

Macro Economic Release

Indicators	Actual	Consensus	Previous
WPI inflation (Nov 2018)	4.64%	4.70%	5.28%
CPI inflation (Nov 2018)	2.33%	2.80%	3.38%
IIP growth (Oct 2018) (%)	8.10%	5.70%	4.50%
Trade Deficit (USD Billion) (Nov 2018)	16.67	16.08	17.13

Source: Thomson Reuters Eikon

FII and DII Investment vs Nifty 50



Source: NSDL, SEBI & NSE

Indian Equity Market Performance

Broad Indices	14-Dec-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	35,963	0.81	8.17	5.60
Nifty 50	10,805	1.05	5.40	2.61
S&P BSE 100	11,078	1.42	3.44	0.44
Nifty 500	9,091	1.69	-0.46	-4.21
Nifty Mid cap 50	4,792	3.48	-7.15	-13.50
Nifty Small cap 100	6,281	3.71	-25.75	-30.93

Sector Indices	14-Dec-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	20,882	4.51	-17.18	-21.94
S&P BSE Bankex	30,003	1.15	5.42	3.97
S&P BSE CD	20,930	3.39	-3.35	-7.75
S&P BSE CG	18,501	1.31	2.11	-3.31
S&P BSE FMCG	11,774	2.73	11.95	10.09
S&P BSE HC	13,743	0.62	-1.68	-7.14
S&P BSE IT	14,664	1.78	35.07	30.02
S&P BSE METAL	11,635	1.36	-13.74	-22.12
S&P BSE Oil & Gas	13,412	3.42	-17.37	-17.63
S&P BSE Power	1,936	1.94	-14.26	-18.71
S&P BSE PSU	6,967	3.94	-23.20	-24.05
S&P BSE Realty	1,838	3.01	-21.41	-29.52
S&P BSE Teck	7,315	1.75	18.80	14.15

Source: BSE & NSE

Macro economic Update

- The Consumer Price Index (CPI)-based inflation or retail inflation came in 2.33% in Nov 2018 compared with upwardly revised 3.38% (originally reported 3.31%) in the previous month and 4.88% in the same month of the previous year. The consumer food price index-based inflation subsequently stood at -2.61% in Nov 2018 compared with -0.86% in the previous month and 4.35% in the same month of the previous year.
- India's Wholesale Price Index-based inflation (WPI) came in at 4.64% in Nov 2018 as against 5.28% in Oct 2018 as prices of food articles, mainly vegetables, and petroleum products came down. This marked a 3-month low. Wholesale price inflation was at 4.02% in Nov 2017. Inflation in food articles fell 3.31% as against a fall of 1.49% in Oct.
- The Index of Industrial Production (IIP) rose to 8.1% in Oct 2018 as against growth of 4.5% in the previous month and 1.8% in the same period of the previous year. For the period from Apr to Oct of 2018, IIP grew 5.6% as against an increase of 2.5% in the same period of the previous year.
- According to the preliminary numbers released by the Reserve Bank of India (RBI), Current Account Deficit (CAD) rose to \$19.1 billion or 2.9% of GDP in Q2 of 2018-19, up from \$6.9 billion or 1.1% of GDP in Q2 of 2017-18 and \$15.9 billion (2.4% of GDP) in Q1 2018-19.
- India's trade deficit in Nov 2018 came in at \$16.67 billion as against a deficit of \$17.13 billion in Oct 2018. Exports increased 0.80% in Nov as against an increase of 17.86% in Oct. Imports increased 4.31% in Nov 2018 compared with a rise of 17.62% in Oct 2018.

Domestic Equity Market Update

- Indian equity markets initially reacted negatively to the former RBI governor's resignation. Later, appointment of the new governor and his initiation to hold a meeting with a few public sector banks to understand their problems was seen as an encouraging sign by investors.
- Assembly election results also dictated market movement and despite an unfavourable outcome, investors reportedly became optimistic over high chances of the ruling party's re-election in upcoming general election in 2019. This happened following a note from a multinational investment group to the same effect.
- Positive key economic data further helped sentiment as inflation eased for Nov 2018 and the index of industrial production increased in Oct 2018.
- On the global front, weak Chinese economic data raised concerns over global growth.
- Market participants remained hopeful of further progress of U.S.-China trade negotiations. The U.S. President indicated a deal with China was possible and reports suggested the latter is reducing tariffs on imports of cars made in the U.S. to 15% from the earlier 40%. Also, the withheld official of a Chinese multinational company was released on bail.
- On the BSE sectoral front, all the indices closed in the green and S&P BSE Auto (4.51%) stood as the major gainer followed by S&P BSE Oil & Gas (3.42%) and S&P BSE CD (3.39%).
- In the auto sector according to SIAM, passenger vehicle sales fell 3.43% YoY to 2,66,000 units in Nov 2018. However, two-wheeler sales rose 7.15% YoY to 16,45,791 units. Also, vehicle sales across categories registered a rise of 5.03% to 20,38,015 units in Nov 2018.

