

## 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%
Fiscal Deficit (Apr-Nov 2018 - as a % of budgeted target for FY19)	114.80%	--	103.90%

Source: Thomson Reuters Eikon

## FII and DII Investment vs Nifty 50



Source: NSDL, SEBI & NSE

## Indian Equity Market Performance

Broad Indices	28-Dec-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	36,077	0.94	6.58	5.93
Nifty 50	10,860	0.98	3.65	3.13
S&P BSE 100	11,152	0.95	1.67	1.11
Nifty 500	9,153	0.77	-3.00	-3.56
Nifty Mid cap 50	4,912	1.39	-10.68	-11.34
Nifty Small cap 100	6,400	0.33	-29.00	-29.62

Sector Indices	28-Dec-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	20,827	-0.85	-21.24	-22.15
S&P BSE Bankex	30,330	1.02	5.48	5.11
S&P BSE CD	20,552	0.68	-8.65	-9.42
S&P BSE CG	18,789	1.01	-1.30	-1.80
S&P BSE FMCG	11,836	1.05	11.61	10.67
S&P BSE HC	13,830	0.48	-6.38	-6.55
S&P BSE IT	14,052	1.14	26.10	24.60
S&P BSE METAL	11,673	-1.35	-22.21	-21.87
S&P BSE Oil & Gas	13,781	0.93	-15.76	-15.37
S&P BSE Power	1,991	0.22	-15.16	-16.39
S&P BSE PSU	7,215	0.68	-21.39	-21.35
S&P BSE Realty	1,803	-2.64	-30.56	-30.87
S&P BSE Teck	7,055	1.42	11.46	10.09

Source: BSE & NSE

## Macro economic Update

- Government data showed that India's fiscal deficit for Apr-Nov 2018 came in at Rs. 7.16 lakh crore, or 114.8% of the budgeted target for FY19 as against 112.0% in the year-ago period. Net tax receipts were Rs. 7.31 lakh crore or 49.4% of the budget estimate for FY19 compared with 57.0% in the corresponding period of the previous year. The government's total expenditure for the period from Apr to Nov of 2018 stood at Rs. 16.13 lakh crore or 66.1% of the budget estimate for FY19 compared with 68.9% in the corresponding period of the previous year.
- The finance minister announced that the 28% Goods and Services Tax (GST) slab could be phased out. This came at the backdrop of the GST Council taking out 23 items from the highest category of 28%, leaving only 28 items in it. Rates of the 23 items were revised downwards to 18% and 12% slabs. Tobacco products, luxury vehicles, molasses, air-conditioners, aerated water, large TVs, and dish washers are a part of the 28% slab. Cement and auto parts are the only items of common use included in 28% slab. The minister said the government's next priority is to transfer cement into a lower slab as all other building materials have been transferred from 28% to 18% and 12%.
- The finance minister indicated that India could adopt a single standard GST rate going in the future instead of two standard rates of 12% and 18%. He said the single rate could be a mid-point between the two. The minister added that for this to happen revenue from GST collection should rise significantly.

## Domestic Equity Market Update

- Indian equity markets witnessed gains in the week ended Dec 28, 2018, after losing in the previous week. Optimism over central government's bank recapitalisation announcement helped boost the market sentiment.
- The government is expected to release Rs. 286.15 billion before the end of Dec 2018 towards a fresh tranche of funds to recapitalise state-run banks. Strong rupee and decline in crude oil prices added to the gains. The combination of a stronger rupee and weaker oil prices augur well for the economy as it keeps inflation in check.
- However, worries over slowing global economic growth and anxiety over a partial U.S. government shutdown has kept markets around the world under pressure, thereby restricting the gains. U.S. markets have seen some worse lows since the 2008 financial crisis as the U.S. Federal Reserve hiked interest rates and President's plan of building a wall on the Mexican border culminated into a part government closure.
- On the BSE sectoral front, indices closed on a positive note. S&P BSE Teck was the major gainer that grew 1.42% followed by S&P BSE IT that grew 1.14%. S&P BSE FMCG and S&P BSE Bankex gained 1.05% and 1.02%, respectively. However, S&P BSE Realty was the major loser, down 2.64% followed by S&P BSE Metal that fell 1.35%. S&P BSE Auto fell 0.85%. Stock of an auto major fell after a major global brokerage house downgraded the company's stock to "sell" as it feels future volumes and results could be muted.

