

# News U Can Use

*31<sup>st</sup> October, 2014*

The Week that was...  
23<sup>rd</sup> October to 31<sup>st</sup> October

# Indian Economy

- ❑ World Bank says India is expected to grow at 5.6% in the current fiscal; growth is expected to accelerate further to 6.4% in 2015-16 and 7% in 2016-17.
- ❑ India offers a \$300 mn credit line to Vietnam for trade diversification, targeting an annual bilateral commerce of \$15 bn by 2020.
- ❑ According to a World Bank report, India ranks 142 among the 189 countries surveyed in terms of Ease of Doing Business.
- ❑ Moody's says recent reform measures by the government coupled with those unveiled by the Reserve Bank of India (RBI) on the economic, fiscal and financial fronts are credit positive as they will accelerate growth if successfully implemented.
- ❑ India's fiscal deficit was Rs 4.39 tn (\$71.5 bn) during April-September, or 82.6% of the full-year target, compared to a deficit of 76% during the comparable period in the previous fiscal.
- ❑ India's core sector growth in September plummeted to 1.9%, the slowest pace in eight months, against 9% in the same month last year due to fall in output of crude oil, natural gas, refinery products and fertiliser.
- ❑ India forex reserves shot up by \$495.5 mn to \$314.18 bn in the week to October 24.

## Indian Debt Market

- During the week, the G-sec markets rallied on global cues like US Fed planning to keep interest low for considerable period of time, declining global crude oil prices and Japan increased the size of quantitative easing programme and domestic cues like Indian finance ministry planning to cut down non-plan expenditure by 10%, positive comments from policy makers on need for reduction in policy rates and RBI's technical committee meeting minutes indicating the dovish stance of members. The 10 year benchmark G-Sec closed the week at 8.28% as against previous week's close of 8.36%.
- RBI conducted G-Sec auction (Rs. 15,000 cr) in following four securities namely – 8.27% GS 2020 (Rs. 3000 cr), 8.40% GS 2024 (Rs. 7000 cr), 9.20% GS 2030 (Rs. 2000 cr) and 9.23% GS 2043 (Rs. 3000 cr) with cut-off yield of 8.29%, 8.27%, 8.35% and 8.36% respectively.

## Indian Debt Market

- ❑ In T-bill auction, the RBI conducted 91 days T-bill (Rs 9,000 cr) and 364 days T-bill (Rs.6,000 cr) with cut-off yield of 8.44% and 8.41% respectively. RBI accepted non-competitive bids of Rs. 9550 cr in 91 days T-bills.
- ❑ RBI conducted SDL auction (Rs. 9650 cr) for 10 states with cut-off yield of 8.67% for 5 year SDL and in the range of 8.71% and 8.74% 10 year maturity SDLs.
- ❑ Next week, the RBI will conduct 91 days T-bill (Rs 9,000 cr) and 182 days T-bill (Rs.6,000 cr) on Nov 5, 2014.

# Indian Commodities Market

- ❑ Global crude oil prices declined in the week amid signs of rising global oil supplies, and a strengthening dollar; prices ended at \$81.12 a barrel on the NYMEX on October 30, compared with \$81.81 a barrel on October 24.
- ❑ US crude oil inventories rose by 2.1mn barrels to 379.7mn barrels in the week ended October 24.
- ❑ Government raises the minimum support price of wheat by Rs 50 to Rs 1450 per quintal.
- ❑ Government withdraws exemption granted to spot commodity exchanges for launching one-day forward contract in both agri and non-agri segments with immediate effect.
- ❑ Financial Technologies fails to get interim relief from a order by the Forward Markets Commission (FMC) declaring it unfit to run exchanges.

# Indian Government

- ❑ Government clears defence projects worth Rs 80000 cr.
- ❑ Government eases foreign direct investment (FDI) policy in construction to attract money into the funds-starved sector.
- ❑ Finance Ministry unveils various austerity measures to trim fiscal deficit, including 10% cut in non-plan expenditure and ban on creation of new posts.
- ❑ Finance Ministry launches a dedicated website for the government's financial inclusion scheme, Pradhan Mantri Jan Dhan Yojna (PMJDY), which will be linked with all social network websites.
- ❑ Oil Ministry abolishes the system in which domestic suppliers would win contracts even if their bid was 10% higher than a foreign offer.
- ❑ Government removes the price of LNG imports from the gas pricing formula to avoid conflict of interest where a company is an LNG importer as well as natural gas producer.
- ❑ Petroleum ministry notifies the new base price for domestically produced gas as \$5.05 per mn British thermal unit (mmBtu) based on Gross Calorific Value (GCV).
- ❑ India and Nepal ink a power trade agreement that allows for the exchange of electricity and open up new areas of cooperation in the hydropower sector.
- ❑ Ministry of Petroleum and Natural Gas constitutes a panel to roll out the Make in India campaign in the oil and gas industry.

