

News U Can Use

April 14, 2017

The Week that was...
10th April to 14th April

Indian Economy

- India's Consumer Price index (CPI) based inflation during Mar 2017 accelerated to 3.81% YoY from 3.65% in the previous month, contributed by fuel inflation. Fuel inflation stood at 5.56% in Mar 2017. However, Consumer Food Price Index based inflation stood at 1.93% in Mar 2017, much slower than 2.01% in Feb 2017.
- India's Index of Industrial Production (IIP) contracted 1.2% YoY in Feb 2017 after rising 1.9% in the corresponding period last year due to fall in manufacturing sector. Manufacturing sector declined 2.0% in Feb 2017 compared with 0.6% rise, a year ago. Cumulatively from Apr 2016 to Feb 2017, industrial output grew 0.4% YoY, slower than 2.6% in the year-ago period.
- According to Society of Indian Automobile Manufacturers (SIAM), sales of passenger vehicles increased 9.96% to 2,82,519 units in Mar while commercial vehicles went up 9.26% to 87,257 units.
- Government data showed that India's merchandise exports increased at the fastest pace in almost six years in Mar 2017 as exports from sectors like petroleum, engineering goods and iron ore grew significantly. Exports surged 27.59% in Mar to \$29.23 billion. However, imports also rose 45.25% to \$ 39.67 billion during the month under review. This led to a trade deficit of \$10.43 billion in Mar 2017 compared to a trade deficit of \$4.40 billion in March 2016.

Indian Equity Market

Domestic Equity Market Indices			
Indices	13-Apr-17	1 Week Return	YTD Return
S&P BSE Sensex	29,461.45	-0.83%	10.78%
Nifty 50	9,150.80	-0.52%	11.87%
S&P BSE Mid-Cap	14,881.16	0.83%	18.30%
S&P BSE Small-Cap	14,350.96	1.36%	22.08%

Source: MFI Explorer

Ratios	S&P BSE Sensex	Nifty 50	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	22.90	23.78	30.69	66.41
P/B	2.99	3.47	2.52	2.25
Dividend Yield	1.37	1.21	1.23	0.73

Source: BSE, NSE

Value as on April 13, 2017

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
10-Apr-17	998	690	1.45
11-Apr-17	1032	647	1.60
12-Apr-17	591	1096	0.54
13-Apr-17	798	879	0.91

Source: NSE

- Indian equity markets traded lower during the week as investors turned cautious ahead of the Mar quarter earnings season, scheduled to start later during the week.
- Lower industrial production data in Feb and higher Consumer Price Index in Mar added to the woes, while disappointing revenue guidance, and plan to hand out cash to shareholders by an IT major dampened sentiment at the start of the earnings season.
- Geopolitical concerns, led by U.S.'s cruise missile attack over a Syrian airbase and fears of weapon test by North Korea, further contributed to the losses.

Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last Closing	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	22,053.66	-0.82%	-0.05%
S&P BSE Bankex	24,731.46	1.26%	2.69%
S&P BSE CD	15,401.57	-0.78%	8.29%
S&P BSE CG	17,313.93	0.34%	8.88%
S&P BSE FMCG	9,307.25	1.33%	4.18%
S&P BSE HC	15,503.29	1.89%	0.62%
S&P BSE IT	9,731.01	-4.11%	-8.00%
S&P BSE Metal	11,366.86	-4.10%	-1.33%
S&P BSE Oil & Gas	14,217.99	1.85%	6.34%

Source: Reuters *Value as on April 13, 2017*

- On the BSE sectoral front, most indices closed in the red. S&P BSE IT (-4.11%) was the highest loser, followed by S&P BSE Metal (-4.10%), S&P BSE Teck (-3.49%), S&P BSE Auto (-0.82%), S&P BSE CD (-0.78%) and S&P BSE Power (-0.64%).
- Disappointing earnings results of a major IT company for the Mar quarter triggered IT sector's losses, while power stocks were impacted by industry heavyweights receiving Supreme Court's order on compensatory tariff.

