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April 12, 2019

The Week that was...

8th April to 12th April

Indian Economy

- India's consumer inflation accelerated marginally to 2.86% YoY in Mar 2019 from 2.57% in Feb 2019 but slowed compared with 4.28% in Mar 2018. Food inflation rose 0.3% in Mar 2019 compared with fall of 0.66% in Feb 2019. Fuel and light inflation also accelerated to 2.42% YoY from 1.24% in Feb 2019.
- According to data released by the Central Statistics Office (CSO), India's Index of Industrial Production (IIP) growth touched 20-month low in Feb 2019. IIP growth slowed to 0.1% YoY in Feb 2019 from 6.9% in Feb 2018 mainly due to fall in the manufacturing sector. The manufacturing sector dropped 0.3% in Feb 2019 compared with a rise of 8.4% a year ago. Cumulatively, during Apr 2018 to Feb 2019 industrial production increased 4%, marginally slower than 4.3% in the same period of the previous year.
- Data from the Society of Indian Automobile Manufacturers (SIAM) showed that sales of passenger vehicles in FY19 slowed to its lowest rate in the last five years. The slowdown in sales growth can be attributed to tightening of liquidity in the market, high vehicle prices and uncertainty ahead of the upcoming general elections. Sales of passenger vehicles grew 2.7% to 3,377,436 units in FY19. However, in Mar 2019, sales of passenger vehicles fell 2.96% to 29,1806 units.
- According to the World Bank, the gross domestic product (GDP) of the Indian economy is expected to go up to 7.5% in FY20. World Bank estimated the real GDP growth for FY19 at 7.2%.

Indian Equity Market

Domestic Equity Market Indices			
Indices	12-Apr-19	1 Week Return	YTD Return
S&P BSE Sensex	38,767.11	-0.24%	7.48%
Nifty 50	11,643.45	-0.19%	7.19%
S&P BSE Mid-Cap	15,426.45	-0.53%	-0.08%
S&P BSE Small-Cap	15,022.18	-0.16%	2.15%

Source: MFI Explorer

Ratios	S&P BSE Sensex	Nifty 50	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	28.18	29.06	31.29	-169.39
P/B	3.17	3.72	2.67	2.30
Dividend Yield	1.12	1.13	0.95	0.87

Source: BSE, NSE Value as on Apr 12, 2019

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
08-Apr-19	700	1,110	0.63
09-Apr-19	800	995	0.80
10-Apr-19	771	1,013	0.76
11-Apr-19	811	976	0.83
12-Apr-19	982	804	1.22

Source: NSE

- Indian equity markets closed in the red in the week ended Apr 12, 2019. Investors became cautious as they looked forward to the start of the corporate earnings season and the general elections.
- The sentiment worsened when the International Monetary Fund (IMF) downgraded its global economic growth outlook by 0.2 percentage points to 3.3%. IMF pointed to the U.S. and China trade war and Brexit as key risks, while warning that it could further cut the outlook. Global cues came in weak amid U.S. President's threat to impose tariffs on a few European goods. However, strength in the domestic currency against the greenback restricted the losses.

Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last Closing*	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	19,785.20	2.37%	-0.16%
S&P BSE Bankex	33,678.63	-0.22%	5.57%
S&P BSE CD	23,353.67	-0.44%	1.39%
S&P BSE CG	18,370.47	0.04%	-0.02%
S&P BSE FMCG	11,879.53	2.16%	0.59%
S&P BSE HC	14,481.90	1.05%	1.04%
S&P BSE IT	15,471.41	-0.54%	3.21%
S&P BSE Metal	11,467.33	-2.06%	0.98%
S&P BSE Oil & Gas	14,827.76	-0.09%	0.20%
S&P BSE Teck	7678.65	-0.80%	1.74%

Source: Thomson Reuters Eikon *Value as on Apr 12, 2019

- On the BSE sectoral front, indices closed on a weak note. S&P BSE Metal was the major loser, down 2.06% followed by S&P BSE Teck that fell 0.80%. Metal sector fell likely following weak global cues due to concerns over soft global growth and fear of US-EU trade war.
- S&P BSE Information Technology and S&P BSE Consumer Durables fell 0.54% and 0.44%, respectively. Investors remained cautious ahead of release of results two major information technology companies on Apr 12, 2019, thereby keeping the sector under pressure.

