

# News U Can Use

*December 11, 2015*

The Week that was...  
7<sup>th</sup> December to 11<sup>th</sup> December

# Indian Economy

- ❑ India's industrial output grew at the fastest rate in almost five years at 9.8% in October compared to 3.8% in September and a contraction of 2.70% in the year-ago month. The manufacturing sector and the electricity sector grew 10.6% and 9%, respectively during the month under review.
- ❑ According to data released by the Ministry of Finance, indirect tax collections rose 34.3% in the first eight months of 2015-16, led by high excise collections, signaling a pick-up in economic activity. A part of the collections was on account of additional revenue measures announced in the current year. Revenue on account of indirect tax stood at Rs. 4.38 lakh crore in the April-November 2015 period from Rs. 3.26 lakh crore in the year-ago period.
- ❑ The Union Cabinet approved various amendments to the contentious Real Estate Bill, introducing provisions for depositing 70% of the project cost by builders into an escrow account and punishment for violations of the proposed law. The Bill aims to protect the interest of consumers, promote fair play in real estate transactions, ensure timely execution of projects and fix accountability on builders in developing projects.
- ❑ According to Organisation for Economic Cooperation and Development (OECD), the Indian economy is witnessing "firming growth". The observation is based on Composite Leading Indicators (CLIs), which anticipates turning points in economic activity relative to trend. In October, India's CLI rose to 100.3 from 100.1 in September.

# Indian Equity Market

Domestic Equity Market Indices			
Indices	11-Dec-15	1 Week Return	YTD Return
S&P BSE Sensex	25044.43	-2.32%	-8.95%
Nifty 50	7610.45	-2.20%	-8.13%
S&P BSE Mid-Cap	10576.02	-3.28%	1.30%
S&P BSE Small-Cap	11213.18	-2.98%	-0.11%

Source: MFI Explorer

Ratios	S&P BSE Sensex	Nifty 50	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	19.62	20.57	25.08	58.95
P/B	2.59	3.05	2.3	1.9
Dividend Yield	1.48	1.52	1.46	1.02

Source: BSE, NSE

Value as on Dec 11, 2015

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
07-Dec-15	745	798	0.93
08-Dec-15	362	1189	0.30
09-Dec-15	188	1375	0.14
10-Dec-15	1117	418	2.67
11-Dec-15	456	1082	0.42

Source: NSE

- ▣ Indian equity markets witnessed selling pressure during the week amid uncertainty over the passage of Goods & Service Tax Bill in the winter session of Parliament.
- ▣ Concerns over fund outflow by overseas investors further weighed on investor sentiments as positive U.S. non-farm payroll data increased the possibility of the U.S. Federal Reserve (Fed) raising interest rates at its upcoming policy meet next week.
- ▣ Metal sector stocks also witnessed pressure as weak Chinese trade data for November hit demand outlook.

# Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last Closing	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	17822.2	-3.56%	-3.72%
S&P BSE Bankex	18651.3	-3.49%	-2.98%
S&P BSE CD	11857	-2.11%	-0.95%
S&P BSE CG	13845.5	-3.40%	-2.90%
S&P BSE FMCG	7659.54	-2.27%	-2.59%
S&P BSE HC	16141.5	-2.21%	-1.12%
S&P BSE IT	10751.9	0.54%	-2.52%
S&P BSE Metal	6902.75	-5.18%	-0.66%
S&P BSE Oil & Gas	9008.31	-3.17%	2.76%

*Source: Reuters* *Values as on Dec 11, 2015*

- ❑ On the BSE sectoral front, barring S&P BSE IT, all the indices closed in red. S&P BSE Realty and S&P BSE Metal were the major laggards, down 5.18% each followed by S&P BSE Auto and S&P BSE Bankex, which fell 3.56% and 3.49%, respectively.
- ❑ S&P BSE Capital Goods and S&P BSE Oil & Gas fell 3.40% and 3.17%, respectively. Weakness in global crude oil prices triggered selling pressure in stocks of oil & gas sector.

