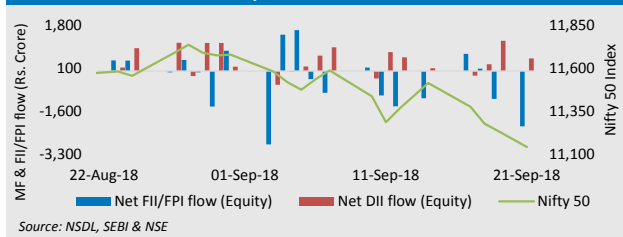


Macro Economic Release

| 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 (Aug 2018) | 51.70 | 52.80 | 52.30 |

Source: Thomson Reuters Eikon

FII and DII Investment vs Nifty 50



Indian Equity Market Performance

| Broad Indices | 21-Sep-18 | % Change (WoW) | % Change (YoY) | % Change (YTD) |
|---------------------|-----------|----------------|----------------|----------------|
| S&P BSE Sensex | 36,842 | -3.28 | 13.81 | 8.18 |
| Nifty 50 | 11,143 | -3.23 | 10.09 | 5.82 |
| S&P BSE 100 | 11,407 | -3.38 | 8.25 | 3.42 |
| Nifty 500 | 9,426 | -3.75 | 5.77 | -0.69 |
| Nifty Mid cap 50 | 4,893 | -5.60 | -0.84 | -11.69 |
| Nifty Small cap 100 | 6,902 | -6.58 | -13.27 | -24.09 |

| Sector Indices | 21-Sep-18 | % Change (WoW) | % Change (YoY) | % Change (YTD) |
|-------------------|-----------|----------------|----------------|----------------|
| S&P BSE AUTO | 23,275 | -4.01 | -5.59 | -13.00 |
| S&P BSE Bankex | 28,702 | -6.27 | 2.78 | -0.54 |
| S&P BSE CD | 20,088 | -3.12 | 12.20 | -11.47 |
| S&P BSE CG | 18,058 | -2.67 | -1.59 | -5.62 |
| S&P BSE FMCG | 11,806 | -2.17 | 16.52 | 10.38 |
| S&P BSE HC | 15,589 | -3.99 | 10.14 | 5.33 |
| S&P BSE IT | 15,470 | -1.76 | 52.64 | 37.17 |
| S&P BSE METAL | 13,956 | -0.96 | 0.46 | -6.58 |
| S&P BSE Oil & Gas | 15,048 | 1.17 | -1.25 | -7.59 |
| S&P BSE Power | 2,019 | -4.23 | -11.82 | -15.22 |
| S&P BSE PSU | 7,464 | -2.68 | -13.01 | -18.64 |
| S&P BSE Realty | 1,940 | -6.14 | -10.37 | -25.61 |
| S&P BSE Teck | 7,723 | -1.68 | 35.06 | 20.52 |

Source: BSE & NSE

Macro economic Update

- Under the government's flagship scheme Pradhan Mantri Krishi Sinchai Yojana (PMKSY), the National Bank for Agriculture and Rural Development (NABARD) has approved Rs. 65,634.93 crore loan so far to 93 prioritised irrigation projects. Under the PMKSY, through long term irrigation fund (LTIF), NABARD is funding the central and state share of 99 prioritised irrigation projects.
- According to the media reports, the Securities and Exchange Board of India (SEBI) has delayed the deadline for the extension of trading hours which was earlier decided to be Oct 1, 2018. As per the reports, the discussions are underway, and the stock exchanges have not yet reached at a consensus with brokers. The proposal is that trade hours could be stretched in order to align domestic market better with the global markets.
- A major credit rating agency has raised India's growth forecast for FY19 to 7.8% as against previous expectation of 7.4%. The agency stated that the announcement comes on the wake of better-than-expected increase in growth forecast in 2Q18 (Apr-Jun 2018). However, it indicated tightening of financial conditions, rising oil prices and weak bank balance sheets are headwinds to growth.
- The government has set an objective of producing a record 285.2 million tonnes of food grains in crop year 2018-19 that began in Jul 2018. The target comes despite 9% below normal monsoon rainfall so far in 2018. According to the agriculture ministry, the target is 0.53% higher than the initial prediction made in Apr 2018.

