constitute around 40% of the overall shipments from India. The report said credit growth in the sector was decelerating even before demonetisation and decreased even more during the note-ban.

Domestic Equity Market Update

- Indian equity markets edged higher with benchmark indices touching fresh closing highs during the week. Investors took positive cues from reports stating that a major index heavyweight became the first company to cross Rs. 8 trillion in terms of market capitalisation, resulting in India's most valued firm. Some positive corporate announcements from pharma majors generated buying interest.
- Initial optimism seen ahead of the highly anticipated U.S.-China trade talks soon faded as no significant breakthrough was achieved following the meeting held towards the end of the week. Meanwhile, U.S. President accused China and Europe of manipulating their respective currencies and expressed disappointment with the U.S. Federal Reserve for increasing interest rates.
- Gains were also largely restricted by speculation that the U.S. President's political position may be jeopardised by the legal woes of two former advisors. Sentiments dampened further as both U.S. and China imposed fresh tariffs on each other's goods.
- By the end of the week, market participants shifted their focus towards the speech by the U.S. Federal Reserve chairman, scheduled on Aug 24 (post market hours), which may provide fresh clues on the direction of U.S. monetary policy.
- On the BSE sectoral front, majority of the indices closed in the green. S&P BSE Capital Goods was the top gainer, up 4.80%, followed by S&P BSE Power and S&P BSE Healthcare, which went up 3.25% and 3.11%, respectively. Meanwhile, S&P BSE Consumer Durables was the major loser, down 1.83%, followed by S&P BSE Bankex and S&P BSE IT, which slipped 1.33% and 0.26%, respectively.
- Buying interest was seen in capital goods sector after an industry major approved a proposal to buy back up to 6 crore equity shares (4.29% of the total paid-up equity share capital), at a maximum price of Rs. 1,500 per equity share for an aggregate amount of Rs. 9,000 crore.

Indian Debt Market Indicators

Broad Indices	24-Aug-18	Week Ago	Month Ago	Year Ago
Call Rate	6.39%	6.44%	6.27%	5.90%
CBLO	6.44%	5.84%	6.38%	5.96%
Repo	6.50%	6.50%	6.25%	6.00%
Reverse Repo	6.25%	6.25%	6.00%	5.75%
3 Month CP	7.80%	7.70%	7.80%	6.55%
1 Year CP	8.65%	8.60%	8.65%	6.93%
3 Month CD	7.21%	7.19%	7.04%	6.19%
1 Year CD	8.02%	7.92%	7.97%	6.49%

Source: CCLIL, Thomson Reuters Eikon * as on Aug 17, 2018; ** as on Aug 10, 2018; @ as on July 27, 2018; @@ as on Aug 25, 2017

Broad Indices	24-Aug-18	Week Ago	Month Ago	Year Ago
1 Year AAA Corporate Bond	8.36%	8.28%	8.31%	6.98%
3 Year AAA Corporate Bond	8.56%	8.54%	8.59%	7.04%
5 Year AAA Corporate Bond	8.65%	8.70%	8.72%	7.39%
1 Year G-Sec	7.30%	7.30%	7.25%	6.29%
3 Year G-Sec	7.73%	7.71%	7.69%	6.40%
5 Year G-Sec	7.94%	7.92%	7.93%	6.50%
10 Year G-Sec	7.87%	7.86%	7.78%	6.54%
Forex Reserve (\$ in billion)	400.85*	400.88**	404.19@	393.61@@

10 - Year benchmark G-Sec Movement



Source: Thomson Reuters Eikon

Domestic Debt Market Update

- Bond yields initially fell after the rupee strengthened against the greenback. Market participants also hoped that trade talks between U.S. and China would ease tensions between the two countries.
- However, in the mid-week, gains reversed and yields rose following an increase in global crude oil prices that fueled concerns of a possible increase in domestic inflationary pressures. Also, fall in rupee against the greenback renewed worries of foreign fund outflow.
- At the end, losses almost erased as market participants bought shares after yields rose in the previous session.
- Yield on the 10-year benchmark paper (7.17% GS 2028) increased 1 bps to close at 7.87% from the previous week's close of 7.86% after trading in a range of 7.83 to 7.90%.
- The Reserve Bank of India (RBI) conducted auction of four government securities namely 7.37% GS 2023, 7.17% GS 2028, 7.40% GS 2035 and 7.06% GS 2046 for a notified amount of Rs. 12,000 crore for which full amount was accepted. The cut-off price for 7.37% GS 2023, 7.17% GS 2028, 7.40% GS 2035 and 7.06% GS 2046 stood at Rs. 97.74 (7.96%), Rs. 95.26 (7.89%), Rs. 92.46 (8.23%) and Rs. 87.15 (8.24%), respectively.