# Indian Government

- ❑ Government ropes in global consultant KPMG to evaluate the progress of Jan Dhan Yojana, which was launched by Prime Minister Narendra Modi two months ago.
- ❑ Government to set up 15 new technology centres to scale up competitiveness of small and medium enterprises (SMEs) through clusters.
- ❑ Government to soon launch the revamped Kisan Vikas Patra (KVP) besides some new saving instrument programmes for the girl child and for physically challenged persons.
- ❑ Coal Ministry sets up a committee to assess the compensation to be paid by winning bidders of already running mines.
- ❑ Government mulls raising the import taxes on crude and refined vegetable oils to protect local farmers and the refining industry.
- ❑ Government to consider extending the incentives for raw sugar exports after October 29 when leading cane growing states forecast their sugar output for the new season.
- ❑ Centre is working to link mobile Subscriber Identity Module (SIM) with the Unique Identification (UID) number or Aadhaar.
- ❑ Government to modernise 350 toll plazas across the country with electronics facility and make highways with less than Rs 50 cr investment toll-free.
- ❑ Finance Commission gets 2 month extension to submit report on the devolution of funds from the Centre to the states.

# Regulatory updates in India

- ❑ RBI hikes the limit for urban co-operative banks (UCBs) to sanction loan against gold collateral to Rs 2 lakh from Rs 1 lakh at present; also permits all UCBs to act as PAN service agents.
- ❑ RBI allows foreign investors to buy up to 49% of the paid-up capital in Hero MotoCorp.
- ❑ TRAI warns about a partial breakdown of services in some metro areas because of the delay in allotting airwaves to Bharti Airtel and Vodafone India.
- ❑ Securities Appellate Tribunal (SAT) upholds SEBI's order against public financial institution Sicom in a case related to non-compliance with takeover norms.
- ❑ SAT sets aside penalties totalling Rs 2.25 cr on Golden Tobacco and GHCL Limited imposed by SEBI in a matter related to disclosures of pledged shares by the promoter entity.
- ❑ SEBI notifies new ESOP regulations, including for purchase of shares by employee welfare trusts from the secondary market with adequate safeguards.
- ❑ SEBI moves the Supreme Court for directions on the non-payment of dues by two Sahara group firms.
- ❑ SEBI bars Madurai Rural Development Transformation India and its group firm from raising funds from investors through issuance of securities and also restricts the companies and its directors from dealing in capital markets.

# Regulatory updates in India

- ❑ Mutual fund distributors' body Financial Intermediaries Association of India (FIAI) writes to AMFI warning that the latter's proposal to abolish upfront commissions could prove harmful for the mutual fund industry.
- ❑ IRDA to tighten the rules for Unit Linked Insurance Plans (Ulips) further.
- ❑ IRDA is expected to suggest to a high-level panel that the new Insurance Bill remove the existing 40% cap on agency commission and leave agent licensing process to insurers themselves.
- ❑ DoT allots a bulk of the 1800 MHz spectrum that Bharti Airtel, Vodafone, Idea Cellular, Reliance Jio Infocomm and Uninor had won in the February auctions.
- ❑ Competition Commission of India issues two separate orders against Coal India Limited and its subsidiaries for abusing their dominant position.
- ❑ Competition Commission of India gives nod to the proposed joint venture between Singapore Airlines and Airbus Services Asia Pacific to provide flight pilot training services.
- ❑ Competition Commission of India clears Adani Power's proposed deal to buy Lanco Infratech's 1200-MW imported coal-fired power plant at Udupi in Karnataka for more than Rs 6000 cr.
- ❑ Supreme Court asks the Union Government to release all the names of the people who have stashed money in accounts abroad.

# Regulatory updates in India

- Central Board of Direct Taxes decides to grant automatic approval of long borrowings and bond issues including infra bonds for a concessional 5% tax on interest payments if they meet certain conditions.

# International Markets

- ❑ US Federal Reserve decides to end its quantitative easing stimulus programme and signals confidence that the US economic recovery will remain on track; also says interest rates will remain low for a “considerable time”.
- ❑ The US economy expanded at an annual rate of 3.5% in Q3 following 4.6% growth in Q2.
- ❑ US durable goods orders decreased 1.3% in September after declining 18.3% in August.
- ❑ US Conference Board’s consumer confidence index rose to 94.5 in October from a upwardly revised reading of 89.0 in September.
- ❑ US new home sales rose 0.2% to 467000 units in September, compared with a downwardly revised annual rate of 466000 units in August.
- ❑ US Pending Home Sales Index gained 0.3% in September after falling 1% in August.
- ❑ S&P Case-Shiller’s house price index rose at an annualized rate of 5.6% in August, following a gain of 6.7% in July.
- ❑ US initial claims for state unemployment benefits increased 3,000 to a seasonally adjusted 287,000 for the week ended October 25.
- ❑ US Markit flash manufacturing PMI fell to 56.2 in October from 57.5 in September.
- ❑ US Markit Services PMI fell to a six month low of 57.3 in October from 58.9 in September.
- ❑ US Markit flash composite PMI dipped to 57.4 in October from 59.0 in September.
- ❑ US Federal Reserve Bank of Dallas says its production index fell to 13.7 in October from 17.6 in September.