Domestic Equity Market Update

- The domestic equity market ended the week in the red with heavy selling pressure seen in the banking and financial sectors. Investor sentiment remained subdued because of the rating downgrade of a major domestic infrastructure development and finance company earlier this month in the wake of the recent liquidity crunch faced by the company.
- The news led to speculation that the cost of borrowing for non-banking finance companies is going to shoot up and they may face challenge in raising money. Such knee-jerk reaction triggered panic selling across the board, especially in the banking and housing finance sectors. Later, markets managed to recover much of the losses as the rumours lost some steam.
- Another factor that put additional selling pressure on the banking sector was a media report stating that the Reserve Bank of India has directed the managing director and CEO of a private lender to step down in Jan 2019.
- Investor sentiment was further dented as a global research and brokerage firm cut its Indian equities rating to 'market-weight' from 'over-weight', after remaining 'strategically overweight' on the same since 2014. It expects the markets to consolidate ahead of the general elections and maintained a 12-month Nifty 50 target of 12,000.
- Further, the recent strength in global crude oil prices raised concerns over domestic fiscal deficit.
- On the BSE sectoral front, barring S&P BSE Oil & Gas all the indices closed in the red. S&P BSE Bankex was the major loser, down 6.27%, followed by S&P BSE Realty and S&P BSE Power, which fell 6.14% and 4.23%, respectively.
- Power sector fell despite the Supreme Court directing banks to maintain status quo and not to initiate insolvency proceedings against defaulting power companies till Nov 11, 2018. Auto and healthcare sectors slipped 4.01% and 3.99%, respectively.

Indian Debt Market Indicators

| Broad Indices | 21-Sep-18 | Week Ago | Month Ago | Year Ago |
|---------------|-----------|----------|-----------|----------|
| Call Rate | 6.58% | 6.43% | 6.42% | 5.89% |
| CBLO | 6.42% | 5.57% | 6.47% | 5.98% |
| Repo | 6.50% | 6.50% | 6.50% | 6.00% |
| Reverse Repo | 6.25% | 6.25% | 6.25% | 5.75% |
| 3 Month CP | 8.05% | 7.95% | 7.75% | 6.67% |
| 1 Year CP | 8.70% | 8.75% | 8.60% | 7.03% |
| 3 Month CD | 7.40% | 7.40% | 7.18% | 6.16% |
| 1 Year CD | 8.34% | 8.40% | 8.03% | 6.52% |

| Broad Indices | 21-Sep-18 | Week Ago | Month Ago | Year Ago |
|-------------------------------|-----------|----------|-----------|----------|
| 1 Year AAA Corporate Bond | 8.81% | 8.80% | 8.32% | 7.04% |
| 3 Year AAA Corporate Bond | 8.84% | 8.84% | 8.51% | 7.16% |
| 5 Year AAA Corporate Bond | 8.93% | 8.93% | 8.62% | 7.45% |
| 1 Year G-Sec | 7.77% | 7.86% | 7.30% | 6.28% |
| 3 Year G-Sec | 8.00% | 8.11% | 7.70% | 6.46% |
| 5 Year G-Sec | 8.12% | 8.19% | 7.89% | 6.61% |
| 10 Year G-Sec | 8.08% | 8.13% | 7.83% | 6.67% |
| Forex Reserve (\$ in billion) | 400.49* | 399.28** | 401.29@ | 402.25@@ |

Source: CCIL, Thomson Reuters Eikon * as on Sep 14, 2018; **as on Sep 7, 2018; @ as on Aug 24, 2018; @@ as on Sep 22, 2017

