

## 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	21-Dec-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	35,742	-0.61	5.88	4.95
Nifty 50	10,754	-0.48	3.00	2.12
S&P BSE 100	11,048	-0.27	1.03	0.16
Nifty 500	9,083	-0.10	-3.25	-4.30
Nifty Mid cap 50	4,845	1.10	-10.90	-12.55
Nifty Small cap 100	6,379	1.56	-27.91	-29.85

Sector Indices	21-Dec-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	21,006	0.59	-20.61	-21.48
S&P BSE Bankex	30,024	0.07	3.96	4.04
S&P BSE CD	20,414	-2.47	-9.98	-10.03
S&P BSE CG	18,601	0.54	-1.85	-2.79
S&P BSE FMCG	11,713	-0.52	10.00	9.52
S&P BSE HC	13,764	0.15	-4.47	-7.00
S&P BSE IT	13,894	-5.25	26.41	23.20
S&P BSE METAL	11,832	1.70	-18.61	-20.80
S&P BSE Oil & Gas	13,655	1.81	-16.69	-16.14
S&P BSE Power	1,987	2.63	-15.34	-16.57
S&P BSE PSU	7,166	2.86	-22.65	-21.88
S&P BSE Realty	1,852	0.74	-25.91	-29.00
S&P BSE Teck	6,956	-4.90	11.44	8.55

Source: BSE & NSE

## Macro economic Update

- The finance minister announced that the government will inject Rs. 83,000 crore in public sector banks in the next few months of FY19. According to media reports, this is expected to help the banks come out of the Reserve Bank of India's PCA framework. Additionally, the government has proposed additional capital injection of Rs. 41,000 crore in state-owned banks through issue of government securities. This is expected to enhance the total recapitalisation in the from Rs. 65,000 crore to Rs. 1.06 lakh crore in FY19.
- A major global credit rating agency opined that the recent resignation of the Reserve Bank of India (RBI) governor was credit negative for the Indian economy. The credit rating agency is of the view that continued intense external pressure from the Indian government on the central bank could adversely affect the long-term financial stability of the country. The rating firm advocated for RBI's Prompt Corrective Action (PCA) and added that was imperative for stressed banks in which the government has sought relaxation. It worries that the involvement of the government with RBI may undermine the improvements in the banking sector.
- Niti Aayog inaugurated a strategy document which aims to increase growth to 8% and push the country towards a \$5-trillion economy by 2030. The 'Strategy for New India @ 75' document was released by the finance minister. It was prepared after consultations with over 800 stakeholders from within the government at the central, state and district levels.

## Domestic Equity Market Update

- Indian equity markets fell in the week ended Dec 21, 2018, after witnessing gains in the last week. Weak global cues after the U.S. Federal Reserve (Fed) raised interest rates for the fourth time in 2018 took a toll on the investor sentiment, though it came in line with market expectations. However, the market received some support as Fed indicated more rate hikes ahead but at a slower pace. Concerns over slowing world growth and increased risk of a partial government shutdown dampened investor sentiment.
- Further, U.S and China trade tensions resurfaced after the U.S. Justice Department reportedly announced the criminal indictment of two computer hackers associated with the Chinese government, thereby weighing on the indices.
- Meanwhile, investors traded cautiously ahead of the 2019 Lok Sabha elections as they were concerned that the government could announce populist schemes ahead of the general elections. However, Reserve Bank of India's (RBI) decision to inject more liquidity into the system capped the losses. RBI increased the amount of liquidity infusion by Rs. 10,000 crore to Rs. 50,000 crore for Dec 2018. Decline in oil prices amid oversupply concerns and surge in rupee helped improve investor sentiment.
- On the BSE sectoral front, indices closed on a negative note. S&P BSE information technology was the major loser that plunged 5.25% followed by S&P BSE Teck that fell 4.90%. Stocks of most IT companies fell after rupee appreciated against the U.S. dollar. S&P BSE Consumer Durables and S&P BSE FMCG declined 2.47% and 0.52%, respectively.
- However, S&P BSE Power was the major gainer, up 2.63% followed by S&P BSE Oil & Gas that grew 1.81%. S&P BSE Metal and S&P BSE Realty grew 1.70% and 0.74%, respectively.

