

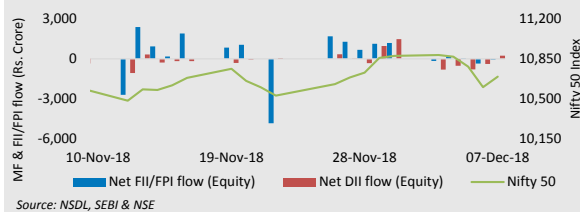
Weekly Market Update

Macro Economic Release

Indicators	Actual	Consensus	Previous
Gross Domestic Product (GDP) (Q2FY19)	7.10%	7.40%	8.20%
Nikkei India Manufacturing PMI (Nov 2018)	54.00	52.60	53.10
Nikkei India Services PMI (Nov 2018)	53.70	52.50	52.20
CPI inflation (Oct 2018)	3.31%	3.67%	3.70%

Source: Thomson Reuters Eikon

FI and DII Investment vs Nifty 50



Source: NSDL, SEBI & NSE

Indian Equity Market Performance

Broad Indices	07-Dec-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	35,673	-1.44	8.27	4.75
Nifty 50	10,694	-1.68	5.18	1.55
S&P BSE 100	10,922	-1.77	2.59	-0.97
Nifty 500	8,941	-1.85	-1.78	-5.80
Nifty Mid cap 50	4,631	-3.12	-10.88	-16.41
Nifty Small cap 100	6,057	-2.57	-29.34	-33.39

Sector Indices	07-Dec-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	19,981	-4.40	-20.33	-25.31
S&P BSE Bankex	29,661	-0.96	4.48	2.79
S&P BSE CD	20,244	-1.38	-6.21	-10.78
S&P BSE CG	18,262	-2.02	-0.76	-4.56
S&P BSE FMCG	11,461	-1.60	10.93	7.16
S&P BSE HC	13,658	-4.71	-1.29	-7.71
S&P BSE IT	14,407	0.77	33.39	27.75
S&P BSE METAL	11,479	-2.98	-15.46	-23.16
S&P BSE Oil & Gas	12,968	-2.10	-18.70	-20.36
S&P BSE Power	1,899	-0.64	-16.79	-20.26
S&P BSE PSU	6,703	-2.00	-26.07	-26.92
S&P BSE Realty	1,785	-0.39	-26.02	-31.58
S&P BSE Teck	7,189	0.26	17.08	12.19

Source: BSE & NSE

Macro economic Update

- The Monetary Policy Committee (MPC) in its fifth bi-monthly monetary policy review for FY19 kept key policy repo rate on hold for the second consecutive time after it increased the same by 25 bps each in Jun 2018 and Aug 2018. Thus, the key policy repo rate stood unchanged at 6.50%. The reverse repo rate stood at 6.25% and the marginal standing facility rate and the Bank Rate stood at 6.75%.
- The Monetary Policy Committee proposed to lower the Statutory Liquidity Ratio (SLR) by 25 basis points (bps) every calendar quarter until it reaches 18% of Net Demand and Time Liabilities (NDTL). The first reduction of 25 bps will take effect in the quarter beginning Jan 2019. Currently, scheduled commercial banks have to reach the minimum LCR of 100% by Jan 1, 2019 and the SLR is 19.5% of NDTL. The objective of the move is to align statutory liquidity ratio with liquidity coverage ratio.
- On the inflation front, MPC lowered its retail inflation outlook. Including the House Rent Allowance (HRA) impact, MPC lowered the retail inflation outlook to 2.7%-3.2% for second half of FY19 as against its earlier projection of 3.9%-4.5%. For the first half of FY20, MPC projected retail inflation in the range of 3.8% to 4.2%.
- The Nikkei India Manufacturing Purchasing Managers' Index (PMI) increased for the third straight month in Nov 2018 to 54.0 from 53.1 in Oct 2018. A reading of over 50 indicates expansion and otherwise contraction. The growth reflects strengthening manufacturing operating conditions since healthy new order inflows made companies increase production compared with Oct.