Indian Debt Market Indicators

Broad Indices	14-Dec-18	Week Ago	Month Ago	Year Ago
Call Rate	6.41%	7.14%	6.34%	5.84%
T-Repo	6.26%	7.14%	6.31%	--
Repo	6.50%	6.50%	6.50%	6.00%
Reverse Repo	6.25%	6.25%	6.25%	5.75%
3 Month CP	7.20%	7.35%	8.40%	6.83%
1 Year CP	8.85%	8.50%	8.95%	7.28%
3 Month CD	7.05%	7.23%	7.55%	6.28%
1 Year CD	8.17%	8.17%	8.22%	6.74%

Source: CCL, Thomson Reuters Eikon * as on Dec 07, 2018; ** as on Nov 30, 2018; @ as on Nov 16, 2018; @@ as on Dec 15, 2017

Broad Indices	14-Dec-18	Week Ago	Month Ago	Year Ago
1 Year AAA Corporate Bond	8.52%	8.54%	8.70%	7.43%
3 Year AAA Corporate Bond	8.48%	8.52%	8.57%	7.48%
5 Year AAA Corporate Bond	8.36%	8.37%	8.50%	7.82%
1 Year G-Sec	6.98%	7.12%	7.32%	6.42%
3 Year G-Sec	7.23%	7.24%	7.48%	6.67%
5 Year G-Sec	7.35%	7.39%	7.59%	6.97%
10 Year G-Sec	7.44%	7.46%	7.73%	7.13%
Forex Reserve (\$ in billion)	393.73 [†]	393.72 ^{**}	393.58 [@]	401.39 ^{@@}

10 - Year benchmark G-Sec Movement



Source: Thomson Reuters Eikon

Domestic Debt Market Update

- Bond yields rose initially following the outcome of five state elections and after sudden resignation of the Reserve Bank of India (RBI) Governor. However, the trend reversed as market participants resorted to bargain hunting.
- Also, hopes that the new RBI Governor will look into the issues that has been plaguing the financial sector of late further boosted investor sentiment. More than expected fall in retail inflation in Nov 2018 raised the possibility of easing monetary policy stance in the next review meet.
- Yield on the 10-year benchmark paper (7.17% GS 2028) fell 2 bps to close at 7.44% from the last week's close at 7.46%, after trading in a range of 7.38% to 7.70%.
- RBI conducted auction of securities of 10 state governments for an aggregate amount of Rs. 9,200 crore for which Rs. 9,500 crore was accepted as Gujarat accepted an additional amount of Rs. 300 crore in the auction. The cut-off yield was in the range of 7.90% to 8.42%, while the tenure lied between 3 years to 15 years.
- 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, of which the total amount was accepted. The cut-off price stood at Rs. 98.36 (6.6877%), Rs. 96.65 (6.9513%) and Rs. 93.44 (7.0398%), respectively.

Global Commodity Update

Commodities	14-Dec-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	51.07	-2.00	-10.62	-15.02
Brent Crude Oil (\$/barrel)	60.21	-1.84	-4.96	-9.62
Gold (\$/ounce)	1238.12	-0.77	-1.17	-4.94
Silver (\$/ounce)	14.57	-0.35	-8.22	-14.04

Source: Thomson Reuters Eikon

Currencies Update

Currency	14-Dec-18	Week Ago	Year Ago
U.S. Dollar	71.91	70.85	64.33
GBP	90.48	90.16	86.40
Euro	81.32	80.60	75.76
100 Yen	63.41	62.84	57.23

