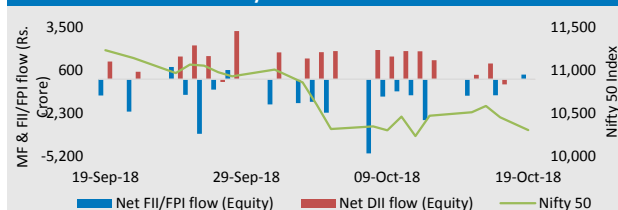


Macro Economic Release

| Indicators | Actual | Consensus | Previous |
|----------------------------------|--------|-----------|----------|
| WPI inflation (Sep 2018) | 5.13% | 4.90% | 4.53% |
| CPI inflation (Sep 2018) | 3.77% | 4.00% | 3.69% |
| IIP growth (Aug 2018) (%) | 4.30% | 4.00% | 6.50% |
| Trade Deficit (Sep 2018) (\$ bn) | 13.98 | 17.03 | 17.39 |

Source: Thomson Reuters Eikon

FII and DII Investment vs Nifty 50



Source: NSDL, SEBI & NSE

Indian Equity Market Performance

| Broad Indices | 19-Oct-18 | % Change (WoW) | % Change (YoY) | % Change (YTD) |
|---------------------|-----------|----------------|----------------|----------------|
| S&P BSE Sensex | 34,316 | -1.20 | 5.31 | 0.76 |
| Nifty 50 | 10,304 | -1.61 | 0.91 | -2.16 |
| S&P BSE 100 | 10,535 | -1.49 | -0.73 | -4.49 |
| Nifty 500 | 8,641 | -1.44 | -3.83 | -8.96 |
| Nifty Mid cap 50 | 4,490 | -1.56 | -8.75 | -18.95 |
| Nifty Small cap 100 | 5,993 | -0.52 | -25.82 | -34.09 |

| Sector Indices | 19-Oct-18 | % Change (WoW) | % Change (YoY) | % Change (YTD) |
|-------------------|-----------|----------------|----------------|----------------|
| S&P BSE AUTO | 19,573 | -4.15 | -21.55 | -26.83 |
| S&P BSE Bankex | 28,042 | -1.36 | 3.15 | -2.82 |
| S&P BSE CD | 18,246 | -2.60 | -0.35 | -19.58 |
| S&P BSE CG | 16,645 | -1.24 | -4.68 | -13.01 |
| S&P BSE FMCG | 11,184 | 1.92 | 8.92 | 4.57 |
| S&P BSE HC | 14,550 | 0.66 | 2.67 | -1.69 |
| S&P BSE IT | 14,296 | -0.02 | 37.87 | 26.76 |
| S&P BSE METAL | 12,816 | -2.08 | -12.66 | -14.21 |
| S&P BSE Oil & Gas | 13,148 | -0.97 | -17.84 | -19.26 |
| S&P BSE Power | 1,942 | -0.28 | -14.45 | -18.46 |
| S&P BSE PSU | 6,898 | -0.54 | -19.48 | -24.81 |
| S&P BSE Realty | 1,584 | -2.22 | -26.98 | -39.26 |
| S&P BSE Teck | 7,103 | -0.35 | 20.00 | 10.84 |

Source: BSE & NSE

Macro economic Update

- India's Wholesale Price Index-based inflation (WPI) increased to 5.13% in Sep 2018 from 4.53% in Aug 2018 and 3.14% in Sep 2017. Inflation in potato increased 80.13% as against an increase of 71.89% in Aug 2018. Inflation in wheat and cereals increased to 8.87% and 5.54% from 8.39% and 5.05%, respectively.
- India's trade deficit in Sep 2018 fell to \$13.98 billion as against \$17.39 billion in Aug 2018. Exports decreased 2.15% while imports increased 10.45%. For the six months ended Sep 2018, trade deficit stood at \$94.32 billion, exports rose 12.54% and imports increased 16.16%.
- India has imposed anti-dumping duties of up to \$185.51 per tonne for five years on particular varieties of Chinese steel. The step has been taken to protect domestic players from cheap imports from China.
- The Reserve Bank of India (RBI) announced more steps to increase liquidity flows to non-banking financial companies (NBFCs). RBI has permitted banks to use government securities equivalent to their incremental credit to non-banking financial companies (NBFCs) for a three-month period to meet their liquidity coverage ratio (LCR) requirements. NBFCs have come under pressure after a series of defaults by a leading infrastructure and finance company.