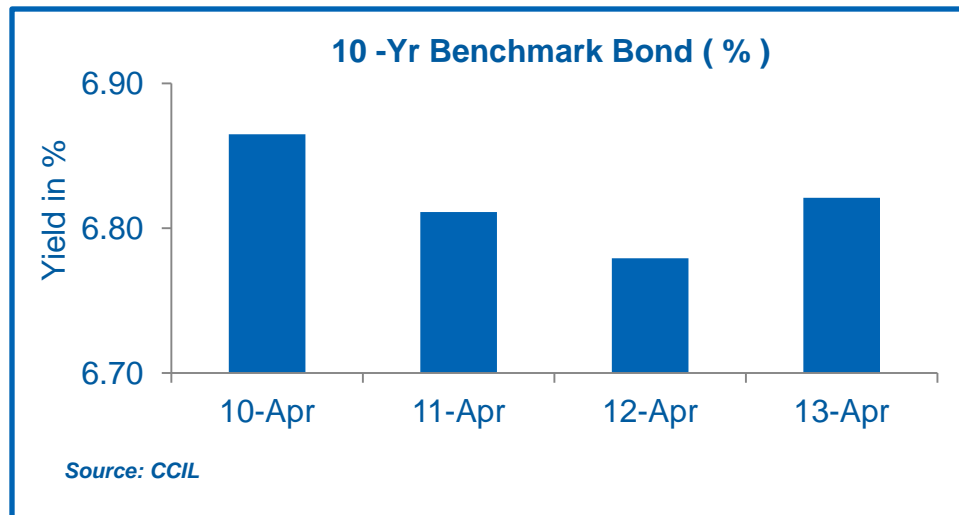
Indian Derivatives Market Review

- Nifty Apr 2017 Futures were at 9,182.25, a premium of 31.45 over the spot closing of 9,150.80. The turnover on NSE's Futures and Options segment stood at Rs. 20.23 lakh crore during the week to Apr 14, compared with Rs. 15.56 lakh crore during the week to Apr 7.
- The Put-Call ratio stood at 0.96, compared with the previous week's close of 0.86.
- The Nifty Put-Call ratio stood at 1.09, compared with the previous week's close of 1.04.

Domestic Debt Market

Debt Indicators (%)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	5.96	5.92	5.91	6.24
91 Day T-Bill	5.95	5.95	5.92	6.37
7.80% 2021, (5 Yr GOI)	6.79	6.87	6.89	6.73
6.97% 2026, (10 Yr GOI)	6.82	6.82	6.90	6.75

Source: Reuters Value as on April 13, 2017



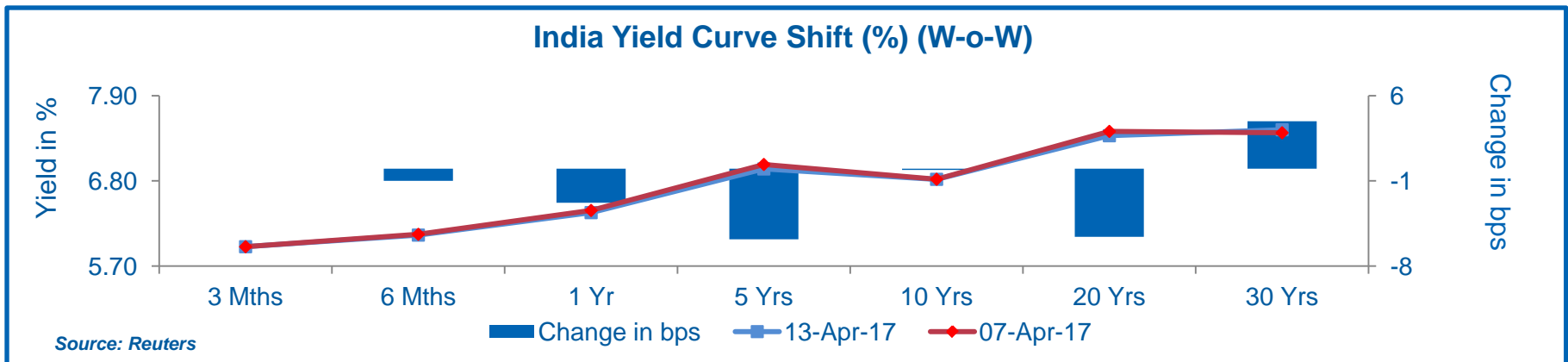
- ▣ Bond yields closed unchanged during the week under review. Yields rose initially amid growing geopolitical tensions following U.S.' missile attack on a Syrian airbase and North Korea's advancing nuclear weapons program. An unexpected partial devolvement of the benchmark paper at the weekly debt auction also dampened market sentiment.
- ▣ However, losses were neutralised as market participants resorted to bargain hunting and bought debt securities at lower prices.
- ▣ Yield on the 10-year benchmark bond (6.97% GS 2026) closed steady at 6.82%. During the session, bond yields moved in the region of 6.73% to 6.89%.

Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	6.49	6.96	47
3 Year	6.75	7.32	57
5 Year	7.04	7.44	40
10 Year	7.15	7.73	58

Source: Reuters Value as on April 13, 2017

- Yields on gilt securities fell across the maturities in the range of 3 bps to 16 bps, barring 30-year paper that increased 4 bps.
- Corporate bond yields fell across the maturities in the range of 3 bps to 8 bps.
- Spread between AAA corporate bond and gilt contracted on 5- and 10-year maturity by 2 bps and 5 bps, respectively. Spread across the remaining maturities either closed steady or increased by up to 5 bps.



Regulatory Updates in India

- According to former finance minister, Goods and Service Tax (GST) should be rolled out by Oct 1 instead of Jul 1. According to him, Oct will be more realistic for small and medium-scale enterprises to get on to the new tax reform structure and for activating the GST platform. He also cautioned that implementation of GST could be inflationary in the short term.
- The government has removed the proposed cap on third-party motor insurance claims in case of death or injury. A cap of Rs. 10 lakh for death and Rs. 5 lakh for grievous injuries was proposed in the draft Motor Vehicles (Amendment) Bill. However, there is no cap in the reworked bill. Now a victim or kin can straightaway approach insurance firms for cash compensation of Rs. 5 lakh in case of death and Rs. 2.5 lakh in case of injuries.
- According to the draft guidelines, Reserve Bank of India has simplified hedging facility for residents and non-residents which permits dynamic hedging of currency risk. Resident or non-resident individuals could cover their exchange rate risk up to \$30 million both in exchange traded and over-the-counter platforms cutting derivative deals.

Regulatory Updates in India (contd..)

- ❑ The Central Board of Direct Taxes (CBDT) has asked banks to obtain self-certification from each account holder opened between Jul 1, 2014 and Aug 31, 2015. The self-certification is required to comply with the Foreign Account Tax Compliance Act (FATCA) and the deadline is Apr 30, 2017 to avoid blocking of accounts.
- ❑ After the amendment through the Finance Act 2017, the maximum amount that a corporate can contribute in cash to a political party has been removed, government said. Donations to political parties by companies come under the provisions of the Companies Act. However, government has no proposal to review the law on foreign contributions to political parties under Foreign Contribution Regulation Act.
- ❑ The Employees' Provident Fund Organisation (EPFO) has recommended loyalty-cum-life benefit of up to Rs. 50,000 to its subscribers at the time of retirement for contributing to the scheme for 20 years or more. Similar benefit will also be given in case of permanent disability even if the contribution is less than 20 years. The EPFO has also recommended a minimum sum assured of Rs. 2.5 lakh in the event of death of a subscriber. These benefits will be available to subscribers after government approval.