## Indian Debt Market Indicators

Broad Indices	28-Dec-18	Week Ago	Month Ago	Year Ago
Call Rate	6.57%	6.45%	6.36%	6.00%
T-Repo	6.52%	6.48%	6.34%	--
Repo	6.50%	6.50%	6.50%	6.00%
Reverse Repo	6.25%	6.25%	6.25%	5.75%
3 Month CP	7.25%	7.20%	7.75%	7.01%
1 Year CP	8.60%	8.60%	8.90%	7.48%
3 Month CD	7.01%	6.95%	7.27%	6.40%
1 Year CD	8.05%	8.16%	8.50%	6.98%

Source: CCL, Thomson Reuters Eikon \* as on Dec 21, 2018; \*\* as on Dec 14, 2018; # as on Nov 23, 2018; ## as on Dec 22, 2017

Broad Indices	28-Dec-18	Week Ago	Month Ago	Year Ago
1 Year AAA Corporate Bond	8.56%	8.48%	8.47%	7.60%
3 Year AAA Corporate Bond	8.54%	8.40%	8.57%	7.79%
5 Year AAA Corporate Bond	8.27%	8.21%	8.47%	8.06%
1 Year G-Sec	6.83%	6.87%	7.17%	6.60%
3 Year G-Sec	7.09%	7.07%	7.43%	7.00%
5 Year G-Sec	7.22%	7.19%	7.52%	7.23%
10 Year G-Sec	7.39%	7.28%	7.64%	7.40%
Forex Reserve (\$ in billion)	393.29*	393.12**	392.79#	404.92##

## 10 - Year benchmark G-Sec Movement



Source: Thomson Reuters Eikon

## Domestic Debt Market Update

- Bond yields rose as investor's resorted to profit booking ahead of the quarter-end. Market sentiment dampened amid concerns over fiscal deficit and higher state borrowing expectations. However, decline in crude oil prices and gains in rupee restricted the losses.
- Yield on the 10-year benchmark paper (7.17% GS 2028) rose 11 bps to close at 7.39% from the last week's close at 7.28%, after trading in a range of 7.23% to 7.39%.
- The Reserve Bank of India (RBI) on Dec 26 conducted auction of 91-, 182- and 364-Day Treasury Bills for notified amount of Rs. 7,000, Rs. 4,000 and Rs. 4,000 at cut-off price of Rs. 98.37 (6.65%), Rs. 96.70 (6.84%) and Rs. 93.53 (6.94%), respectively.
- RBI on Dec 24 conducted auction of state development loans of 10 state governments for notified amount of Rs. 13,562.83 crore, for which total amount accepted was Rs. 13,845.83 crore. Gujarat accepted an additional amount of Rs. 300 crore in the auction. The cut-off yield lied in the range of 8.08% to 8.24%.
- RBI on Dec 27 conducted open market purchase of 7.80% GS 2020, 7.68% GS 2023, 8.33% GS 2026, 8.28% GS 2027, 6.79% GS 2029 and 8.32% GS 2032 for aggregate amount of Rs. 15,000 crore of which the total amount was accepted. The cut-off yields were 6.94%, 7.20%, 7.35%, 7.38%, 7.45% and 7.57%, at cut-off price of Rs. 101.08, Rs. 101.95, Rs. 105.60, Rs. 105.72, Rs. 95.14 and Rs. 106.30, respectively.

## Global Commodity Update

Commodities	28-Dec-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	45.06	-0.57	-24.72	-25.02
Brent Crude Oil (\$/barrel)	52.22	-2.30	-21.53	-21.62
Gold (\$/ounce)	1280.67	1.97	-1.09	-1.67
Silver (\$/ounce)	15.34	5.07	-8.91	-9.48

Source: Thomson Reuters Eikon

## Currencies Update

Currency	28-Dec-18	Week Ago	Year Ago
U.S. Dollar	69.92	70.13	64.07
GBP	88.83	88.57	86.12
Euro	80.00	79.75	76.51
100 Yen	63.39	63.04	56.75