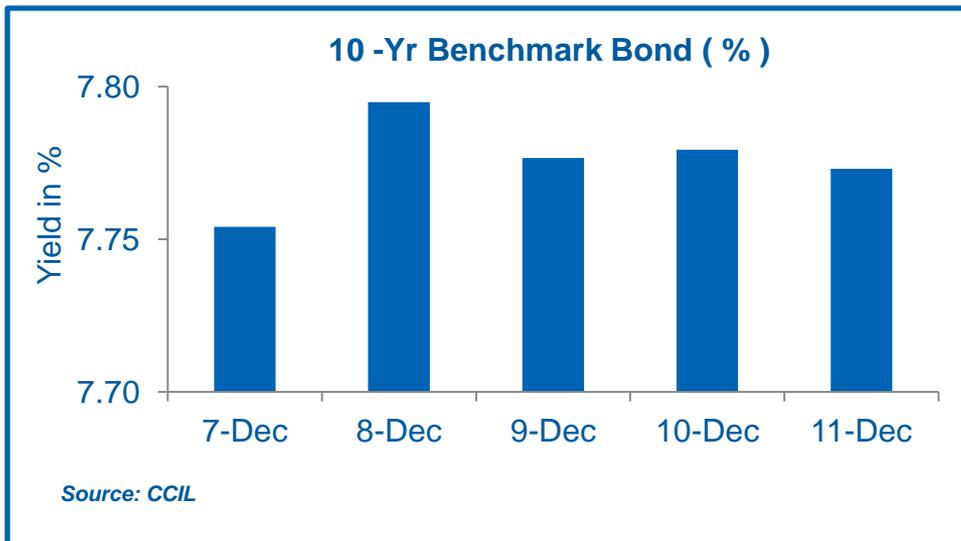
## Indian Derivatives Market Review

- ❑ Nifty December 2015 Futures were at 7,627.90 points, a premium of 17.45 points against the spot closing of 7,610.45 points. The turnover on NSE's Futures and Options segment rose to Rs. 8.66 lakh crore during the week ended December 11 from Rs. 6.87 lakh crore recorded in the previous week.
- ❑ The Put-Call ratio stood at 0.77, compared to the previous week's close of 0.72.
- ❑ The Nifty Put-Call ratio stood at 0.76, compared to the previous week's close of 0.79.

# Domestic Debt Market

Debt Indicators (Yield %)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	6.72	6.56	6.93	7.17
91 Day T-Bill	7.17	7.15	7.15	7.70
08.27% 2020, (5 Yr GOI)	7.71	7.76	7.74	8.09
07.72% 2025, (10 Yr GOI)	7.77	7.76	7.68	7.88

Source: Reuters Values as on Dec 11, 2015



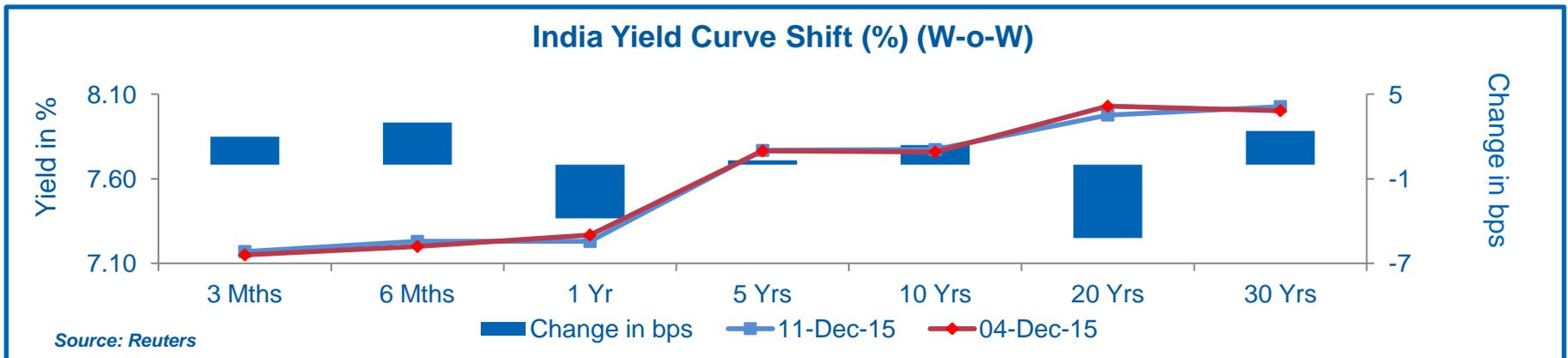
- Bond yields rose following the announcement of weekly auction of Government Securities. Concerns over a rate hike by the U.S. Fed at its upcoming policy meet lowered demand for the Government debt.
- Bond markets got some support after the RBI conducted the buyback of Government Securities through Open Market Operations. Fall in international crude oil prices provided additional support. Losses retreated further on short covering although investors remained cautious ahead of India's inflation numbers, due next week.
- The yield on the 10-year benchmark bond, 7.72% GS 2025, increased by 1 bps to close at 7.77% compared to the previous week's close of 7.76%.

# Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	7.42	7.96	54.0
3 Year	7.71	8.16	45.5
5 Year	7.92	8.35	43.0
10 Year	8.02	8.33	31.4

Source: Reuters Values as on Dec 11, 2015

- Yield on Gilt Securities increased across the maturities up to 17 bps barring 1, 13 & 19-year, which fell by 4, 23 & 5 bps, respectively. The yield on 5, 8 & 9-year papers were flat. The maximum rise was witnessed on 3-year paper.
- Corporate Bond yields rose across the yield curve in the range of 4 to 15 bps.
- Difference in Spread between AAA Corporate Bond and Gilt, over the week, expanded across the segments in the range of 4 to 17 bps.



# Regulatory Updates in India

- ❑ SEBI Chairman said the market regulator will soon come out with rules to help entrepreneurs raise funds through crowd funding. The committee formed for this purpose will submit its report in a month after which norms will come for implementation. This apart, he also said that discussions are in progress with regard to allowing the sale of mutual funds through e-commerce platforms.
- ❑ Reserve Bank of India Governor has expressed his optimism about passage of the long pending GST Bill in Parliament. He also mentioned that the Central Bank's continuous effort to monitor fiscal consolidation and inflation will help it to achieve its targeted goal. He added that another priority of the Central Bank is to reduce non-performing assets of banks and also to give them more powers for greater recovery.
- ❑ Chairman of Insurance Regulatory and Development Authority of India (IRDA) has launched a portal 'Registry of Hospitals in Network of Insurers' (Rohini) to bring all relevant details regarding health insurance plans in one place. The portal includes information like treatment facility, cost of treatment and cost of claims relating to the 35,000 hospitals that are registered by IRDA-promoted Insurance Information Bureau.

## Regulatory Updates in India (contd..)

- ❑ Insurance Regulatory and Development Authority of India (IRDA) Chairman said that the insurance regulator is working on introducing simple insurance products which can be sold over-the-counter. He added that IRDA has already come out with points-of-sales regulation for non-life products and is also working with life insurers to launch similar simple products in near future. He said IRDA will be coming up with a host of guidelines after its next quarterly board meet, which is slated for the December-end or early January.
- ❑ Parliamentary Standing Committee on Personnel, Public Grievances, Law and Justice said the jurisdiction and functions of Central Vigilance Commission, Lokpal and even Central Bureau of Investigation (CBI) in certain areas are overlapping, which can create serious functional problems. Hence, the panel has suggested that the anti-corruption wings of CBI and the CVC to be brought under the ambit of Lokpal.
- ❑ Securities and Exchange Board of India (SEBI) has asked commodity bourses to submit elaborate monthly reports with details such as trading volumes, investor complaints and corporate governance aspects. SEBI wants to keep a close vigil on the commodities market and bring about more transparency in the functioning of these exchanges.
- ❑ According to the Central Board of Direct Taxes, income tax returns filed by foreign portfolio investors without balance sheet or profit and loss account will not be treated as defective. The clarification is expected to bring relief to foreign portfolio investors.

# Global News/Economy

- ❑ Initial jobless claims in the U.S. rose in the week ended December 5, by 13,000 to 2,82,000 from the previous week's unrevised level of 2,69,000. Unemployment benefits rose to a five-month high. The four-week moving average increased by 1,500 to 2,70,750, from the previous week's unrevised average of 2,69,250.
- ❑ The Bank of England at its monetary policy meeting, kept its key interest rate unchanged at a record low. The policy committee voted 8-1 to hold interest rate at 0.50%. All members agreed that rates will be increased gradually and to a lower level than in recent cycles.
- ❑ Gross domestic product of Japan was revised upwards to 1.0% (Y-o-Y) in the September quarter of 2015, compared to a contraction of 0.8% from November's preliminary reading. While private consumption was revised down to 0.4% from 0.5%, capital expenditure was revised up to 0.6% from -1.3%.
- ❑ Consumer prices in China accelerated to 1.5% (Y-o-Y) in November, from a 1.3% rise in October. The rise was contributed by both food and non-food price inflation. Food prices rose 2.3% and non-food prices growth quickened to 1.1% from 0.9%.
- ❑ China's exports decreased 6.8% (Y-o-Y) in November, registering its fifth straight fall. Imports fell at a faster pace by 8.7%, but much better than the 18.8% fall recorded in October. The trade surplus fell unexpectedly to \$54.1 billion from \$61.6 billion in October.