# International Markets

- ❑ US Chicago Fed National Activity index rose to 0.47 in September from -0.25 in the previous month.
- ❑ US leading economic index rose 0.8% in September after being flat in August.
- ❑ US personal income rose a seasonally adjusted 0.2% in September from 0.3% in the preceding month.
- ❑ US Chicago PMI climbed to a one-year high of 66.2 in October from September's 60.5.
- ❑ US Thomson Reuters/University of Michigan's final October reading on the overall index on consumer sentiment finished at 86.9, the highest level since July 2007, up from 84.6 at the end of September.
- ❑ Euro zone's inflation edged up to 0.4% for October from 0.3% in September; the unemployment rate remained unchanged at 11.5% in September compared to August.
- ❑ The European Central Bank says roughly one in five of the euro zone's top lenders failed landmark health checks at the end of last year but most have since repaired their finances; also identifies a \$32bn shortfall for the region's lenders.
- ❑ European Central Bank's quarterly Bank Lending Survey showed that for the second consecutive survey more Eurozone banks said they had eased credit standards on loans to firms rather than tightening them.
- ❑ Eurozone flash composite PMI rose to 52.2 in October from 52 in September.
- ❑ Eurozone flash manufacturing PMI rose to 50.7 in October from 50.3 in September.

# International Markets

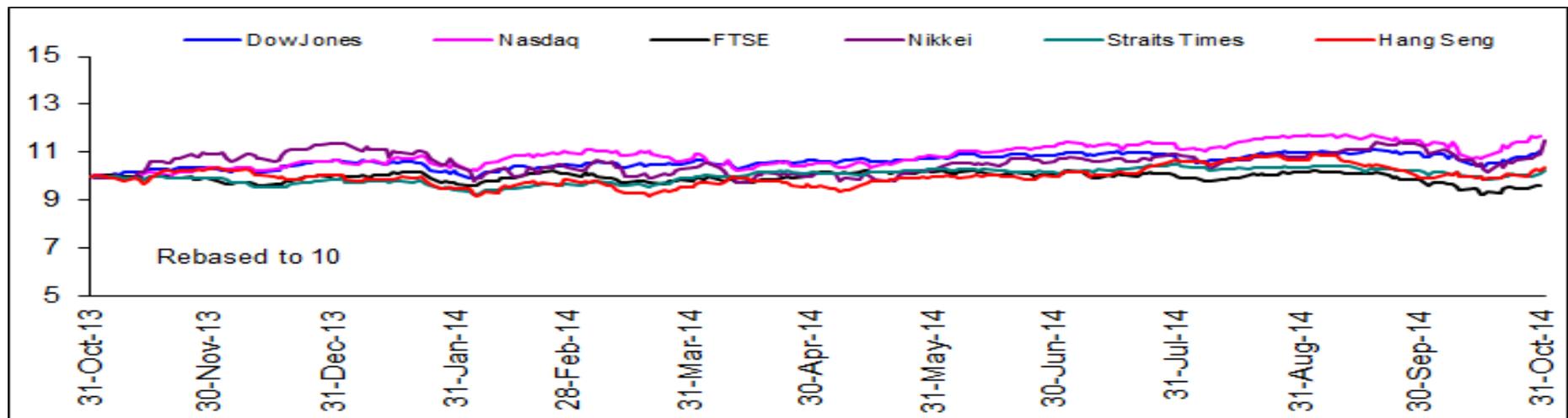
- ❑ Eurozone flash services PMI stayed unchanged at 52.4 in October.
- ❑ Euro zone's Economic Sentiment Index (ESI) rose to 100.7 in October, up from an unrevised 99.9 in the previous month.
- ❑ Euro zone's business climate indicator rose to 0.05 in October from a downwardly revised 0.02 in September.
- ❑ Eurozone consumer confidence rose 0.3 points from previous month to -11.1 in October.
- ❑ UK's GDP grew 0.7% in the three months to September, compared with a 0.9% expansion in the second quarter.
- ❑ UK retail sales fell 0.3% month-on-month in September.
- ❑ UK's net lending to individuals increased by 2.7 bn pounds in September, down from 3.2 bn pounds in August.
- ❑ UK GfK's headline consumer confidence index fell in October to -2 from -1 in September.
- ❑ China's HSBC manufacturing PMI rose to 50.4 in October, compared with 50.2 in September.
- ❑ China's property prices fell 1.3% in September from a year earlier.
- ❑ China approves construction of five airports and three railway projects worth \$24.5 bn to speed up infrastructure projects and boost growth.