## Indian Debt Market Indicators

Broad Indices	21-Dec-18	Week Ago	Month Ago	Year Ago
Call Rate	6.45%	6.41%	6.43%	5.94%
CBLO	6.48%	6.26%	6.46%	5.96%
Repo	6.50%	6.50%	6.50%	6.00%
Reverse Repo	6.25%	6.25%	6.25%	5.75%
3 Month CP	7.20%	7.20%	8.00%	7.03%
1 Year CP	8.60%	8.85%	8.95%	7.52%
3 Month CD	6.95%	7.05%	7.45%	6.45%
1 Year CD	8.16%	8.17%	8.17%	6.90%

Source: CCI, Thomson Reuters Eikon \* as on Dec 14, 2018; \*\* as on Dec 07, 2018; @ as on Nov 23, 2018; @@ as on Dec 22, 2017

Broad Indices	21-Dec-18	Week Ago	Month Ago	Year Ago
1 Year AAA Corporate Bond	8.50%	8.46%	8.61%	7.47%
3 Year AAA Corporate Bond	8.41%	8.45%	8.66%	7.66%
5 Year AAA Corporate Bond	8.22%	8.33%	8.56%	7.91%
1 Year G-Sec	6.87%	6.98%	7.29%	6.49%
3 Year G-Sec	7.07%	7.23%	7.54%	6.87%
5 Year G-Sec	7.19%	7.35%	7.64%	7.04%
10 Year G-Sec	7.28%	7.44%	7.79%	7.21%
Forex Reserve (\$ in billion)	393.12*	393.73**	392.79@	404.92@@

## 10 - Year benchmark G-Sec Movement



Source: Thomson Reuters Eikon

## Domestic Debt Market Update

- Bond yields fell as RBI increased the quantum of the planned open market purchase of government bonds for Dec 2018 by Rs. 100 billion. Optimism amongst investors owing to strength in domestic currency and fall in crude oil prices as a result of oversupply concerns added to the gains. However, profit booking capped the gains.
- Meanwhile, the U.S. Federal Reserve increased interest rates for the fourth time in 2018 but indicated fewer rate hikes for 2019.
- Yield on the 10-year benchmark paper (7.17% GS 2028) fell 16 bps to close at 7.28% from the last week's close at 7.44%, after trading in a range of 7.38% to 7.70%.
- RBI conducted auction of securities of 11 state governments for an aggregate amount of Rs. 7,550 crore for which Rs. 7,824.65 crore was accepted as Gujarat accepted an additional amount of Rs. 274.65 crore in the auction. The cut-off yield was in the range of 7.48% to 8.23%, while the tenure lied between 2 years to 11 years.
- RBI conducted auction of 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, of which the total amount was accepted. The cut-off price stood at Rs. 98.38 (6.60%), Rs. 96.69 (6.87%) and Rs. 93.50 (6.97%), respectively.

## Global Commodity Update

Commodities	21-Dec-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	45.32	-11.26	-22.13	-24.59
Brent Crude Oil (\$/barrel)	53.45	-11.23	-17.30	-19.77
Gold (\$/ounce)	1255.92	1.44	-0.85	-3.57
Silver (\$/ounce)	14.6	0.23	-9.32	-13.84

Source: Thomson Reuters Eikon

## Currencies Update

Currency	21-Dec-18	Week Ago	Year Ago
U.S. Dollar	70.13	71.91	64.01
GBP	88.70	90.48	85.67
Euro	80.00	81.32	76.00
100 Yen	63.02	63.41	56.48