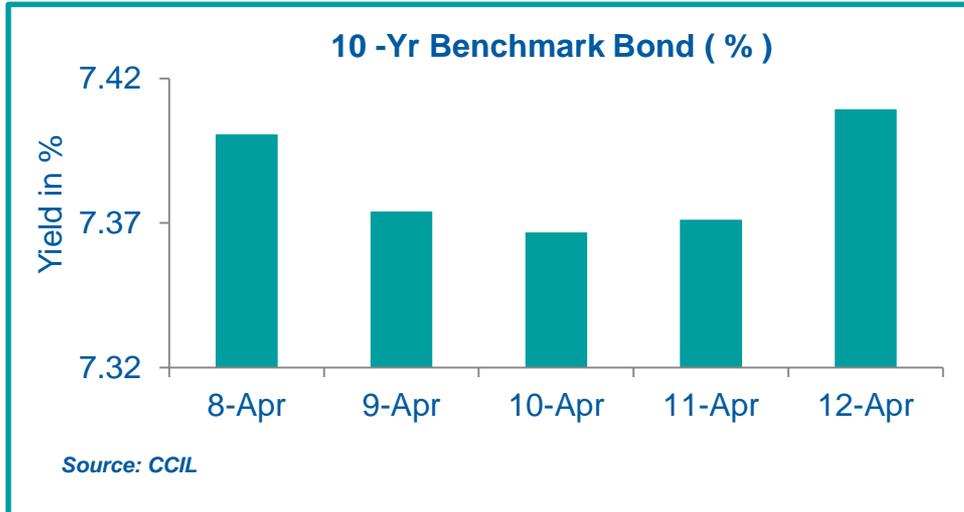
Indian Derivatives Market Review

- Nifty Apr 2019 Futures were at 11,703.85, a premium of 60.40 points, above the spot closing of 11,643.45. The total turnover on NSE's Futures and Options segment for the week stood at Rs. 49.85 lakh crore as against Rs. 52.43 lakh crore for the week to Apr 5.
- The Put-Call ratio remained unchanged at 0.85 from the previous week's close of 0.96.
- The Nifty Put-Call ratio stood at 1.55 against the previous week's close of 1.61.

Domestic Debt Market

Debt Indicators (%)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	6.05	5.98	6.14	6.42
91 Day T-Bill	6.31	6.21	6.41	6.89
07.32% 2024, (5 Yr GOI)	7.20	7.05	7.02	--
07.26% 2029, (10 Yr GOI)	7.41	7.35	7.36	--

Source: Thomson Reuters Eikon *Value as on Apr 12 2019*



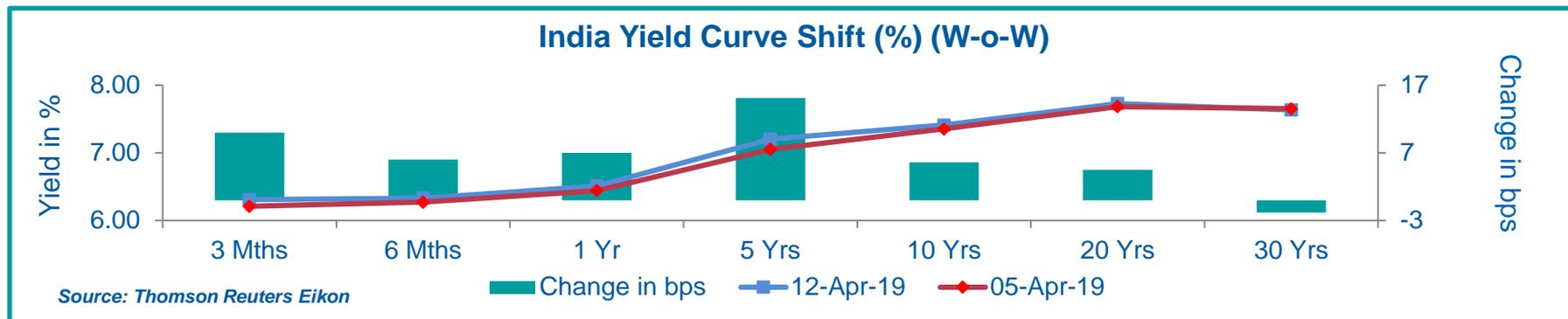
- Bond yields rose following surge in global crude oil prices with rising fights in Libya and OPEC-led supply cuts. Decline in the rupee against the greenback amid volatility also weighed on the bond market sentiment.
- However, losses were limited following dollar sales by banks. Meanwhile, investors preferred to be on the sidelines ahead of the Mar 2019 retail inflation data.
- Yields on the 10-year benchmark paper (7.26% GS 2029) increased 6 bps to close at 7.41% compared with the previous close of 7.35% after trading in the range of 7.36% to 7.42%.

Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	6.62	8.16	154
3 Year	7.13	8.11	98
5 Year	7.33	8.48	115
10 Year	7.55	8.60	105

Source: Thomson Reuters Eikon Value as on Apr 12, 2019

- Yields on gilt securities increased across the maturities by up to 18 bps barring 30-year paper that fell 2 bps.
- Corporate bond yields increased across the maturities in the range of 3 bps to 12 bps barring 15-year paper that fell 2 bps.
- Difference in spread between AAA corporate bond and gilt contracted across the maturities in the range of 3 bps to 7 bps barring 1-year paper that expanded 1 bps.



Regulatory Updates in India

- Capital market regulator Securities and Exchange Board of India (SEBI) streamlined the process for issuing certified copies of orders and circulars to the involved parties and other applicants. According to SEBI, certified copies of the orders that are already approved will be provided free of cost to the parties who are involved in the proceedings. However, applicants need to pay fees for additional certified copies of the order. For those applicants that are not directly related to the proceeding, a fee of Rs. 50 per order or Rs. 5 per page whichever is higher will be charged as fees for each certified copy.
- According to the Insurance Regulatory and Development Authority of India (IRDAI), insurance companies need to inform about claim settlement status to policyholders at various stages of processing from Jul. IRDAI also advocated for the adoption of a clear and transparent communication policy in order to protect the interest of the shareholders.
- According to Praapti (Payment Ratification And Analysis in Power procurement for bringing Transparency in Invoicing of generators), the outstanding dues of power producers on electricity distribution utilities grew in excess of 20% to Rs. 40,804 crore in Jan 2019 from Rs. 33,848 crore in the same period of the previous year. The total overdue amount, which was not cleared even after 60 days of grace period offered by generators, stood at Rs. 26,052 crore as compared with Rs. 20,264 crore in the same period of the previous year.

Regulatory Updates in India (contd..)

- GST officers have started seeking clarification from companies whose tax payments did not match with the e-way bills generated, as revenue authorities start matching supplies data to check tax evasion, sources said. Touted as an anti-evasion measure, e-way bill system was rolled out on Apr 1, 2018, for moving goods worth over Rs 50,000 from one state to another.
- The Supreme Court issued an interim order directing all political parties to disclose to the Election Commission details of donations received through electoral bonds till May 15, 2019. Names and details of donors also need to be disclosed. All the information should be provided to the Election Commission by May 31, 2019. Supreme Court also directed the finance ministry to make amendments with respect to the extra five days provided in the months of Apr and May for issuance of electoral bonds by the State Bank of India. The law allows only a 50-day period in the months of Jan, Apr, Jul and Oct during which the bonds can be bought.
- The Income Tax department provided 277 start-ups an all clear certificate. This will shield them from the angel tax as the government gets started with the implementation of the new start-up framework. A total of 302 entities had applied for it, said media reports.

Global News/Economy

- The minutes of U.S. Federal Reserve's (Fed) Mar 2019 meeting showed the outlook for rates remains fluid. Projections provided by Fed after the monetary policy meeting had hinted that the central bank no longer expects to raise interest rates in 2019. The minutes said a majority of meeting participants expected that the evolution of the economic outlook and risks to the outlook would likely warrant leaving rates unchanged for the remainder of the year.
- The European Central Bank kept interest rates on hold in its monetary policy review. Thus, the main refinance rate stood at a record low of 0%. Deposit rate stood at -0.40% while the marginal standing facility stood at 0.25%. The governing council expects interest rates to remain at present levels till the end of 2019.
- Cabinet Office data showed Japan consumer confidence weakened to the lowest in three years in Mar 2019. The consumer confidence index for households with two or more persons fell to a seasonally adjusted 40.5 in Mar from 41.5 in Feb 2019 and could not meet expectations. The latest reading was the lowest since Feb 2016, when the confidence index was 40.2.