Global News/Economy

- According to the National Bureau of Statistics, China's consumer inflation accelerated to 0.9% YoY in Mar 2017 from 0.8% in the previous month but was lower than market forecast. The marginal acceleration was due to non-food prices. While non-food prices accelerated, food prices continued to contract in Mar 2017. In a separate report, producer prices rose 7.6% YoY in Mar 2017, faster than market forecast but slower than 7.8% a month ago. The slower rise in factory prices was due to moderation in commodity prices.
- The Labor Department reported U.S. consumer prices surprisingly fell by 0.3% MoM in Mar 2017 compared with 0.1% in the previous month. Prices have dropped for the first time in the last one year. The fall was partly contributed by plunge in energy prices, which fell by 3.2% in Mar 2017, faster than 1.0% fall in Feb 2017. Annually also consumer prices grew 2.4% in Mar 2017, lower than 2.7% in Feb 2017.
- According to the Office for National Statistics, U.K. consumer inflation stood at 2.3% YoY in Mar, in line with market forecast and Feb 2017 inflation. Inflation rate stood at the highest level since Sep 2013. The fall in airfare caused by the timing of Easter was neutralised by rise in food prices. Sequentially, consumer prices increased 0.4% in Mar 2017, higher than the expected 0.3%.
- Survey results from ZEW revealed Germany's economic sentiment indicator climbed to 19.5 in Apr 2017, better than market forecast and 12.8 in Mar 2017.

Global Equity Markets

Global Indices			
Indices	13-Apr-17	1-Week Return	YTD Return
Dow Jones	20,453.25	-0.98%	2.87%
Nasdaq 100	5,353.59	-1.20%	9.00%
FTSE 100	7,327.59	-0.30%	2.59%
DAX Index	12,109.00	-0.95%	4.40%
Nikkei Average*	18,335.63	-1.76%	-4.07%
Straits Times*	3,169.24	-0.25%	9.32%

Source: Reuters **Value as on April 14, 2017*

Europe

- European markets too felt the heat of the ongoing geopolitical tensions. Concerns over the political situation in France further soured investor sentiment. On the economic front, a decline in eurozone industrial production in Feb 2017 hit markets.

Asia

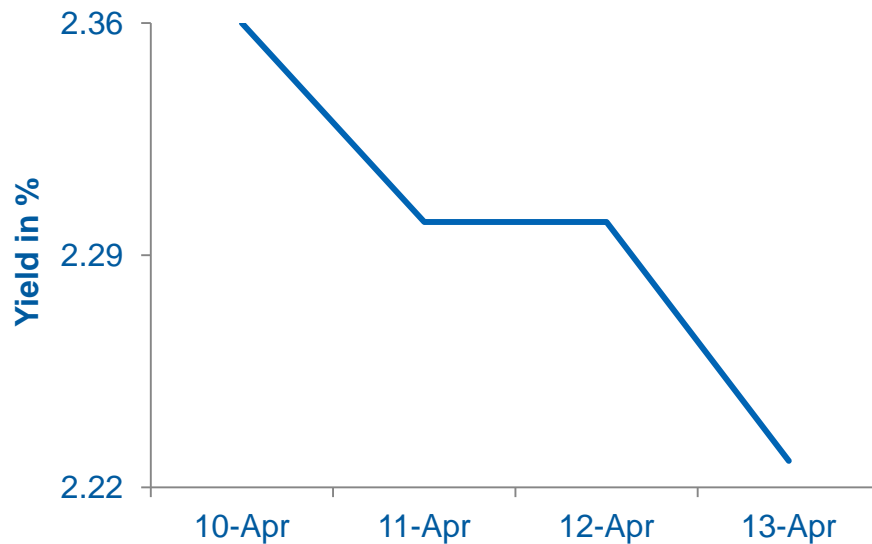
- Asian markets were no exception to the adverse effect of the geopolitical tensions. Also, data from a government report revealed that Japan's machinery orders rebounded less than expected in Feb 2017, thereby hurting sentiment. Meanwhile, losses were restricted by the upbeat Chinese trade data for Mar 2017.

U.S.