# International Markets

- ❑ China's central bank authorises the nation's interbank foreign exchange market to start direct trading between the Chinese yuan and the Singapore dollar.
- ❑ Japan's industrial production rose 2.7% month-on-month in September, reversing a drop of 1.9% in August.
- ❑ Japan's consumer price index rose 3% in September from a year earlier, compared with a 3.1% rise in August.
- ❑ Japan's Markit/JMMA flash manufacturing PMI rose to 52.8 in October, compared with 51.7 in September.
- ❑ Japan's retail sales rose 2.3% in September from a year earlier following a 1.2% annual rise in August.
- ❑ Japan's unemployment rate came in at 3.6% in September, up from 3.5% in August.
- ❑ The Bank of Japan decides to add up to 20 tn yen to its current asset-buying scheme, bringing it to 80 tn yen annually.
- ❑ Microsoft reports a net income of \$4.5bn for the three months ended September, compared with a profit of \$5.2bn in the same period last year.

# Global Equities

Indices	Oct 31	Oct 24	Change	% Change
DJIA	17195.42*	16805.41	390.01	2.32
Nasdaq Composite	4566.14*	4483.72	82.42	1.84
Nikkei 225 (Japan)	16413.76	15291.64	1122.12	7.34
Straits Times (Singapore)	3274.25	3222.55	51.70	1.60
Hang Seng (Hong Kong)	23998.06	23302.20	695.86	2.99
FTSE 100 (London)	6463.55*	6388.73	74.82	1.17



DJIA – Dow Jones Industrial Average

\*Data with respect to Oct 30

# Global Equities

- ❑ Key global indices ended positively in the week ended October 30/31, with Japan's Nikkei index gaining the most – up 7.3%.
- ❑ Wall Street stocks recorded strong gains boosted by some strong corporate earnings and robust domestic quarterly economic growth data.
- ❑ Further rise was however capped on sporadic profit taking and worries that the US Fed Reserve might start raising official interest rates sooner-than-anticipated.
- ❑ Britain's FTSE advanced 1.2% in the week aided by a rally in shares of BP PLC and Tui Travel Plc, and positive US economic growth data.
- ❑ The benchmark suffered losses earlier as energy and mining firms fell after crude oil and metal prices declined.
- ❑ Hong Kong's Hang Seng index rose 3% in the week primarily on mirroring sharp gains in Chinese markets, which were up on expectations of further reforms to boost the Chinese economy.
- ❑ Anticipation that the US Federal Reserve could hold interest rate on the lower side for a longer time supported the market further.
- ❑ Japan's Nikkei index soared 7.3% in the week primarily buoyed by the Bank of Japan's unexpected monetary easing decision.
- ❑ Market rose further due to a weaker yen and US Federal Reserve's optimistic view about the country's economic prospects.

# Global Equities

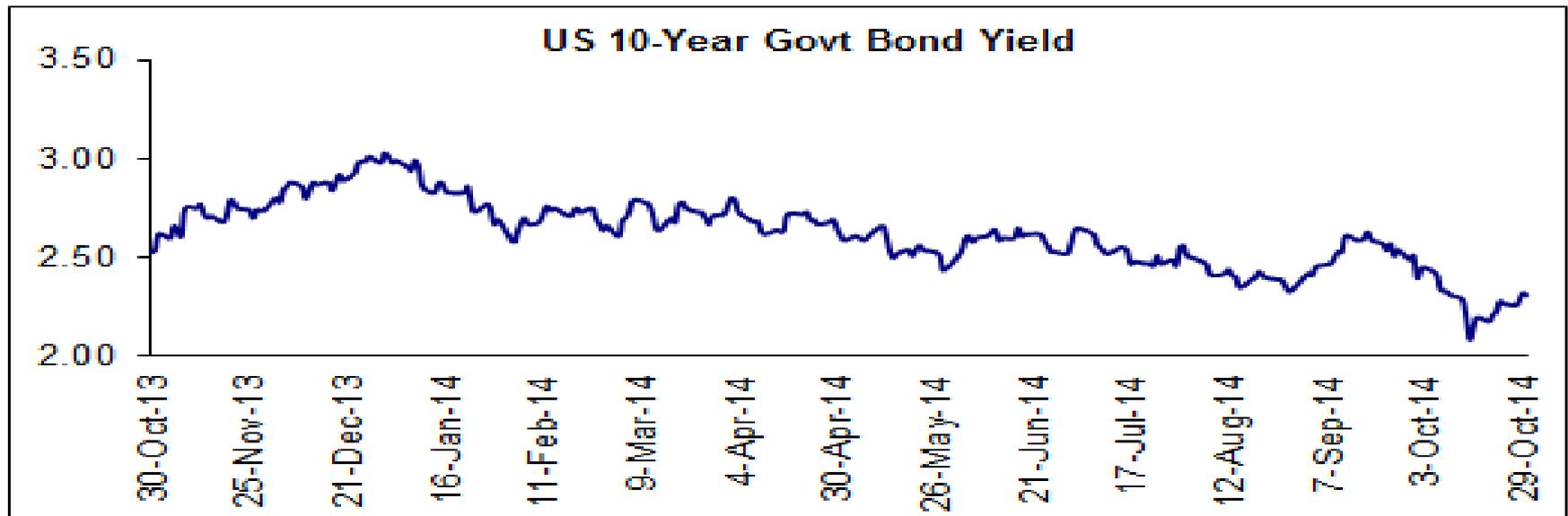
- The benchmark was also supported by upbeat domestic industrial data and robust earnings from Nomura Holdings.

