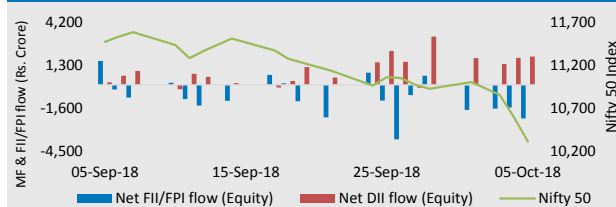


Macro Economic Release

Indicators	Actual	Consensus	Previous
WPI inflation (Aug 2018)	4.53%	4.65%	5.09%
CPI inflation (Aug 2018)	3.69%	3.86%	4.17%
IIP growth (Jul 2018)	6.60%	6.60%	6.90%
Nikkei India Manufacturing PMI (Sep 2018)	52.20	52.40	51.70

Source: Thomson Reuters Eikon

FII and DII Investment vs Nifty 50



Source: NSDL, SEBI & NSE

Indian Equity Market Performance

Broad Indices	05-Oct-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	34,377	-5.11	8.82	0.94
Nifty 50	10,316	-5.62	4.33	-2.03
S&P BSE 100	10,538	-5.41	2.39	-4.45
Nifty 500	8,625	-5.39	-0.94	-9.12
Nifty Mid cap 50	4,408	-4.66	-7.45	-20.44
Nifty Small cap 100	5,912	-3.89	-23.87	-34.99

Sector Indices	05-Oct-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	19,975	-6.99	-18.22	-25.33
S&P BSE Bankex	27,227	-2.73	0.68	-5.65
S&P BSE CD	18,660	-2.48	4.50	-17.76
S&P BSE CG	16,635	-2.77	-3.16	-13.06
S&P BSE FMCG	10,871	-5.49	8.63	1.64
S&P BSE HC	14,401	-4.16	3.95	-2.70
S&P BSE IT	15,304	-2.08	53.26	35.70
S&P BSE METAL	13,147	-0.99	-4.25	-12.00
S&P BSE Oil & Gas	12,144	-18.25	-19.85	-25.42
S&P BSE Power	1,900	-1.53	-14.01	-20.23
S&P BSE PSU	6,638	-7.43	-20.70	-27.64
S&P BSE Realty	1,615	-5.19	-23.25	-38.10
S&P BSE Teck	7,522	-2.69	33.99	17.39

Source: BSE & NSE

Indian Debt Market Indicators

Broad Indices	05-Oct-18	Week Ago	Month Ago	Year Ago
Call Rate	6.41%	6.51%	6.31%	5.83%
CBLO	6.12%	4.36%	6.21%	5.71%
Repo	6.50%	6.50%	6.50%	6.00%
Reverse Repo	6.25%	6.25%	6.25%	5.75%
3 Month CP	8.35%	8.15%	7.65%	6.71%
1 Year CP	8.85%	8.80%	8.60%	7.05%
3 Month CD	7.42%	7.43%	7.18%	6.14%
1 Year CD	8.52%	8.40%	8.07%	6.58%

Source: CCIL, Thomson Reuters Eikon * as on Sep 21, 2018; ** as on Sep 14, 2018; # as on Aug 31, 2018; ## as on Sep 29, 2017

10 - Year benchmark G-Sec Movement



Source: Thomson Reuters Eikon

Macro economic Update

- The Monetary Policy Committee (MPC) in its fourth bi-monthly monetary policy review for FY19 kept key policy repo rate on hold after it increased the same by 25 bps each in its two previous bimonthly policy reviews. The decision comes as MPC opted to keep inflation on a close vigil for the next few months. MPC voted 5:1 in favour of a status quo. However, it changed its stance to "calibrated tightening" from neutral that was in place since Feb 2017.
- The Nikkei India Services Purchasing Managers' Index (PMI) fell to 50.9 in Sep 2018 from 51.5 in Aug 2018. This marked the lowest score in the four-month period. The downside reflects weak demand and stagnant new work. Despite slight improvement in manufacturing PMI, seasonally adjusted Nikkei India Composite PMI Output Index fell to 51.6 in Sep 2018 as against 51.9 in Aug 2018. Rising price pressures weighed on the market activity.
- The Nikkei India Manufacturing Purchasing Managers' Index (PMI) improved to 52.2 in Sep 2018 from 51.7 in Aug 2018. The growth came on the back of gain in new orders, output and employment. A reading of over 50 indicates expansion and otherwise contraction. The manufacturing sector has expanded in the past 14 months.
- Government data showed that the growth of index of eight core industries slowed to 4.2% in Aug 2018 from an upwardly revised 7.3% in Jul 2018 (6.6% originally reported). Fertilizers witnessed the maximum decline of 5.3%, followed by crude oil at 3.7%, which is the ninth consecutive monthly fall for the sector. Cement witnessed the maximum growth of 14.3%, followed by electricity that increased 5.4%.