Global Equity Markets

Global Indices			
Indices	12-Apr-19	1-Week Return	YTD Return
Dow Jones	26,412.30	-0.05%	13.22%
Nasdaq 100	7,628.15	0.65%	20.51%
FTSE 100	7,437.06	-0.13%	10.54%
DAX Index	11,999.93	-0.08%	13.65%
Nikkei Average	21,870.56	0.29%	9.27%
Straits Times	3,331.98	0.28%	8.58%

Source: Thomson Reuters Eikon *Value as on Apr 12, 2019*

U.S.

- U.S. markets mostly gained as the minutes of the Fed's Mar meeting indicated that it may refrain from raising interest rates in 2019.
- Robust quarterly earning numbers of some major companies also provided some support. However, worries over renewed trade tensions between U.S. and European Union capped the gains.

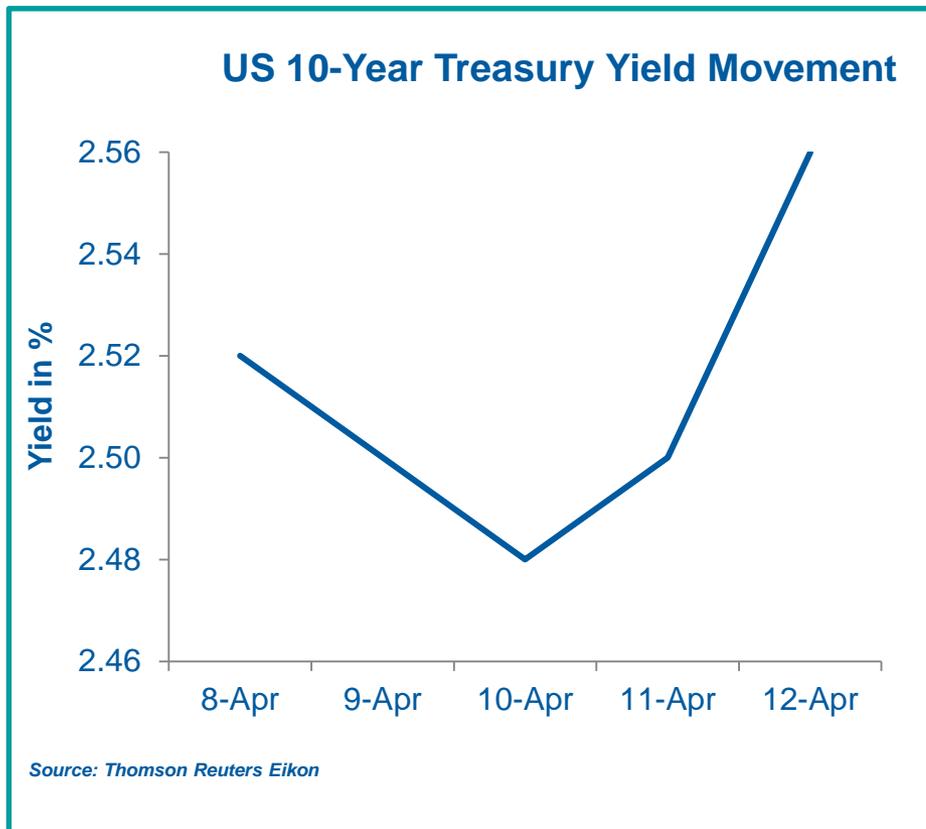
Europe

- European markets mostly remained subdued on worries about the global economic slowdown, which further amplified after reports suggested that IMF has downgraded global economic outlook for 2019. Additionally, reports suggested that U.S. is considering imposition of tariffs on European Union goods in response to European aircraft subsidies.