Domestic Equity Market Update

- Indian equity markets fell in the week ended Dec 7, 2018, after witnessing gains in the last week. The decline came despite the Monetary Policy Committee keeping policy rates unchanged, which was in line with market expectations.
- Investor sentiment was soured by weak Gross Domestic Product (GDP) figures for the second quarter of FY19 and fiscal deficit crossing budget estimates in the period Apr-Oct 2018. Surge in crude oil prices and weakness in rupee also muted buying interest.
- Further, investors were cautious ahead of the results of crucial assembly elections in five states due on Dec 11, 2018.
- Weak global cues due to sharp fall in long-term U.S. Treasury yields and resurgent trade concerns raised worries about global economic growth and weighed on investor sentiment.
- Global markets also remained under pressure after U.S. ordered the arrest of a top executive of a Chinese tech giant, putting the 90-day truce between the two countries under shadow.
- However, a rebound in global stocks amid expectations that U.S. Federal Reserve may ease its faster pace of interest rate hikes in 2019 restricted the losses.
- On the BSE sectoral front, indices closed on a negative note. S&P BSE healthcare was the major loser that fell 4.71% followed by S&P BSE Auto that fell 4.40%. S&P BSE Metal and S&P BSE Oil & Gas plunged 2.98% and 2.10%, respectively.
- Healthcare sector lost as India's biggest pharma company was surrounded by allegations of mis-governance and insider trading. Auto stocks also witnessed steep decline after a major credit rating agency lowered the score of a luxury car unit of an auto major.
- Metal stocks came under pressure as prices of industrial metals declined over trade war concerns.
- Energy sector lost amid gains in crude oil prices. S&P BSE Capital Goods and S&P BSE FMCG fell 2.02% and 1.60%, respectively. Only S&P BSE IT and S&P BSE Teck grew 0.77% and 0.26%, respectively. Gains in IT stocks reflect weakness in rupee as the sector derives a lion's share of revenue from exports.

Indian Debt Market Indicators

Broad Indices	07-Dec-18	Week Ago	Month Ago	Year Ago
Call Rate	6.41%	6.41%	6.43%	5.76%
T-Repo	6.44%	6.29%	6.39%	--
Repo	6.50%	6.50%	6.50%	6.00%
Reverse Repo	6.25%	6.25%	6.25%	5.75%
3 Month CP	7.35%	7.75%	8.55%	6.81%
1 Year CP	8.50%	9.05%	9.00%	7.20%
3 Month CD	7.23%	7.24%	7.63%	6.24%
1 Year CD	8.17%	8.48%	8.34%	6.66%

Source: CCIL, Thomson Reuters Eikon * as on Nov 30, 2018; ** as on Nov 23, 2018; @ as on Nov 9, 2018; @@@ as on Dec 8, 2017

Broad Indices	07-Dec-18	Week Ago	Month Ago	Year Ago
1 Year AAA Corporate Bond	8.49%	8.52%	8.82%	7.33%
3 Year AAA Corporate Bond	8.56%	8.53%	8.61%	7.41%
5 Year AAA Corporate Bond	8.42%	8.43%	8.58%	7.72%
1 Year G-Sec	7.12%	7.17%	7.35%	6.34%
3 Year G-Sec	7.24%	7.42%	7.53%	6.62%
5 Year G-Sec	7.39%	7.52%	7.69%	6.91%
10 Year G-Sec	7.46%	7.61%	7.80%	7.05%
Forex Reserve (\$ in billion)	393.72*	392.79**	393.01@	400.9@@

10 - Year benchmark G-Sec Movement



Source: Thomson Reuters Eikon

Domestic Debt Market Update

- Bond yields plunged after the release of the Monetary Policy Committee's fifth bi-monthly policy Monetary Policy Statement for FY19. The key interest rate remained unchanged at 6.50% and the inflation forecast was reduced to 2.7%-3.2% for the latter half of the fiscal. This lifted the bond market sentiment.
- In the post-policy press conference, the Deputy Governor of the Reserve Bank of India (RBI) also hinted that more open market purchases will be required until end of Mar 2019, which also boosted investor sentiment.
- Yield on the 10-year benchmark paper (7.17% GS 2028) fell 15 bps to close at 7.46% from the last week's close at 7.61%, after trading in a range of 7.37% to 7.65%.
- RBI conducted auction of state development loans of 10 state governments for notified amount of Rs. 12,726 crore, for which the entire amount was accepted. The cut-off yield lied in the range of 7.78% to 8.44%, while the tenure varied between 2 years to 25 years.
- RBI conducted 91-, 182- and 364-Day Treasury Bills for notified amount of Rs. 7,000 crore, Rs. 4,000 crore and Rs. 4,000 crore, respectively. The cut-off prices were Rs. 98.35 (6.7292%), Rs. 96.62 (7.0157%) and Rs. 93.34 (7.1548%), respectively.