Global Commodity Update

Commodities	24-Aug-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	68.51	4.48	44.05	13.99
Brent Crude Oil (\$/barrel)	75.43	5.08	44.72	13.22
Gold (\$/ounce)	1205.55	1.79	-6.27	-7.44
Silver (\$/ounce)	14.8	0.27	-12.59	-12.66

Source: Thomson Reuters Eikon

Currencies Update

Currency	24-Aug-18	Week Ago	Year Ago
U.S. Dollar	69.91	70.09	64.04
GBP	89.91	89.37	81.97
Euro	81.29	80.16	75.55
100 Yen	62.88	63.42	58.45

Source: Thomson Reuters Eikon

Global Equity Market Performance

Country/Region	Indices	24-Aug-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Dow Jones	25,790	0.47	18.39	4.33
	S&P 500	2,875	0.86	17.86	7.52
U.K.	FTSE	7,577	0.25	2.30	-1.43
France	CAC 40	5,433	1.64	6.25	2.26
Germany	DAX	12,395	1.51	1.75	-4.05
Japan	Nikkei 225	22,602	1.49	16.78	-0.72
China	Shanghai Composite	2,729	2.27	-16.57	-17.47
Hong Kong	Hang Seng	27,672	1.68	0.56	-7.51
Singapore	Straits Times	3,213	0.11	-1.81	-5.58
Russia	RTS Index	1,064	1.11	1.38	-7.79
Brazil	Sao Paulo Se Bovespa	76,262	0.31	7.21	-0.18

Source: Thomson Reuters Eikon

Global Bond Yield Update

Indicators	24-Aug-18	Week ago	Month ago	Year ago
U.S. 10 Year Bond yield (%)	2.83	2.87	2.95	2.19
U.K. 10 Year Bond yield (%)	1.28	1.24	1.28	1.06
German 10 Year Bond yield (%)	0.34	0.31	0.39	0.38
Japan 10 Year Bond yield (%)	0.10	0.09	0.08	0.02

Source: Thomson Reuters Eikon

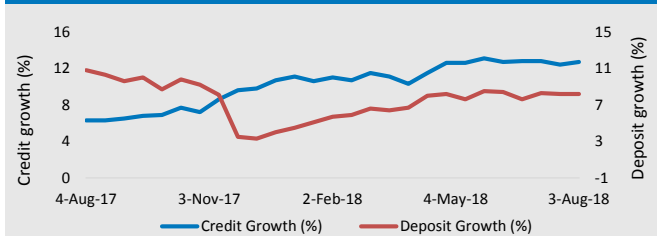
Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
U.S. Existing Home Sales (MoM) (Jul)	22-Aug	-0.70%	0.60%	-0.60%
Japan Consumer Price (YoY) (Jul)	23-Aug	0.90%	0.40%	0.70%
U.S. Markit Composite PMI (Aug P)	23-Aug	55.00	56.30	55.70
U.S. Durable Goods Orders (Jul P)	24-Aug	-1.70%	-0.50%	0.70%

Source: FX Street

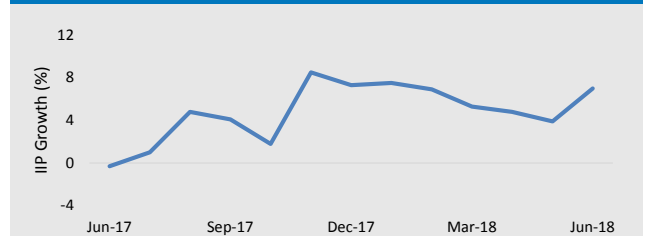
Macro Economic Performance of India

Credit growth vs Deposit growth



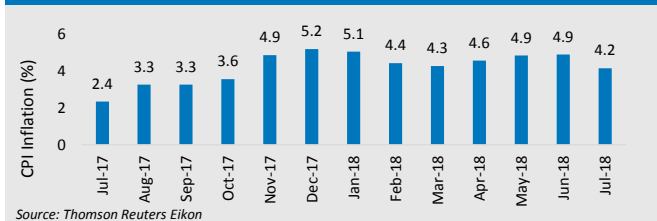
Source: Thomson Reuters Eikon

IIP Growth (%)



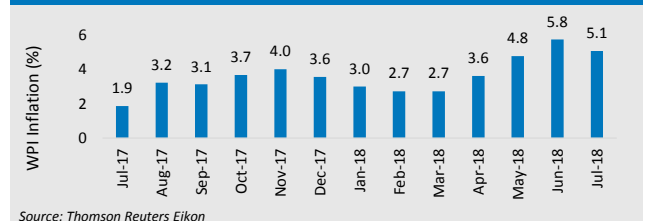
Source: Thomson Reuters Eikon

Retail inflation movement



Source: Thomson Reuters Eikon

Wholesale price inflation movement



Source: Thomson Reuters Eikon

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