Asia

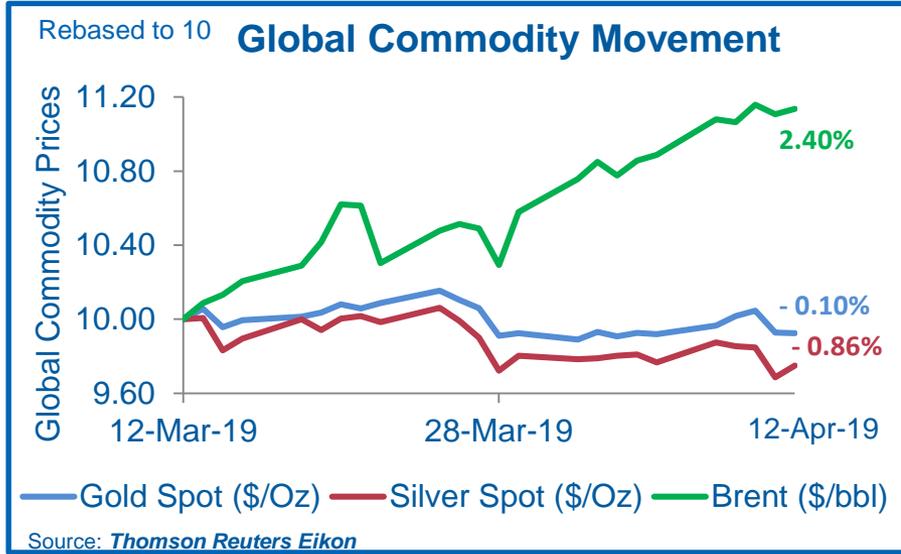
- Asian markets rose as U.S.-China trade talks showed signs of progress. Chinese media reported that there was “new progress” in trade talks. Also, the minutes of the U.S. Fed's March meeting indicated that the central bank may refrain from raising interest rate during the year.

Global Debt (U.S.)



- Yields on the 10-year U.S. Treasury bond rose 6 bps to close at 2.56% compared with the previous week's close of 2.50%.
- U.S. Treasury prices rose initially as market participants remained concerned over a trade dispute between U.S. and the European Union. U.S. Treasury prices rose further after the International Monetary Fund lowered its global growth forecasts for 2019. Gains were extended after policy meeting minutes of the U.S. Federal Reserve held in Mar 2019 suggested that the U.S. central bank may leave interest rates unchanged this year.
- However, the trend reversed after a slew of upbeat U.S. economic data and a rebound in exports from China in Mar 2019 tempered concerns of a slowdown in global growth and subsequently reduced the safe haven appeal of U.S. Treasuries.

Commodities Market



Performance of various commodities

Commodities	Last Closing*	1-Week Ago
Brent Crude(\$/Barrel)	72.21	70.52
Gold (\$/Oz)	1,290.00	1,291.30
Gold (Rs/10 gm)	31,673	31,615
Silver (\$/Oz)	14.95	15.08
Silver (Rs/Kg)	37,235	37,561

Source: Thomson Reuters Eikon

*Value as on Apr 12, 2019

Gold

- Gold prices rose initially in the wake of renewed concerns over global economic slowdown. However, the trend reversed on the last day of the week as upbeat quarterly earnings numbers of a few prominent companies boosted risk-taking appetite of investors.

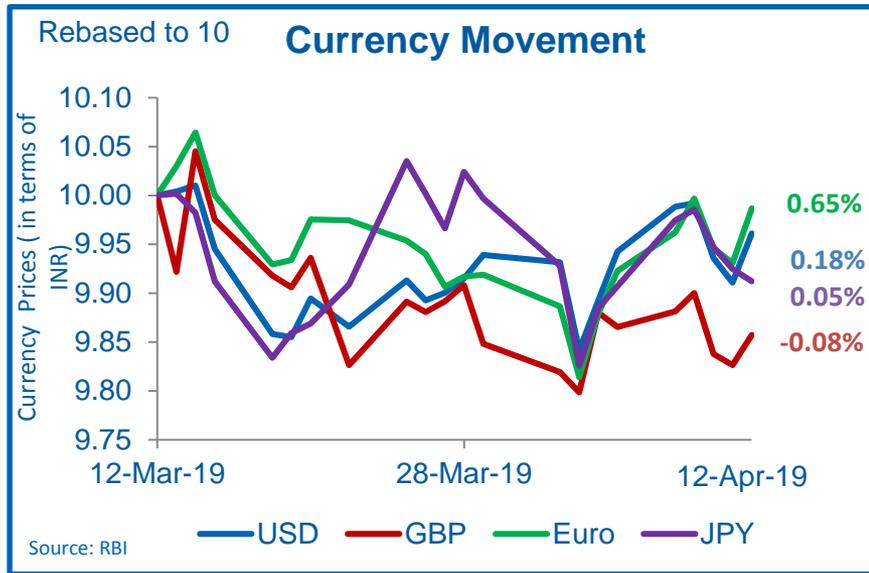
Brent Crude

- Brent crude prices surged with sentiment supported by Organisation of Petroleum Exporting Countries (OPEC)-led supply cuts, escalating tension in Libya and U.S. sanctions on petroleum exporters Iran and Venezuela. Gains were further led by fall in Saudi Arabia's crude oil production to the lowest in two years.