Domestic Equity Market Update

- The domestic equity market witnessed significant fall with Sensex registering major losses in consecutive three trading sessions and closing below 35,000 mark for the first time since May 2018.
- Surge in global oil prices, which touched a 4-year high of \$86 per barrel during the week, coupled with continuous fall in rupee against the greenback raised concerns over widening fiscal deficit and increase in domestic inflationary pressures. Weak services sector data for Aug 2018 also muted buying interest.
- The Monetary Policy Committee's (MPC) status-quo stance could not bring respite to investor sentiment as it contradicted market expectations of a 25 basis points rate hike because of higher crude oil prices and persisting weak rupee.
- Investors also became concerned over more foreign fund outflow on possibility of further rate hikes by the U.S. Federal Reserve.
- However, further downside was restricted as the Reserve Bank of India (RBI) decided to ease the liquidity situation and said it would inject Rs. 36,000 crore into the system in Oct 2018. The government has also asked for a management change at the crisis-hit infrastructure company that is the root cause of the liquidity concerns as it has defaulted on multiple debt payments.
- On the BSE sectoral front, all the indices closed in red with S&P BSE Oil & Gas (-18.25%) registering maximum fall followed by S&P BSE Auto (-6.99%). Oil & Gas stocks remained under pressure after the finance minister urged the oil marketing companies to absorb Re. 1 cut on fuel prices.
- Auto sector moved down as some auto majors reported decline in passenger car sales for third consecutive month in a row in Sep 2018. The decline came on account of erratic monsoon rainfall, floods in Kerala and unfavourable macro-economic conditions.

Domestic Debt Market Update

Broad Indices	05-Oct-18	Week Ago	Month Ago	Year Ago
1 Year AAA Corporate Bond	9.09%	9.01%	8.63%	7.01%
3 Year AAA Corporate Bond	8.82%	8.97%	8.66%	7.15%
5 Year AAA Corporate Bond	8.93%	9.02%	8.80%	7.48%
1 Year G-Sec	7.64%	7.75%	7.80%	6.23%
3 Year G-Sec	7.84%	7.96%	7.96%	6.47%
5 Year G-Sec	7.99%	8.07%	8.11%	6.69%
10 Year G-Sec	8.02%	8.02%	8.05%	6.73%
Forex Reserve (\$ in billion)	400.53*	401.79**	400.10#	399.66##

Domestic Debt Market Update

- Bond yields fell initially after the Reserve Bank of India announced its plans of open market purchases during the month. The government's lower than anticipated borrowing schedule for the second half of the fiscal also added to the gains.
- However, the trend reversed as bond yields spiked following increase in global crude oil prices and a record plunge of the rupee against the greenback, which disrupted market's sentiment. Global crude oil prices surged and surpassed the \$85 per barrel mark that spooked concerns of increase in domestic inflationary pressures and worries of further tightening of the monetary policy.
- Losses were completely neutralized on the penultimate day of the week as bond yields plunged and witnessed the biggest single day fall in more than six months after the Monetary Policy Committee (MPC) kept key policy repo rate unchanged in its fourth bi-monthly monetary policy review, which surprised market participants. Investors were expecting a rate hike in the backdrop of higher crude oil prices and persisting weakening of the rupee. MPC however changed its stance to 'calibrated tightening' from 'neutral'.
- Yield on the 10-year benchmark paper (7.17% GS 2028) closed steady from the last week's close at 8.02%, after trading in a range of 7.92% to 8.21%.