# Global Debt

- ❑ US treasury prices ended lower in the week ended October 30 following the release of upbeat US economic growth data and US Federal Reserve's latest policy stance.
- ❑ Bond prices fell after data showed that US economy expanded at an annual rate of 3.5% in Q3 following 4.6% growth in Q2.
- ❑ Demand for the bonds dented after the US Federal Reserve ended its quantitative easing programme and said that the recovery in the world's largest economy remained largely on track despite weakness in other parts of the world. The US Fed also reiterated that it would keep the interest rates low for a "considerable time".
- ❑ Easing concern about Ebola and robust corporate earnings also resulted investors parking more money in equities and reduced the safe-haven appeal of the US debt.
- ❑ Better-than-expected results of the European Central Bank's stress tests and news that the Japanese pension funds could increase holdings of foreign and domestic stocks also impacted the treasuries.
- ❑ Losses were however capped after US durable goods orders decreased for second month to 1.3% in September after declining 18.3% in August.
- ❑ Bond prices also rose due to few other weak domestic economic indicators including:
  - US Markit flash composite PMI dipped to 57.4 in October from 59.0 in September.
  - US Markit Services PMI fell to a six month low of 57.3 in October from 58.9 in September.

# Global Debt

- ❑ Bond prices also gained following sharp fall in the Brazilian equity market on concerns whether newly re-elected President Dilma Rousseff will take the necessary actions to revive the country's stalled economy.
- ❑ Meanwhile, the yield on the 10 year benchmark bond rose sharply to 2.31% on Oct 30 from 2.24% on Oct 23.
- ❑ On weekly debt holding front, foreign central banks' investment in US Treasuries and agency debt at the Federal Reserve fell by \$11 bn to \$3.29 trillion in the week ended October 29.



# USA

- ❑ **Wall Street stocks** recorded strong gains in the week ended October 30, with Dow Jones and Nasdaq gaining 2.3% and 1.8%, respectively.
- ❑ Markets got a boost from better-than-expected earnings report from Microsoft and Visa Inc.
- ❑ Sentiments strengthened further following strong domestic quarterly economic growth data and bargain buying in sectors that were affected in the early-October sell-off.
  - The US economy expanded at an annual rate of 3.5% in Q3 following 4.6% growth in Q2.
- ❑ Further rise was however capped on sporadic profit taking and worries that the US Fed Reserve might start raising official interest rates sooner-than-anticipated as the central bank ended its bond-buying program and expressed confidence in US economic prospects.
  - US Federal Reserve decided to end its quantitative easing stimulus programme and signalled confidence that the US economic recovery will remain on track; also said interest rates will remain low for a “considerable time”.

# UK

- ❑ **Britain's FTSE** advanced 1.2% in the week, tracking positive global cues and stock specific movements.
- ❑ The benchmark suffered losses earlier as energy and mining firms fell after crude oil prices and metal prices declined.
- ❑ Sentiments were further dented as shares of financials retreated after Lloyds Banking Group just narrowly passed a regulatory health check of Europe's banks.
- ❑ Losses were however recouped aided by a rally in shares of BP PLC and Tui Travel Plc.
- ❑ More gains were witnessed following some robust earnings reports and US economic growth data.

# ASIA

- ❑ **Hong Kong's Hang Seng** index rose 3% in the week ended October 31 primarily on mirroring sharp gains in Chinese markets.
- ❑ Investors' sentiments were positive mainly on expectations of further reforms to boost the Chinese economy.
- ❑ Anticipation that the US Federal Reserve could hold interest rate on the lower side for a longer time supported the market further.
- ❑ The benchmark rose further after Japan unexpectedly eased its monetary policy.
- ❑ Some gains were however reduced on selling in shares of companies that reported downbeat earnings for the third quarter, and as shares of brokerage firms fell amid uncertainty over the launch date of a scheme linking the Hong Kong and Shanghai stock exchanges.
- ❑ **Japan's Nikkei** index soared 7.3% in the week ended October 31 and emerged as the topmost gainer among key indices analyzed.
- ❑ Sentiments were primarily boosted after the Bank of Japan unexpectedly eased its monetary policy later in the week.
  - The Bank of Japan decided to add up to 20 trillion yen to its current asset-buying scheme, bringing it to 80 trillion yen annually.
- ❑ Market rose further due to a weaker yen and US Federal Reserve's optimistic view about the country's economic prospects.