Source: Thomson Reuters Eikon

Global Equity Market Performance

Country/Region	Indices	14-Dec-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Dow Jones	24,101	-1.18	-1.67	-2.50
	S&P 500	2,600	-1.26	-1.96	-2.76
U.K.	FTSE	6,845	0.99	-8.10	-10.96
France	CAC 40	4,854	0.84	-9.40	-8.64
Germany	DAX	10,866	0.72	-16.85	-15.88
Japan	Nikkei 225	21,375	-1.40	-5.81	-6.11
China	Shanghai Composite	2,594	-0.47	-21.22	-21.57
Hong Kong	Hang Seng	26,095	0.12	-10.53	-12.78
Singapore	Straits Times	3,077	-1.09	-10.44	-9.58
Russia	RTS Index	1,117	-3.58	-3.19	-3.29
Brazil	Sao Paulo Se Bovespa	87,450	-0.76	20.74	14.46

Source: Thomson Reuters Eikon

Global Bond Yield Update

Indicators	14-Dec-18	Week ago	Month ago	Year ago
U.S. 10 Year Bond yield (%)	2.89	2.85	3.12	2.35
U.K. 10 Year Bond yield (%)	1.24	1.27	1.51	1.18
German 10 Year Bond yield (%)	0.26	0.25	0.40	0.32
Japan 10 Year Bond yield (%)	0.03	0.06	0.11	0.05

Source: Thomson Reuters Eikon

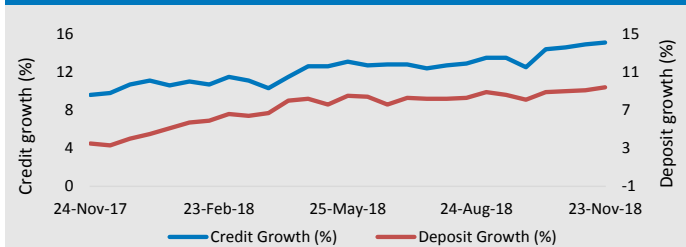
Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
Japan Eco Watchers Survey (Nov)	10-Dec	51.00	49.50	49.50
Germany ZEW Survey Expectations	11-Dec	-17.50	-24.10	-25.00
U.S. Consumer Price Index (Nov)	12-Dec	2.20%	2.50%	2.20%
European Central Bank Rate Decision	13-Dec	0.00%	0.00%	0.00%

Source: FX Street; Thomson Reuters Eikon

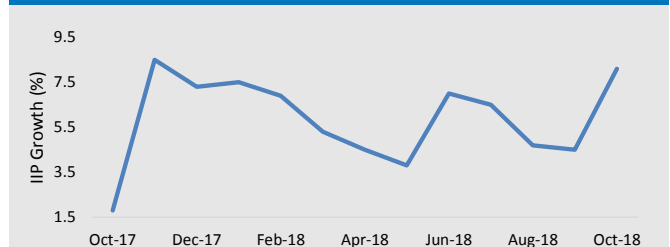
Macro Economic Performance of India

Credit growth vs Deposit growth



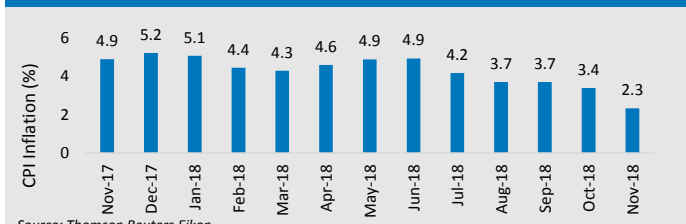
Source: Thomson Reuters Eikon

IIP Growth (%)



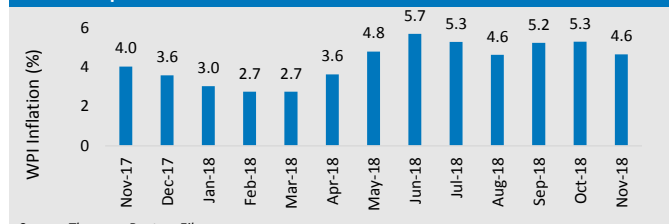
Source: Thomson Reuters Eikon

Retail inflation movement



Source: Thomson Reuters Eikon

Wholesale price inflation movement



Source: Thomson Reuters Eikon

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Regd. Office Address: Bajaj Allianz House, Airport Road, Yerawada, Pune - 411006, Reg.No.: 116. | CIN : U66010PN2001PLC015959 | Mail us : customercare@bajajallianz.co.in | Call on : Toll free no. 1800 209 7272 | Fax No: 02066026789 |