Global Commodity Update

Commodities	05-Oct-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	74.21	1.50	46.26	22.84
Brent Crude Oil (\$/barrel)	85.16	2.34	49.46	26.97
Gold (\$/ounce)	1202.45	0.90	-5.14	-7.68
Silver (\$/ounce)	14.59	-0.07	-12.00	-13.90

Source: Thomson Reuters Eikon

Currencies Update

Currency	05-Oct-18	Week Ago	Year Ago
U.S. Dollar	73.77	72.50	65.14
GBP	96.79	94.45	85.44
Euro	85.00	84.16	76.28
100 Yen	64.85	63.76	57.73

Source: Thomson Reuters Eikon

Global Equity Market Performance

Country/Region	Indices	05-Oct-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Dow Jones	26,447	-0.04	16.12	6.99
	S&P 500	2,886	-0.97	13.07	7.93
U.K.	FTSE	7,319	-2.55	-2.52	-4.80
France	CAC 40	5,359	-2.44	-0.37	0.88
Germany	DAX	12,112	-1.10	-6.60	-6.24
Japan	Nikkei 225	23,784	-1.39	15.30	4.48
China	Shanghai Composite	Closed	N.A.	N.A.	N.A.
Hong Kong	Hang Seng	26,573	-4.38	-6.37	-11.19
Singapore	Straits Times	3,210	-1.45	-1.60	-5.68
Russia	RTS Index	1,159	-2.74	1.34	0.42
Brazil	Sao Paulo Se Bovespa	82,322	3.75	7.44	7.75

Source: Thomson Reuters Eikon

Global Bond Yield Update

Indicators	05-Oct-18	Week ago	Month ago	Year ago
U.S. 10 Year Bond yield (%)	3.23	3.06	2.90	2.35
U.K. 10 Year Bond yield (%)	1.73	1.57	1.45	1.39
German 10 Year Bond yield (%)	0.56	0.47	0.38	0.45
Japan 10 Year Bond yield (%)	0.15	0.12	0.11	0.04

Source: Thomson Reuters Eikon

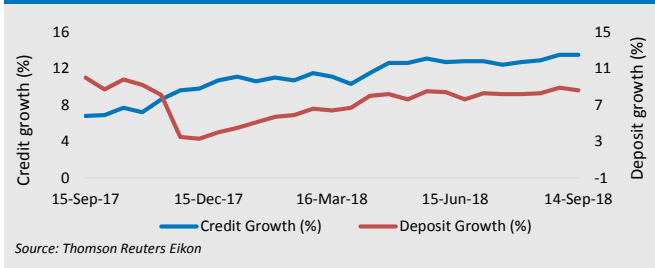
Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
U.K. Markit Construction PMI (Sep)	2-Oct	52.10	52.90	52.90
U.S. ISM Services Composite (Sep)	3-Oct	61.60	58.00	58.50
U.S. ADP Employment Change (Sep)	3-Oct	230k	184k	168k
U.S. Change in Non-farm Payrolls (Sep)	5-Oct	134k	185k	270k

Source: Dailyfx

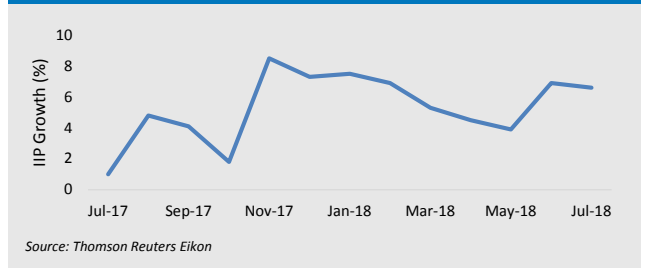
Macro Economic Performance of India

Credit growth vs Deposit growth



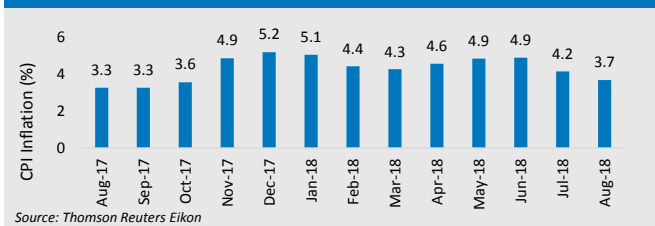
Source: Thomson Reuters Eikon

IIP Growth (%)



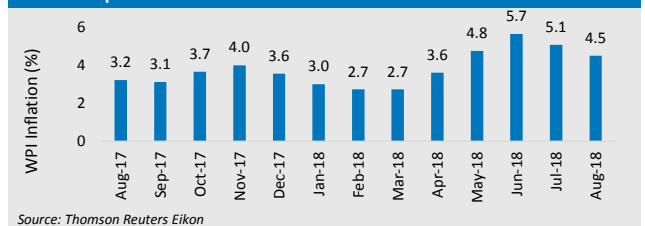
Source: Thomson Reuters Eikon

Retail inflation movement



Source: Thomson Reuters Eikon

Wholesale price inflation movement



Source: Thomson Reuters Eikon

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