# ASIA

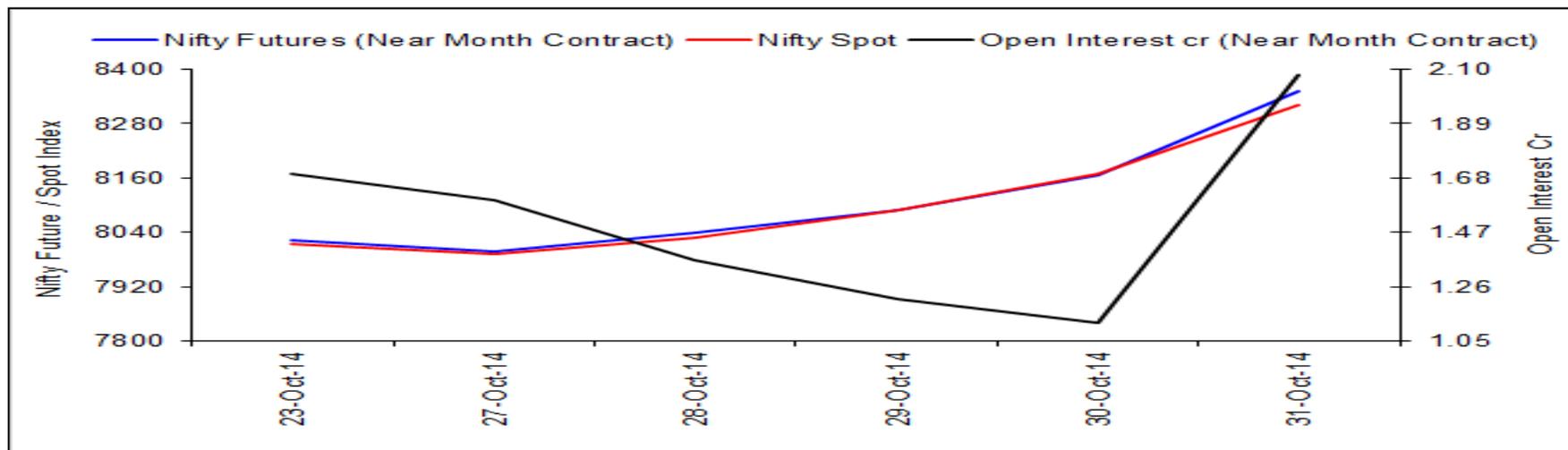
- ❑ The benchmark was also buoyed by upbeat domestic industrial data and robust earnings from Nomura Holdings.
  - Japan's industrial production rose 2.7% month-on-month in September, reversing a drop of 1.9% in August.
- ❑ Some gains were however cut short on caution ahead of the US Fed Reserve meeting.
- ❑ **Singapore's Straits Times** index rose 1.6% in the week ended October 31 on tracking positive global cues.
- ❑ Sentiments got a thrust earlier following better-than-expected results of the European Central Bank's stress tests.
- ❑ More gains were seen after the US Federal Reserve reiterated that it would keep interest rates low for a “considerable time”.
- ❑ Market rose further on tracking upbeat US growth data and Bank of Japan's decision to ease its monetary policy.

# Indian Futures and Options Market Review

## Nifty Futures

- ❑ The week saw the near month contract changing from October 30, 2014 to November 27, 2014.
- ❑ The Nifty near month contract (October 30, 2014) closed up with 30.50 point premium to the spot index on October 31, 2014.
- ❑ Over the week ended October 31, the Nifty spot index rose nearly 4% due to encouraging global and domestic cues.
- ❑ The other Nifty future contract, viz., December contract ended at 8403 points (up 289 points over the week) and January contract ended at 8451 points.
- ❑ Overall, Nifty futures saw a weekly trading volume of Rs 69,707 cr arising out of around 20 lakhs contracts with an open interest of nearly 222 lakhs.

# Indian Futures and Options Market Review



## Nifty Options

- ❑ Nifty 8500 call witnessed the highest open interest of 71 lakh on October 31 and Nifty 8600 call saw the highest increase in open interest of 19 lakhs over the week.
- ❑ Nifty 8100 call garnered the higher number of contracts over the week at 31 lakhs.
- ❑ For put options, Nifty 8000 put witnessed the highest open interest of 77 lakh on October 31 and Nifty 8200 saw the highest increase in open interest of 25 lakhs over the week.
- ❑ Nifty 8000 put garnered the highest number of contracts over the week at 32 lakhs.
- ❑ Overall, options saw 277 lakh contracts getting traded at a notional value of Rs 9,90,786 cr during the week.

# Indian Futures and Options Market Review

## Stock Futures and Options –

- NSE witnessed 70 lakh contracts in stock futures valued at Rs 2,55,113 cr while stock options saw volumes of 22 lakh contracts valued at Rs 82,581 cr during the week ended October 31, 2014.