# Global Equity Markets

Global Indices			
Indices	11-Dec-15	1-Week Return	YTD Return
Dow Jones	17265.21	-3.26%	-3.18%
Nasdaq 100	4537.563	-3.79%	7.26%
FTSE 100	5952.78	-4.58%	-9.09%
DAX Index	10340.06	-3.83%	5.89%
Nikkei Average	19230.48	-1.40%	10.20%
Straits Times	2834.63	-1.54%	-15.90%

*Source: Reuters Values as on Dec 11, 2015*

## Europe

- European markets fell over the week amid concerns that the U.S. Fed might raise interest rates at its upcoming policy meet. Sentiments dampened further after reports indicated that OPEC has decided to maintain high crude production level. Losses were restricted after the European Central Bank indicated that it may expand its stimulus program, if necessary.

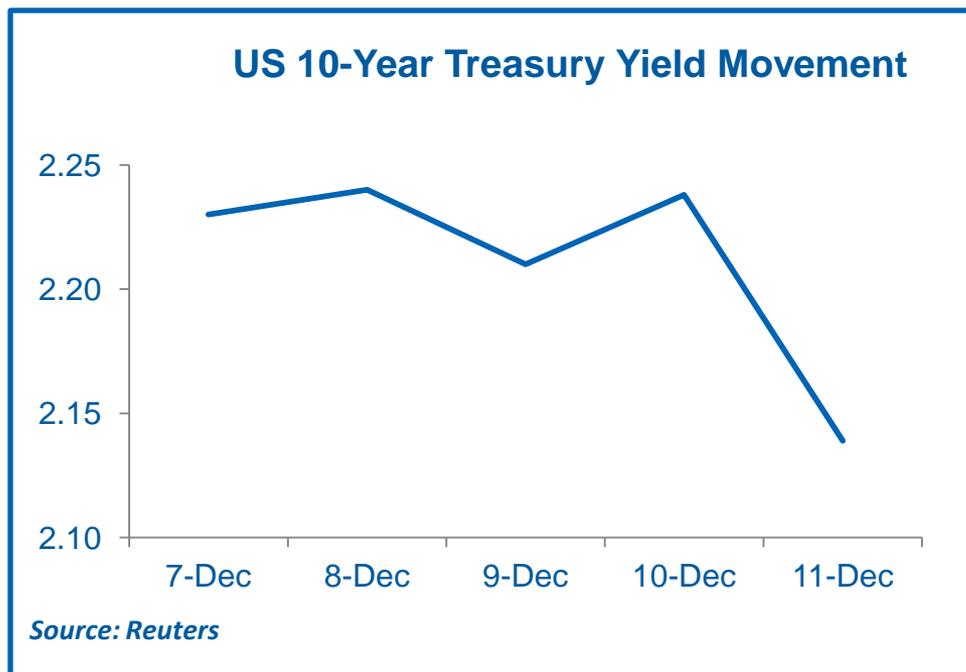
## Asia

- Asian markets fell as investors preferred to remain on the sidelines ahead of the U.S. Fed's policy meeting. Sentiments also dampened following weaker-than-expected Chinese trade data for November. Bourses fell further after the People's Bank of China allowed the yuan to depreciate against the dollar.