- U.S. markets remained largely under pressure amid lingering geopolitical concerns with the launch of a U.S. missile strike at an airbase in Syria. Besides, U.S. hinted at preventive strikes with conventional weapons against North Korea in the event of another nuclear weapons test.
- Additionally, U.S. President's comments on the strength of U.S. dollar and the Fed's stance on interest rates dragged the bourses.

Global Debt (U.S.)

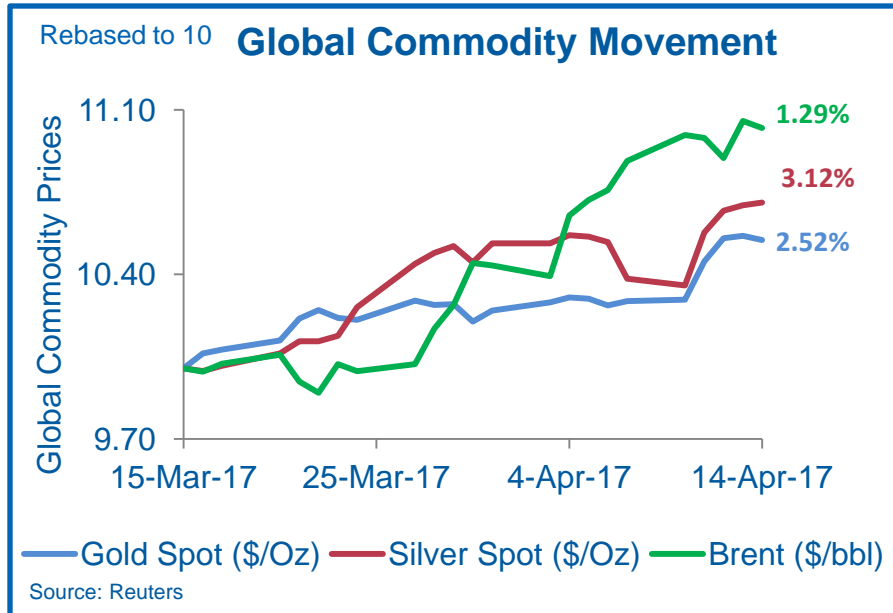
US 10-Year Treasury Yield Movement



Source: Reuters

- Yield on the 10-year U.S. Treasury bond fell 14 bps at 2.23% compared with the previous week's close of 2.37%.
- U.S. Treasury prices rose initially on worries over geopolitical risk emanated from concerns about North Korea and tension between U.S. and Syria, which supported the safe-haven demand for U.S. government debt.
- Treasury prices increased again on fresh concerns about the French Presidential election. Gains were extended following U.S. President's comments that stronger dollar would hurt the economy and after he indicated his preference for keeping interest rates low.

Commodities Market



Performance of various commodities

Commodities	Last Closing	1-Week Ago
Brent Crude(\$/Barrel)	55.08	54.38
Gold (\$/Oz)	1285.19	1253.55
Gold (Rs/10 gm) *	29313.00	28845.00
Silver (\$/Oz)	18.52	17.96
Silver (Rs/Kg) *	42389.00	41896.00

Source: Reuters

Value as on Apr 14, 2017 *Value as on Apr 13, 2017

Gold

- Gold prices remained strong as rising geopolitical tensions in North Korea, Syria, and Afghanistan helped boost the safe haven appeal of the metal. Uncertainty of the first round of French Presidential elections also supported prices.