## NSE F&O Turnover –

- Overall turnover on NSE's derivatives segment stood at Rs 15.82 lakh cr (434 lakh contracts) during the week ended October 31 vs. Rs 7.55 lakh cr (192 lakh contracts) in the previous week.
- Put Call ratio fell sharply to 0.89 on October 31 from 1.08 on October 22.

Week ended October 31, 2014	Turnover Rs. Cr.	% to Total
Index Futures	1,00,162	6.33
Index Options	11,43,724	72.32
Stock Futures	2,55,113	16.13
Stock Options	82,581	5.22
<b>Total</b>	<b>15,81,581</b>	<b>100.00</b>
<b>Put Call Ratio</b>	<b>0.89 (31 October)</b>	<b>1.08 (22 October)</b>

# Indian Futures and Options Market Review

## FII Segment

- On October 30 (last available SEBI data), foreign institutional investors' open interest stood at Rs 1,08,166 cr (28 lakh contracts). The details of FII derivatives trades for the period October 22 – October 30 are as follows: -

Week Ended October 30, 2014	Buy		Sell		Buy %		Sell %	
	No. of contracts	Amt in Rs Cr	No. of contracts	Amt in Rs Cr	No. of contracts	Amt in Rs Cr	No. of contracts	Amt in Rs Cr
Index Futures	566468	23034	451133	18309	14.89	15.52	12.68	13.26
Index Options	1657380	66983	1511540	61000	43.55	45.14	42.47	44.17
Stock Futures	1357079	49970	1369619	50298	35.66	33.68	38.48	36.42
Stock Options	224696	8387	226861	8491	5.90	5.65	6.37	6.15
<b>Total</b>	<b>3805623</b>	<b>148374.58</b>	<b>3559153</b>	<b>138098</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source - SEBI

The Week Ahead...  
3<sup>rd</sup> November to 7<sup>th</sup> November

# The Week Ahead

Day	Event
<p style="text-align: center;"><b>Monday, November 3</b></p>	<ul style="list-style-type: none"> <li>▣ US ISM Manufacturing (Mfg) Index, October</li> <li>▣ US Manufacturing Purchasing Managers' Index (PMI), October</li> <li>▣ US Motor Vehicle Sales, October</li> <li>▣ US Construction Spending, September</li> <li>▣ Euro zone Markit Manufacturing PMI, October</li> <li>▣ UK CIPS Manufacturing PMI Index, October</li> <li>▣ China's Non-manufacturing PMI, October</li> <li>▣ China's HSBC Manufacturing PMI, October</li> <li>▣ India's HSBC Manufacturing PMI, October</li> </ul>
<p style="text-align: center;"><b>Tuesday, November 4</b></p>	<ul style="list-style-type: none"> <li>▣ US Factory Orders, September</li> <li>▣ US Trade Balance, September</li> <li>▣ Euro zone Producer Price Index, September</li> <li>▣ Japan's Markit/JMMA Manufacturing PMI, October</li> </ul>
<p style="text-align: center;"><b>Wednesday, November 5</b></p>	<ul style="list-style-type: none"> <li>▣ US ADP Employment Report, October</li> <li>▣ US ISM Non-Mfg Index, October</li> <li>▣ US Services, Composite PMI, October</li> <li>▣ US Crude Oil Inventories, November 1</li> <li>▣ European Commission Economic Forecasts</li> <li>▣ Euro zone Markit Services, Composite PMI, October</li> <li>▣ Euro zone Retail Sales, September</li> <li>▣ UK CIPS Services, Composite PMI, October</li> <li>▣ China's HSBC Services, Composite PMI, October</li> <li>▣ Bank of Japan Monetary Policy Minutes</li> <li>▣ India's HSBC Services PMI, October</li> </ul>
<p style="text-align: center;"><b>Thursday, November 6</b></p>	<ul style="list-style-type: none"> <li>▣ US Productivity and Costs, Q3 2014</li> <li>▣ US Initial Jobless Claims, November 1</li> <li>▣ European Central Bank Monetary Policy Review</li> <li>▣ Euro zone Markit Eurozone Retail PMI, October</li> <li>▣ Bank of England Monetary Policy Review</li> <li>▣ UK NIESR GDP Estimate, October</li> <li>▣ UK Industrial Production, September</li> <li>▣ Japan's Markit/JMMA Services, Composite PMI, October</li> <li>▣ Japan's Leading Index, September</li> <li>▣ Japan's Coincident Index, September</li> </ul>
<p style="text-align: center;"><b>Friday, November 7</b></p>	<ul style="list-style-type: none"> <li>▣ US Employment Situation, October</li> <li>▣ US Consumer Credit, September</li> <li>▣ UK Merchandise Trade, September</li> <li>▣ India's Forex Reserves, October 31</li> </ul>

## Indian Debt Market Outlook

- ❑ G-Sec market is expected to take cues from global commodity prices, policy-makers' statement and US treasuries movement.
- ❑ Liquidity condition is expected to ease on government spending. Money market inflows of around Rs. 58,800 cr are expected as against outflows of around Rs. 30,000 cr.
- ❑ Corporate bond market is expected to take cues from G-sec market and primary issuances.