## U.S.

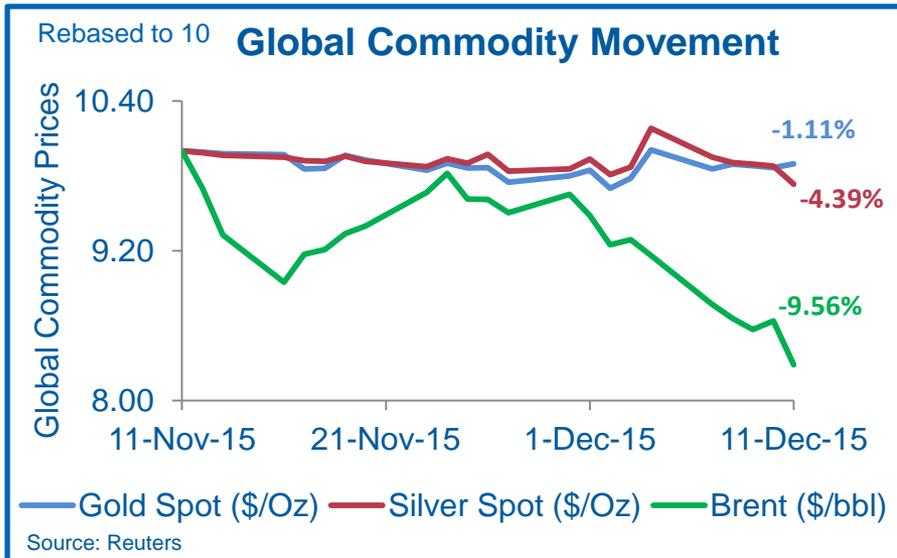
- The U.S. markets closed in red over the week as investors remained cautious ahead of the Fed's monetary policy review. Lower crude oil prices also weighed on market sentiments. Global oil prices fell to a multi-year low after the Organization of the Petroleum Exporting Countries (OPEC) decided to maintain high production level to retain its market share.

## Global Debt (U.S.)



- The 10-year U.S. Treasury bond yield fell by 14 bps to close at 2.14% compared to the previous week's close of 2.28%.
- The U.S. Treasury prices increased, tracking fall in international crude oil prices. This indicated that inflation in the U.S. might remain lower.
- Fall in oil prices also improved the safe-haven appeal of the U.S. debt as investors sold equities and shifted to bonds.

# Commodities Market



Performance of various commodities		
Commodities	Last Closing	1-Week Ago
Brent Crude(\$/Barrel)	36.98	40.89
Gold (\$/Oz)	1074.51	1086.61
Gold (Rs/10 gm)	25231	25143
Silver (\$/Oz)	13.91	14.549
Silver (Rs/Kg)	33625	33754

Source: Reuters Values as on Dec. 11, 2015

## Gold

- Gold prices fell during the week on after upbeat U.S. non-farm payroll data for November renewed concerns over probable U.S. Federal Reserve interest rate hike in its upcoming policy review meeting. Meanwhile, losses were restricted as a section of investors preferred to cover short positions following weakness in the metal prices.

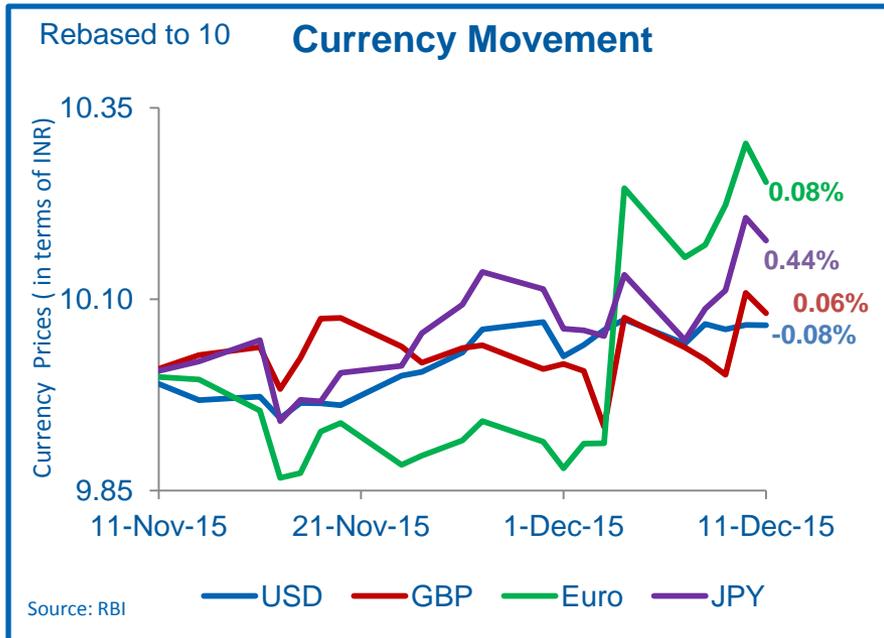
## Crude

- Brent Crude prices slipped below the \$40 per barrel level after OPEC failed to agree on an oil production ceiling in its latest meeting. Besides, weak Chinese trade data for November hit the demand outlook from the world's second-largest economy.