Domestic Equity Market Update

- Indian equity markets resumed weekly decline for the week ended Oct 19, 2018, after posting gains in the last week. Weakness in non-banking financial companies (NBFCs) on concerns of overall credit growth due to the liquidity crisis weighed on the market sentiment.
- Investors are worried that the stress in the real estate sector can deteriorate the asset quality of these lenders. Stock of a major NBFC company plunged following reports that its loans to a default-rated leading real estate developer is likely more than Rs. 500 crore.
- Surge in crude oil prices following indication of increasing demand in China, the world's second-biggest oil consumer, added to the losses. Reports that the Reserve Bank of India has rejected the request of one of the leading private sector banks for extending the term of MD & CEO and reaffirmed the deadline of Feb 2019 for finding his successor added to the losses. Meanwhile, investors remained cautious amid ongoing earnings season for the quarter ended Sep 2018.
- Asian cues were weak too as China-U.S. trade dispute and higher U.S. borrowing costs dampened sentiment. Data showing China's economy growing at its slowest pace since 2009 weighed on the investor sentiment. However, strengthening rupee restricted the losses.
- On the BSE sectoral front, indices closed on a negative note. S&P BSE Auto was the major loser that fell 4.15% followed by S&P BSE Consumer Durables that fell 2.60%. Concerns over lower sales in this festive season amid fears of rising insurance costs and lower liquidity from NBFCs kept the auto sector under pressure.
- S&P BSE Realty and S&P BSE Metal plunged 2.22% and 2.08%, respectively. The realty sector was hit following reports that long term fund-based facilities of a leading real-estate developer was cut to D from BB-. S&P BSE Bankex and S&P BSE Capital Goods declined 1.36% and 1.24%, respectively. However, S&P BSE FMCG and S&P BSE Healthcare gained 1.92% and 0.66%, respectively.

Indian Debt Market Indicators

| Broad Indices | 19-Oct-18 | Week Ago | Month Ago | Year Ago |
|---------------|-----------|----------|-----------|----------|
| Call Rate | 6.55% | 6.42% | 6.60% | 5.97% |
| CBLO | 6.41% | 4.86% | 6.46% | 5.88% |
| Repo | 6.50% | 6.50% | 6.50% | 6.00% |
| Reverse Repo | 6.25% | 6.25% | 6.25% | 5.75% |
| 3 Month CP | 7.90% | 7.75% | 8.05% | 6.74% |
| 1 Year CP | 8.85% | 8.80% | 8.70% | 7.08% |
| 3 Month CD | 8.33% | 7.14% | 7.51% | 6.19% |
| 1 Year CD | 8.38% | 8.42% | 8.39% | 6.59% |

| Broad Indices | 19-Oct-18 | Week Ago | Month Ago | Year Ago |
|-------------------------------|-----------|----------|---------------------|----------------------|
| 1 Year AAA Corporate Bond | 8.94% | 8.95% | 8.82% | 7.04% |
| 3 Year AAA Corporate Bond | 8.92% | 8.93% | 8.84% | 7.20% |
| 5 Year AAA Corporate Bond | 8.84% | 8.86% | 8.91% | 7.49% |
| 1 Year G-Sec | 7.49% | 7.57% | 7.80% | 6.26% |
| 3 Year G-Sec | 7.73% | 7.75% | 8.02% | 6.45% |
| 5 Year G-Sec | 7.91% | 7.97% | 8.09% | 6.66% |
| 10 Year G-Sec | 7.92% | 7.98% | 8.07% | 6.76% |
| Forex Reserve (\$ in billion) | 394.47* | 399.61** | 400.49 [†] | 400.30 ^{##} |