Source: Thomson Reuters Eikon

## Global Equity Market Performance

Country/Region	Indices	21-Dec-18	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Dow Jones	22,445	-6.87	-9.43	-9.20
	S&P 500	2,417	-7.05	-9.98	-9.61
U.K.	FTSE	6,721	-1.81	-11.61	-12.57
France	CAC 40	4,694	-3.28	-12.84	-11.64
Germany	DAX	10,634	-2.13	-18.89	-17.68
Japan	Nikkei 225	20,166	-5.65	-11.81	-11.42
China	Shanghai Composite	2,516	-2.99	-23.75	-23.92
Hong Kong	Hang Seng	25,753	-1.31	-12.31	-13.92
Singapore	Straits Times	3,046	-1.01	-9.95	-10.49
Russia	RTS Index	1,077	-3.52	-4.42	-6.69
Brazil	Sao Paulo Se Bovespa	85,697	-2.00	14.06	12.17

Source: Thomson Reuters Eikon

## Global Bond Yield Update

Indicators	21-Dec-18	Week ago	Month ago	Year ago
U.S. 10 Year Bond yield (%)	2.79	2.89	3.06	2.48
U.K. 10 Year Bond yield (%)	1.32	1.24	1.40	1.26
German 10 Year Bond yield (%)	0.25	0.26	0.37	0.42
Japan 10 Year Bond yield (%)	0.05	0.03	0.09	0.06

Source: Thomson Reuters Eikon

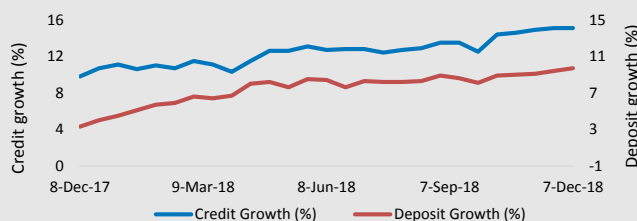
## Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
U.S. FOMC Rate Decision	19-Dec	0.03	0.03	0.02
Japan Consumer Price Index (YoY) (Nov)	20-Dec	0.80%	0.80%	1.40%
Bank of England Rate Decision	20-Dec	0.75%	0.8%	0.8%
U.S. Gross Domestic Product Annualized (QoQ) (3Q T)	21-Dec	3.40%	3.5%	3.5%

Source: Dailyfx

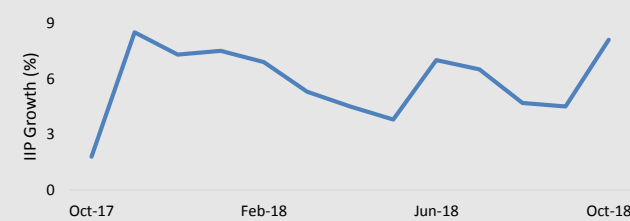
## Macro Economic Performance of India

### Credit growth vs Deposit growth



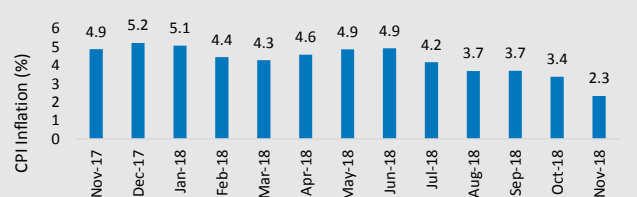
Source: Thomson Reuters Eikon

### IIP Growth (%)



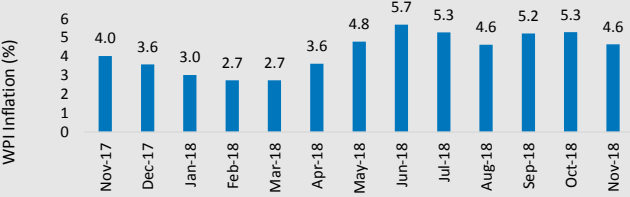
Source: Thomson Reuters Eikon

### Retail inflation movement



Source: Thomson Reuters Eikon

### Wholesale price inflation movement



Source: Thomson Reuters Eikon

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