10 - Year benchmark G-Sec Movement



Domestic Debt Market Update

- Bond yields fell after the finance ministry announced that the government could lay down details on import restriction and following central bank's declaration of notes purchase under open market operation (OMO).
- Also, rupee recovery from record low as the government is expected to intervene and undertake measures to prevent the local currency from witnessing further losses also led to rise in bond's price.
- Yield on the 10-year benchmark paper (7.17% GS 2028) fell 5 bps to close at 8.08% from the previous week's close of 8.13%, after trading in a range of 8.02 to 8.18%.
- The Reserve Bank of India (RBI) conducted OMO purchase auction of 8.12% GS 2020, 6.84% GS 2022, 6.79% GS 2027, 8.97% GS 2030 and 8.30% GS 2042 for notified amount of Rs. 10,000 crore, against which the total amount was accepted. The cut-off yield was 7.9501%, 8.0746%, 8.1604%, 8.2693% and 8.3009%, respectively.
- RBI conducted auction of 6.65% GS 2020, 7.59% GS 2026, GoI FRB 2031, 7.50% GS 2034 and 7.06% GS 2046 for notified amount of Rs. 12,000 crore for which the total amount was accepted. The cut-off price 6.65% GS 2020, 7.59% GS 2026, GoI FRB 2031, 7.50% GS 2034 and 7.06% GS 2046 was Rs. 98.20 (7.91%), Rs. 96.79 (8.12%), Rs. 99.86 (8.22%), Rs. 92.75 (8.33%) and Rs. 86.39 (8.32%), respectively.

Weekly Market Update

21 September 2018

Global Commodity Update

| Commodities | 21-Sep-18 | % Change (WoW) | % Change (YoY) | % Change (YTD) |
|-----------------------------|-----------|----------------|----------------|----------------|
| NYMEX Crude Oil (\$/barrel) | 70.70 | 2.61 | 39.45 | 17.64 |
| Brent Crude Oil (\$/barrel) | 78.69 | 0.83 | 35.53 | 18.12 |
| Gold (\$/ounce) | 1199.09 | 0.48 | -7.12 | -7.94 |
| Silver (\$/ounce) | 14.25 | 1.50 | -15.93 | -15.91 |

Source: Thomson Reuters Eikon

Currencies Update

| Currency | 21-Sep-18 | Week Ago | Year Ago |
|-------------|-----------|----------|----------|
| U.S. Dollar | 72.23 | 71.87 | 64.80 |
| GBP | 94.45 | 93.89 | 87.99 |
| Euro | 84.86 | 83.57 | 77.37 |
| 100 Yen | 64.15 | 64.13 | 57.61 |

Source: Thomson Reuters Eikon

Global Equity Market Performance

| Country/Region | Indices | 21-Sep-18 | % Change (WoW) | % Change (YoY) | % Change (YTD) |
|----------------|----------------------|-----------|----------------|----------------|----------------|
| U.S. | Dow Jones | 26,744 | 2.25 | 19.61 | 8.19 |
| | S&P 500 | 2,930 | 0.88 | 17.16 | 9.58 |
| U.K. | FTSE | 7,490 | 2.55 | 3.12 | -2.57 |
| France | CAC 40 | 5,494 | 2.65 | 4.31 | 3.42 |
| Germany | DAX | 12,431 | 2.53 | -1.34 | -3.77 |
| Japan | Nikkei 225 | 23,870 | 3.36 | 17.31 | 4.85 |
| China | Shanghai Composite | 2,797 | 4.32 | -16.69 | -15.41 |
| Hong Kong | Hang Seng | 27,954 | 2.45 | -0.56 | -6.57 |
| Singapore | Straits Times | 3,218 | 1.78 | 0.12 | -5.44 |
| Russia | RTS Index | 1,150 | 5.01 | 2.62 | -0.42 |
| Brazil | Sao Paulo Se Bovespa | 79,444 | 5.32 | 5.08 | 3.98 |