Source: Thomson Reuters Eikon

## Global Equity Market Performance

Country/Region	Indices	28-Dec-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Dow Jones	23,062	2.75	-7.15	-6.70
	S&P 500	2,486	2.86	-7.51	-7.03
U.K.	FTSE	6,734	0.19	-11.66	-12.41
France	CAC 40	4,679	-0.33	-12.37	-11.93
Germany	DAX	10,559	-0.70	-18.65	-18.26
Japan	Nikkei 225	20,015	-0.75	-12.15	-12.08
China	Shanghai Composite	2,494	-0.89	-24.34	-24.59
Hong Kong	Hang Seng	25,504	-0.97	-14.60	-14.76
Singapore	Straits Times	3,053	0.24	-10.17	-10.27
Russia	RTS Index	1,066	-1.02	-7.34	-7.65
Brazil	Sao Paulo Se Bovespa	87,887	2.56	15.03	15.03

Source: Thomson Reuters Eikon

## Global Bond Yield Update

Indicators	28-Dec-18	Week ago	Month ago	Year ago
U.S. 10 Year Bond yield (%)	2.74	2.79	3.04	2.43
U.K. 10 Year Bond yield (%)	1.27	1.32	1.38	1.20
German 10 Year Bond yield (%)	0.24	0.25	0.35	0.42
Japan 10 Year Bond yield (%)	0.00	0.05	0.09	0.05

Source: Thomson Reuters Eikon

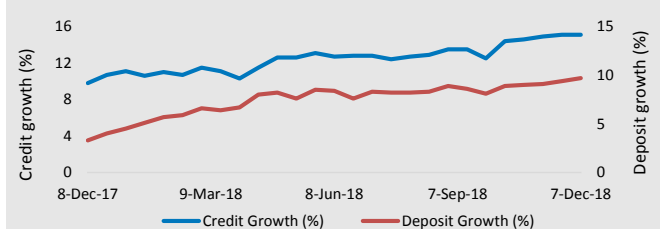
## Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
Japan Corporate Service Price (YoY) (Nov)	24-Dec	1.20%	1.30%	1.30%
U.S. Consumer Confidence Index (Dec)	27-Dec	128.10	136.40	133.50
Japan Housing Starts (YoY) (Nov)	27-Dec	-0.60%	0.30%	-0.10%
Germany Consumer Price Index (YoY) (Dec P)	28-Dec	1.70%	2.30%	1.90%

Source: FX Street; Thomson Reuters Eikon

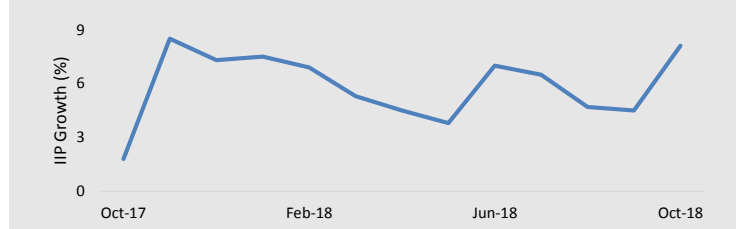
## Macro Economic Performance of India

### Credit growth vs Deposit growth



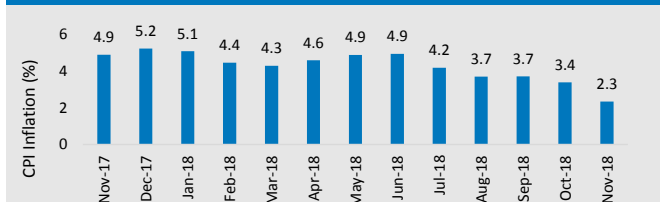
Source: Thomson Reuters Eikon

### IIP Growth (%)



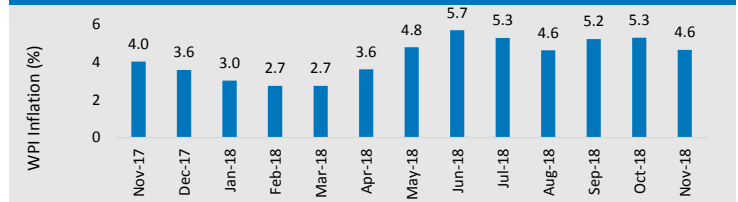
Source: Thomson Reuters Eikon

### Retail inflation movement



Source: Thomson Reuters Eikon

### Wholesale price inflation movement



Source: Thomson Reuters Eikon

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