## Baltic Dry Index

- The Baltic Dry Index fell during the week due to sluggish capesize and panamax activities.

# Currencies Markets



Movement of Rupee vs Other Currencies		
Currency	Last Closing	1-Wk Ago
US Dollar	66.79	66.84
Pound Sterling	101.10	101.04
EURO	73.10	73.05
JPY(per 100 Yen)	54.75	54.51

Source: RBI

Figures in INR , Values as on Dec 11, 2015

## Rupee

- The rupee dropped against the dollar initially, tracking losses in domestic equity markets. However, the domestic currency strengthened later on the back of selling of greenback by banks and exporters.

## Euro

- The euro surged against the dollar after witnessing volatility. Investors squared off positions on hopes of a U.S. rate hike at the upcoming policy meeting of the Fed.

## Pound

- The pound rose against the dollar initially, ahead of the Bank of England's policy meeting, but the trend reversed after the Central Bank warned of more barriers to growth in 2016. Losses were further widened as the U.K. manufacturing output fell surprisingly in October.

## Yen

- The yen surged against the dollar ahead of the U.S. Fed's policy meeting next week, where hopes of a rate hike is high.

The Week that was...  
7<sup>th</sup> December to 11<sup>th</sup> December

# The Week that was (Dec 07 – Dec 11)

Day	Event	Present Value	Previous Value
Monday, December 07, 2015	Germany Industrial Production s.a. (M-o-M) (Oct)	0.20%	-1.10%
	Japan Gross Domestic Product Annualized (Q3)	1.00%	-0.80%
	Euro Zone Sentix Inestor Confidence (Dec)	15.7	15.1
Tuesday, December 08, 2015	China Trade Balance (Nov)	\$54.10B	\$61.64B
	U.K. Industrial Production (Y-o-Y) (Oct)	1.70%	1.50%
	Euro Zone Gross Domestic Product s.a. (Y-o-Y) (Q3)	1.60%	1.60%
Wednesday, December 09, 2015	China Consumer Price Index (M-o-M) (Nov)	0.00%	-0.30%
	China Producer Price Index (Y-o-Y) (Nov)	-5.90%	-5.90%
	U.S. Wholesale Inentories (Oct)	-0.10%	0.20%
Thursday, December 10, 2015	Bank of England Interest rate Decision	0.50%	0.50%
	U.K. Total Trade Balance (Oct)	£-3.729B	£-1.717B
	U.S. Initial Jobless Claims (Dec 4)	282K	269K
Friday, December 11, 2015	U.S. Retail Sales (M-o-M) (Nov)	0.20%	0.10%
	U.S. Producer Price Index (Y-o-Y) (Nov)	-1.10%	-1.60%
	Germany Consumer Price Index (M-o-M) (Nov)	0.10%	0.10%

The Week Ahead...  
December 14 to December 18

# The Week Ahead

Day	Event
<b>Monday, December 14</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Japan Industrial Production (M-o-M) (Oct).</li> <li><input type="checkbox"/> Euro Zone Industrial Production s.a. (M-o-M) (Oct).</li> </ul>
<b>Tuesday, December 15</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> U.S. Consumer Price Index n.s.a (M-o-M) (Nov).</li> <li><input type="checkbox"/> Germany ZEW Survey - Economic Sentiment (Dec).</li> <li><input type="checkbox"/> U.S. NAHB Housing Market Index (Dec).</li> </ul>
<b>Wednesday, December 16</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> U.S. Federal Reserve Interest Rate Decision.</li> <li><input type="checkbox"/> U.S. Industrial Production (MoM) (Nov).</li> <li><input type="checkbox"/> Euro Zone Markit PMI Composite (Dec) Preliminary.</li> </ul>
<b>Thursday, December 17</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> U.K. Retail Sales (M-o-M) (Nov).</li> <li><input type="checkbox"/> U.S. Initial Jobless Claims (Dec 11).</li> <li><input type="checkbox"/> Euro Zone Construction Output s.a (M-o-M) (Oct).</li> </ul>
<b>Friday, December 18</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Bank of Japan Monetary Policy Review.</li> <li><input type="checkbox"/> Euro Zone Current Account n.s.a (Oct).</li> <li><input type="checkbox"/> China MNI Business Sentiment Indicator.</li> </ul>

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