Baltic Dry Index

- The Baltic Dry Index rose on the back of higher capesize and panamax activities.

Currencies Markets



Rupee

- The Indian rupee weakened against the greenback due to surge in crude prices. However, dollar sales by banks and the U.S. Federal Reserve's monetary policy outlook reaffirming cautious rate hikes restricted further losses.

Euro

- Euro rose against the greenback after strong economic data from U.S. and China eased global growth concerns and reduced safe-haven positions in the greenback.

Pound

- Sterling rose against the greenback on hopes of a delay in Brexit by few months and concerns of a no-deal exit for Britain eased to some extent.

Yen

- Yen weakened against the U.S. dollar following upbeat U.S. economic data which strengthened the latter.

Movement of Rupee vs Other Currencies

Currency	Last Closing*	1-Wk Ago
US Dollar	69.32	69.20
Pound Sterling	90.56	90.64
EURO	78.23	77.73
100 Yen	61.99	61.96

Source: RBI

Figures in INR, *Value as on Apr 12 2019

The Week that was...

8th April to 12th April

The Week that was (Apr 8 – Apr 12)

Date	Events	Present Value	Previous Value
Monday, April 08, 2019	• Japan Consumer Confidence Index (Mar)	40.50	41.50
	• U.S. Durable Goods Orders (Feb F)	-1.60%	-1.60%
	• U.S. Factory Orders (Feb)	-0.50%	0.10%
Tuesday, April 09, 2019	• Japan Machine Orders (YoY) (Feb)	-5.50%	-2.90%
Wednesday, April 10, 2019	• European Central Bank Rate Decision (Apr 10)	0.00%	0.00%
	• U.S. Consumer Price Index (YoY) (Mar)	1.90%	1.50%
	• U.K. Trade Balance (Feb)	-£4860m	-£5345m
	• U.K. Gross Domestic Product (MoM) (Feb)	0.20%	0.50%
	• U.K. Manufacturing Production (YoY) (Feb)	0.60%	-0.70%
Thursday, April 11, 2019	• China Consumer Price Index (YoY) (Mar)	2.30%	1.50%
	• Germany Consumer Price Index (YoY) (Mar F)	1.30%	1.30%
	• U.S. Initial Jobless Claims (Apr 06)	196k	204k
	• China Producer Price Index (YoY) (Mar)	0.40%	0.10%
Friday, April 12, 2019	• India Consumer Price Inflation (Mar)	2.86%	2.57%
	• India Index of Industrial production (Feb)	0.10%	1.40%
	• U.S University of Michigan Sentiment (Apr P)	96.90	98.40
	• China Trade Balance (Mar)	\$32.64b	\$4.08b
	• China New Yuan Loans CNY (Mar)	1,690b	885.8b

The Week Ahead

15th April to 19th April

The Week Ahead

Day	Event
Monday, April 15, 2019	<ul style="list-style-type: none"> • India Wholesale Price Index (Mar 19) • China New Yuan Loans CNY (Mar)
Tuesday, April 16, 2019	<ul style="list-style-type: none"> • Eurozone ZEW Survey (Economic Sentiment) (Apr) • China New Home Prices (MoM) (Mar) • U.S. Industrial Production (MoM) (Mar)
Wednesday, April 17, 2019	<ul style="list-style-type: none"> • China Gross Domestic Product (YoY) (1Q) • U.K. Consumer Price Index (YoY) (Mar) • China Retail Sales YTD (YoY) (Mar) • Japan Industrial Production (YoY) (Feb F) • Eurozone Consumer Price Index (YoY) (Mar F)
Thursday, April 18, 2019	<ul style="list-style-type: none"> • U.S. Retail Sales Advance (MoM) (Mar) • Eurozone Markit Services PMI (Apr P) • U.S. Initial Jobless Claims (Apr 13) • U.S. Markit Services PMI (Apr P)
Friday, April 19, 2019	<ul style="list-style-type: none"> • U.S. Housing Starts (MoM) (Mar) • U.S. Building Permits (MoM) (Mar)

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