# Indian Debt Markets

Particulars	22-Oct-14	31-Oct-14	Change (bps)
<b>10 year Gsec yield (%)</b>	8.36	8.28	<b>-0.08</b>
Scheme	Maturity (years)		Change
<b>G-sec Fund</b>	16.71	17.68	<b>0.97</b>
<b>Income Fund</b>	15.74	15.60	<b>-0.14</b>
<b>Short Term Fund</b>	2.77	2.89	<b>0.12</b>
<b>MIP</b>	8.53	8.94	<b>0.41</b>
<b>Dynamic Bond Fund</b>	13.61	13.78	<b>0.17</b>
<b>Floating Rate Fund</b>	1.42	2.90	<b>1.48</b>
Liquid Schemes	Maturity (days)		Change
<b>Money Managers Fund</b>	102.66	104.07	<b>1.41</b>
<b>Liquidity Fund</b>	38.19	32.84	<b>-5.35</b>
<b>Medium Term Fund</b>	274.62	305.81	<b>31.19</b>
<b>Treasury Plan</b>	37.16	37.13	<b>-0.03</b>
<b>Cash Plan</b>	47.39	43.79	<b>-3.60</b>

- ❑ The maturities of duration funds is around previous week's level .
- ❑ The maturities of liquid and liquid plus funds (except Medium Term fund) reflects cash movement in the portfolio. The maturity of medium term fund has increased by investing in longer maturity asset

# Product Labeling

This product is suitable for investors who are seeking\*:

Reliance Gilt Securities Fund	<ul style="list-style-type: none"> <li>· income over long term.</li> <li>· investment in Government securities.</li> <li>· low risk.  (BLUE)</li> </ul>
Reliance Income Fund	<ul style="list-style-type: none"> <li>· income over long term.</li> <li>· investment in debt and money market instruments</li> <li>· low risk.  (BLUE)</li> </ul>
Reliance Short Term Fund	<ul style="list-style-type: none"> <li>· income over short term.</li> <li>· investment in debt and money market instruments, with the scheme would have maximum weighted average duration between 0.75-2.75 years</li> <li>· low risk.  (BLUE)</li> </ul>
Reliance Monthly Income Plan	<ul style="list-style-type: none"> <li>· regular income and capital growth over long term.</li> <li>· investment in debt &amp; money market instruments and equities &amp; equity related securities</li> <li>· medium risk.  (YELLOW)</li> </ul>
Reliance Dynamic Bond Fund	<ul style="list-style-type: none"> <li>· income over long term.</li> <li>· investment in debt and money market instruments</li> <li>· low risk.  (BLUE)</li> </ul>
Reliance Corporate Bond Fund	<ul style="list-style-type: none"> <li>-Income over Medium Term</li> <li>-Investment predominantly in corporate bonds of various maturities and across ratings that would include all debt securities issued by entities such as Banks, Public Sector Undertakings, Municipal Corporations, bodies corporate, companies etc.</li> <li>-low risk.  (BLUE)</li> </ul>

*\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.*

# Product Labeling

This product is suitable for investors who are seeking\*:

Reliance Floating Rate Fund – Short Term Plan	<ul style="list-style-type: none"> <li>· income over short term.</li> <li>· investment predominantly in floating rate and money market instruments with tenure exceeding 3 months but up to a maturity of 3 years and fixed rate debt securities</li> <li>· low risk.  (BLUE)</li> </ul>
Reliance Money Manager Fund	<ul style="list-style-type: none"> <li>· income over short term.</li> <li>· investment in debt and money market instruments</li> <li>· low risk.  (BLUE)</li> </ul>
Reliance Liquidity Fund	<ul style="list-style-type: none"> <li>· income over short term.</li> <li>· investment in debt and money market instruments</li> <li>· low risk.  (BLUE)</li> </ul>
Reliance Medium Term Fund	<ul style="list-style-type: none"> <li>· income over short term.</li> <li>· investment in debt and money market instruments with tenure not exceeding 3 years.</li> <li>· low risk.  (BLUE)</li> </ul>
Reliance Liquid Fund – Treasury Plan	<ul style="list-style-type: none"> <li>· income over short term.</li> <li>· investment in debt and money market instruments</li> <li>· low risk.  (BLUE)</li> </ul>
Reliance Liquid Fund – Cash Plan	<ul style="list-style-type: none"> <li>· income over short term.</li> <li>· investment in debt and money market instruments</li> <li>· low risk.  (BLUE)</li> </ul>

*\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.*

# Product Labeling Disclaimer

Note: Risk may be represented as:

(BLUE) investors understand that their principal will be at low risk

(YELLOW) investors understand that their principal will be at medium risk

(BROWN) investors understand that their principal will be at high risk

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Thank you

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