Source: CIL, Thomson Reuters Eikon * as on Oct 12, 2018; ** as on Oct 05, 2018; [†] as on Sep 14, 2018; ^{##} as on Oct 13, 2017

10 - Year benchmark G-Sec Movement



Source: Thomson Reuters Eikon

Domestic Debt Market Update

- Bond yields fell on easing consumer inflation in Sep 2018, which is lower than the central bank's expectation of 4%. Yields further declined following rise in rupee against the greenback. All these factors alleviated inflationary concerns and worries over hike in interest rates to some extent thus lifting the market sentiment.
- However, gains retreated to some extent as market participants booked profits following recent rise in bond prices and fresh supply of government securities through weekly auction.
- Yield on the 10-year benchmark paper (7.17% GS 2028) fell 6 bps to close at 7.92% from the last week's close at 7.98%, after trading in a range of 7.86% to 7.98%.
- RBI conducted auction of 91-, 182- and 364-Days Treasury Bills for notified amount of Rs. 7,000 crore, Rs. 4,000 crore and Rs. 4,000 crore, respectively, for which the entire amount was accepted. The cut-off prices were Rs. 98.30 (6.94%), Rs. 96.52 (7.23%) and Rs. 93.04 (7.50%), respectively.
- RBI conducted open market operations (OMO) purchase auction of 8.19% GS 2020, 7.80% GS 2021, 6.84% GS 2022, 8.20% GS 2025 and 7.59% GS 2029 for notified amount of Rs. 12,000 crore, of which the entire amount was accepted. The cut-off yield was 7.61%, 7.67%, 7.79%, 7.94% and 8.04% at cut-off price of Rs. 100.70, Rs. 100.30, Rs. 96.72, Rs. 101.40 and Rs. 96.95 respectively.

Global Commodity Update

| Commodities | 19-Oct-18 | % Change (WoW) | % Change (YoY) | % Change (YTD) |
|-----------------------------|-----------|----------------|----------------|----------------|
| NYMEX Crude Oil (\$/barrel) | 69.11 | -3.15 | 32.90 | 14.40 |
| Brent Crude Oil (\$/barrel) | 81.17 | 0.15 | 39.13 | 21.02 |
| Gold (\$/ounce) | 1,225.86 | 0.68 | -4.29 | -5.88 |
| Silver (\$/ounce) | 14.59 | 0.29 | -14.06 | -13.89 |

Source: Thomson Reuters Eikon

Currencies Update

| Currency | 19-Oct-18 | Week Ago | Year Ago |
|-------------|-----------|----------|----------|
| U.S. Dollar | 73.37 | 73.60 | 65.04 |
| GBP | 95.70 | 96.81 | 85.87 |
| Euro | 84.24 | 85.10 | 76.66 |
| 100 Yen | 65.14 | 65.59 | 57.58 |

Source: Thomson Reuters Eikon

Global Equity Market Performance

| Country/Region | Indices | 19-Oct-18 | % Change (WoW) | % Change (YoY) | % Change (YTD) |
|----------------|----------------------|-----------|----------------|----------------|----------------|
| U.S. | Dow Jones | 25,444 | 0.41 | 9.85 | 2.93 |
| | S&P 500 | 2,768 | 0.02 | 8.03 | 3.52 |
| U.K. | FTSE | 7,050 | 0.77 | -6.29 | -8.30 |
| France | CAC 40 | 5,085 | -0.22 | -5.28 | -4.29 |
| Germany | DAX | 11,554 | 0.26 | -11.06 | -10.56 |
| Japan | Nikkei 225 | 22,532 | -0.72 | 5.05 | -1.02 |
| China | Shanghai Composite | 2,550 | -2.17 | -24.32 | -22.88 |
| Hong Kong | Hang Seng | 25,561 | -0.93 | -9.23 | -14.57 |
| Singapore | Straits Times | 3,063 | -0.22 | -8.17 | -10.00 |
| Russia | RTS Index | 1,127 | -1.26 | -1.02 | -2.38 |
| Brazil | Sao Paulo Se Bovespa | 84,220 | 1.57 | 10.40 | 10.23 |