Source: Thomson Reuters Eikon

Global Bond Yield Update

| Indicators | 21-Sep-18 | Week ago | Month ago | Year ago |
|-------------------------------|-----------|----------|-----------|----------|
| U.S. 10 Year Bond yield (%) | 3.07 | 2.99 | 2.84 | 2.28 |
| U.K. 10 Year Bond yield (%) | 1.55 | 1.53 | 1.27 | 1.37 |
| German 10 Year Bond yield (%) | 0.46 | 0.45 | 0.33 | 0.45 |
| Japan 10 Year Bond yield (%) | 0.12 | 0.10 | 0.08 | 0.03 |

Source: Thomson Reuters Eikon

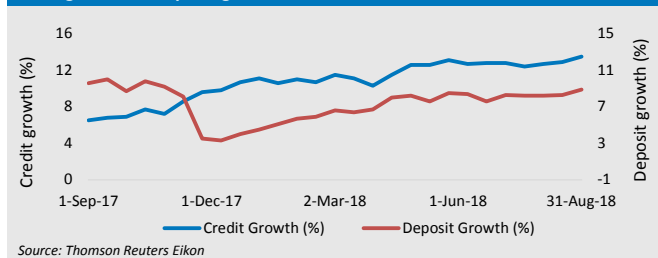
Global Economic Calendar

| Economic Events | Release date | Actual | Consensus | Previous |
|---------------------------------------|--------------|--------|-----------|----------|
| Eurozone Consumer Price (Aug F) | 17-Sep | 2.00% | 2.00% | 2.00% |
| Bank of Japan Rate Decision | 19-Sep | -0.10% | -0.10% | -0.10% |
| Japan Consumer Price Index (Aug) | 20-Sep | 1.30% | 1.10% | 0.90% |
| Eurozone Markit Composite PMI (Sep P) | 21-Sep | 53.30 | 54.50 | 54.50 |

Source: dailyfx

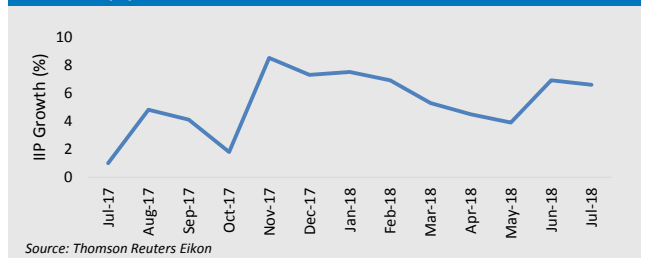
Macro Economic Performance of India

Credit growth vs Deposit growth



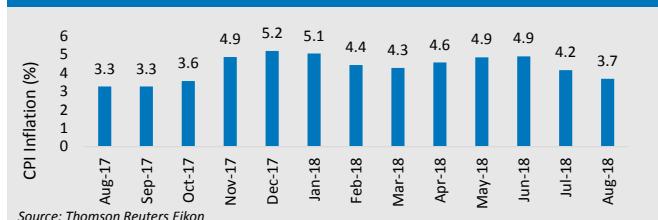
Source: Thomson Reuters Eikon

IIP Growth (%)



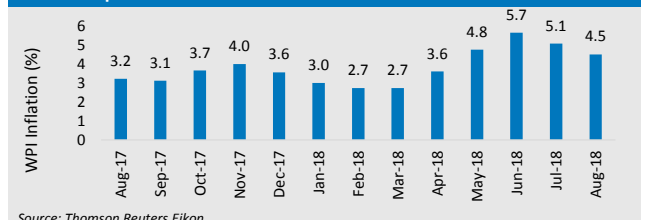
Source: Thomson Reuters Eikon

Retail inflation movement



Source: Thomson Reuters Eikon

Wholesale price inflation movement



Source: Thomson Reuters Eikon

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