Global Commodity Update

Commodities	07-Dec-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	52.11	3.05	-7.90	-13.29
Brent Crude Oil (\$/barrel)	61.34	4.53	-1.16	-7.93
Gold (\$/ounce)	1247.71	2.11	0.11	-4.20
Silver (\$/ounce)	14.617	3.15	-7.05	-13.74

Source: Thomson Reuters Eikon

Currencies Update

Currency	07-Dec-18	Week Ago	Year Ago
U.S. Dollar	70.85	69.64	64.56
GBP	90.16	88.83	86.98
Euro	80.60	78.80	75.99
100 Yen	62.84	61.36	57.08

Source: Thomson Reuters Eikon

Global Equity Market Performance

Country/Region	Indices	07-Dec-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Dow Jones	24,389	-4.50	0.73	-1.34
	S&P 500	2,633	-4.60	-0.15	-1.52
U.K.	FTSE	6,778	-2.90	-7.41	-11.83
France	CAC 40	4,813	-3.81	-10.60	-9.40
Germany	DAX	10,788	-4.17	-17.30	-16.49
Japan	Nikkei 225	21,679	-3.01	-3.64	-4.77
China	Shanghai Composite	2,606	0.68	-20.36	-21.20
Hong Kong	Hang Seng	26,064	-1.67	-7.91	-12.89
Singapore	Straits Times	3,111	-0.21	-8.18	-8.57
Russia	RTS Index	1,158	2.82	3.43	0.30
Brazil	Sao Paulo Se Bovespa	88,115	-1.55	21.56	15.33

Source: Thomson Reuters Eikon

Global Bond Yield Update

Indicators	07-Dec-18	Week ago	Month ago	Year ago
U.S. 10 Year Bond yield (%)	2.85	3.01	3.21	2.38
U.K. 10 Year Bond yield (%)	1.27	1.37	1.53	1.25
German 10 Year Bond yield (%)	0.25	0.31	0.45	0.30
Japan 10 Year Bond yield (%)	0.06	0.08	0.12	0.05

Source: Thomson Reuters Eikon

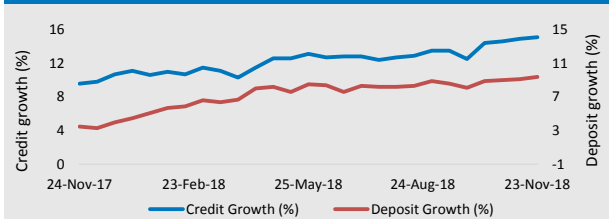
Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
U.S. ISM Manufacturing (Nov)	3-Dec	59.30	57.50	57.70
Germany Factory Orders (YoY) (Oct)	6-Dec	-2.70%	-3.10%	-2.60%
U.S. Factory Orders (Oct)	6-Dec	-2.10%	-2.00%	0.20%
Eurozone Gross Domestic Product (YoY)	7-Dec	1.60%	1.70%	1.70%

Source: Dailyfx

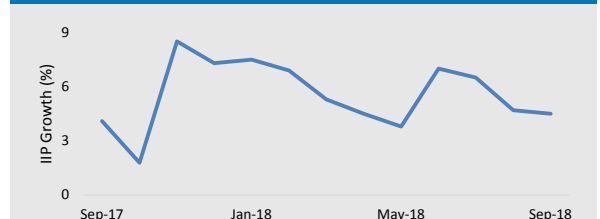
Macro Economic Performance of India

Credit growth vs Deposit growth



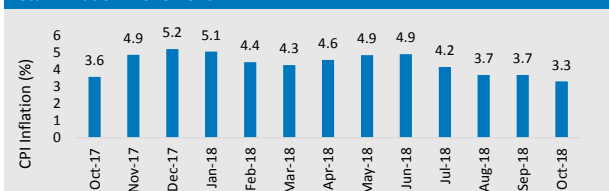
Source: Thomson Reuters Eikon

IIP Growth (%)



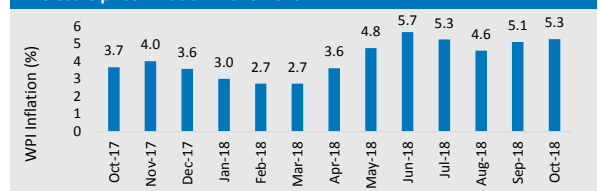
Source: Thomson Reuters Eikon

Retail inflation movement



Source: Thomson Reuters Eikon

Wholesale price inflation movement



Source: Thomson Reuters Eikon

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