Source: Thomson Reuters Eikon

Global Bond Yield Update

| Indicators | 19-Oct-18 | Week ago | Month ago | Year ago |
|-------------------------------|-----------|----------|-----------|----------|
| U.S. 10 Year Bond yield (%) | 3.20 | 3.14 | 3.08 | 2.32 |
| U.K. 10 Year Bond yield (%) | 1.58 | 1.63 | 1.61 | 1.28 |
| German 10 Year Bond yield (%) | 0.43 | 0.50 | 0.49 | 0.40 |
| Japan 10 Year Bond yield (%) | 0.15 | 0.15 | 0.12 | 0.07 |

Source: Thomson Reuters Eikon

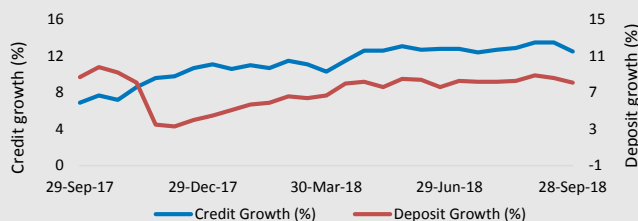
Global Economic Calendar

| Economic Events | Release date | Actual | Consensus | Previous |
|---|--------------|--------|-----------|----------|
| China Consumer Price (YoY) (Sep) | 16-Oct | 2.5% | 2.5% | 2.3% |
| U.K. Consumer Price (YoY) (Sep) | 17-Oct | 2.4% | 2.6% | 2.7% |
| Japan Consumer Price (YoY) (Sep) | 18-Oct | 1.2% | 1.3% | 1.3% |
| China Gross Domestic Product (YoY) (3Q) | 19-Oct | 6.5% | 6.7% | 6.6% |

Source: dailyfx

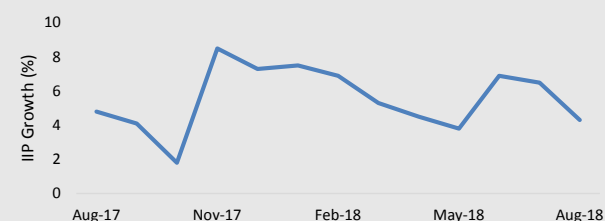
Macro Economic Performance of India

Credit growth vs Deposit growth



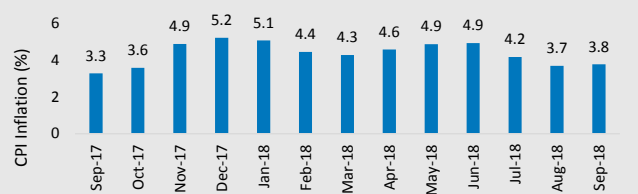
Source: Thomson Reuters Eikon

IIP Growth (%)



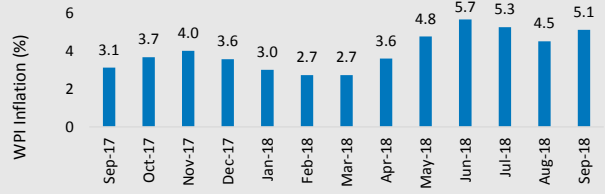
Source: Thomson Reuters Eikon

Retail inflation movement



Source: Thomson Reuters Eikon

Wholesale price inflation movement



Source: Thomson Reuters Eikon

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