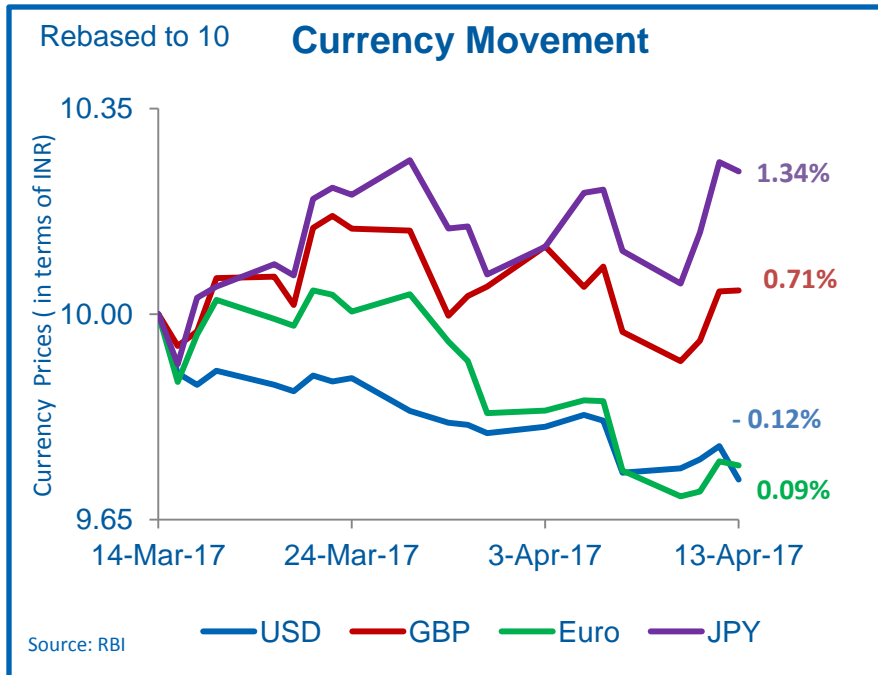
Crude

- Brent crude prices traded higher on expectations that the Organization of the Petroleum Exporting Countries (OPEC) would extend its output cut programme for another six months. American Petroleum Institute further reported that U.S. crude inventories unexpectedly fell 1.3 million barrels at the end of last week.

Baltic Dry Index

- The Baltic Dry Index gained during the week owing to sluggish capesize and panamax activities.

Currencies Markets



Rupee

- The Indian rupee rose against the greenback after the U.S. President's commented on greenback's strength and suggested keeping interest rates lower.

Euro

- Euro rose against the U.S. dollar after the U.S. President said that stronger dollar would hurt the economy and stated his preference for keeping interest rates low. However, profit booking capped the gains.

Pound

- Pound gained notably against the weak U.S. dollar after data showed that U.K. inflation in Mar 2017 remained above Bank of England's 2% target in Mar 2017.

Yen

- Yen surged against the weak U.S. dollar as its safe haven appeal improved on concerns over persisting geopolitical risk in the world. Gains were extended after U.S. President suggested to keep interest rates low.

Movement of Rupee vs Other Currencies		
Currency	Last Closing	1-Wk Ago
US Dollar	64.32	64.39
Pound Sterling	80.83	80.26
EURO	68.62	68.56
JPY(per 100 Yen)	58.97	58.19

Source: RBI Figures in INR, Value as on April 13, 2017

The Week that was...
10th April to 14th April

The Week that was (Apr 10 – Apr 14)

Date	Events	Present Value	Previous Value
Monday, April 10, 2017	Japan Eco Watchers Surey (Mar)	48.1	50.6
Tuesday, April 11, 2017	U.K. Consumer Price Index (YoY) (MAR)	2.30%	2.30%
	Germany ZEW Surey (Economic Sentiment) (APR)	19.5	12.8
	Eurozone Industrial Production (YoY) (FEB)	1.20%	1.20%
	Japan Machine Orders (MoM) (FEB)	1.50%	-3.20%
Wednesday, April 12, 2017	China Consumer Price Index (YoY) (MAR)	0.90%	0.90%
	China Producer Price Index (YoY) (MAR)	7.60%	7.60%
	U.K. ILO Unemployment Rate (3M) (FEB)	4.70%	4.70%
Thursday, April 13, 2017	University of Michigan Confidence (APR) (P)	98.0	96.9
	Germany Consumer Price Index (MoM) (MAR) (F)	0.20%	0.20%
	China Trade Balance (MAR)	164.34B	164.34B
Friday, April 14, 2017	U.S. Consumer Price Index (YoY) (MAR)	2.40%	2.70%
	U.S. Advance Retail Sales (MAR)	-0.002	-0.003
	Japan Industrial Production (YoY) (FEB) (F)	4.70%	4.80%

The Week Ahead...
April 17 to April 21

The Week Ahead

Day	Event
Monday, April 17, 2017	<ul style="list-style-type: none"> <input type="checkbox"/> China Retail Sales (YoY) (Feb) <input type="checkbox"/> China Industrial Production (YoY) (Feb) <input type="checkbox"/> India WPI Inflation (Mar)
Tuesday, April 18, 2017	<ul style="list-style-type: none"> <input type="checkbox"/> China House Price Index (Mar) <input type="checkbox"/> U.S. Industrial Production (MoM) (Mar) <input type="checkbox"/> U.S. Building Permits Change (Mar)
Wednesday, April 19, 2017	<ul style="list-style-type: none"> <input type="checkbox"/> Euro Zone Consumer Price Index (MoM) (Mar) <input type="checkbox"/> U.S. MBA Mortgage Applications (Apr 14) <input type="checkbox"/> Euro Zone Trade Balance s.a. (Feb)
Thursday, April 20, 2017	<ul style="list-style-type: none"> <input type="checkbox"/> Germany Producer Price Index (MoM) (Mar) <input type="checkbox"/> U.S. Initial Jobless Claims (Apr 14) <input type="checkbox"/> Euro Zone Consumer Confidence (Apr)Preliminary
Friday, April 21, 2017	<ul style="list-style-type: none"> <input type="checkbox"/> Japan Nikkei Manufacturing PMI (Apr)Preliminary <input type="checkbox"/> Euro Zone Markit PMI Composite (Apr)Preliminary <input type="checkbox"/> U.S. Markit PMI Composite (Apr)Preliminary

Disclaimer

The information herein is meant only for general reading purposes and contains all factual and statistical information pertaining to Industry and markets which have been obtained from independent third party sources and which are deemed to be reliable. The information provided cannot be considered as guidelines, recommendations or as a professional guide for the readers. It may be noted that since Reliance Nippon Life Asset Management Company Limited (RNLAM) (formerly Reliance Capital Asset Management Limited) has not independently verified the accuracy or authenticity of such information or data, or for that matter the reasonableness of the assumptions upon which such data and information has been processed or arrive data; RNLAM does not in any manner assures the accuracy or authenticity of such data and information. Some of the statements & assertions contained in these materials may reflect RNLAM's views or opinions, which in turn may have been formed on the basis of such data or information. The Sponsor(s), the Investment Manager, the Trustee or any of their respective directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such data or information. Whilst no action has been solicited based upon the information provided herein, due care has been taken to ensure that the facts are accurate and opinions given are fair and reasonable, to the extent possible. This information is not intended to be an offer or solicitation for the purchase or sale of any financial product or instrument. Recipients of this information should rely on information/data arising out of their own investigations. Before making any investments, the readers are advised to seek independent professional advice, verify the contents in order to arrive at an informed investment decision. None of the Sponsor(s), the Investment Manager, the Trustee, their respective directors, employees, affiliates or representatives shall be liable in any way for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including on account of lost profits arising from the information contained in this material.

All information contained in this document has been obtained by ICRA Online Limited from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA Online Limited or its affiliates or group companies and its respective directors, officers, or employees in particular, makes no representation or warranty, express or implied, as to the accuracy, suitability, reliability, timelines or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and ICRA Online Limited, or its affiliates or group companies and its respective directors, officers, or employees shall not be liable for any losses or injury, liability or damage of any kind incurred from and arising out of any use of this document or its contents in any manner, whatsoever. Opinions expressed in this document are not the opinions of our holding company, ICRA Limited (ICRA), and should not be construed as any indication of credit rating or grading of ICRA for any instruments that have been issued or are to be issued by any entity.

RELIANCE

Thank you

RELIANCE