

News U Can Use

February 17, 2017

The Week that was...
13th February to 17th February

Indian Economy

- ❑ India's trade deficit widened to \$9.84 billion in Jan 2017 from \$7.67 billion in the corresponding period last year as imports grew at a faster pace than exports. During the reported month, exports grew 4.32% YoY to \$22.11 billion, while imports increased 10.70% to \$31.95 billion.
- ❑ Government data showed that Consumer Price Index (CPI) based inflation or retail inflation in Jan 2017 plunged to the lowest level since Jan 2012 to 3.17%, from 3.41% in Dec 2016 and 5.69% in the same period of the previous year. Consumer food price index also came down to 0.53% from 1.37% in the previous month and 6.85% in the same month of the previous year. While retail inflation fell 15.62% for vegetables, it grew 18.69% for sugar and confectionary.
- ❑ Wholesale Price Inflation (WPI) stood at 5.25% in Jan 2017 compared with 3.39% in Dec 2016. Fuel and power inflation also rose 18.14% from 8.65% during the same period. WPI inflation in manufactured products increased to 3.99% from 3.67% in the previous month, while food inflation continued its downward trajectory at 0.56% decline in Jan against 0.70% fall witnessed in Dec.
- ❑ According to data from the insurance regulator, general insurance industry has registered Rs. 1.03 lakh crore premium incomes at the end of Jan 2017, recording a growth of 32% because of rise in crop and property insurance.

Indian Equity Market

Domestic Equity Market Indices			
Indices	17-Feb-17	1 Week Return	YTD Return
S&P BSE Sensex	28468.75	0.47%	7.04%
Nifty 50	8821.70	0.32%	7.85%
S&P BSE Mid-Cap	13422.89	-0.34%	10.65%
S&P BSE Small-Cap	13467.64	-0.98%	10.48%

Source: MFI Explorer

Ratios	S&P BSE Sensex	Nifty 50	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	21.55	23.10	29.00	63.98
P/B	2.82	3.34	2.37	2.11
Dividend Yield	1.45	1.25	1.13	0.77

Source: BSE, NSE

Value as on February 17, 2017

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
13-Feb-17	547	1119	0.49
14-Feb-17	563	1081	0.52
15-Feb-17	302	1364	0.22
16-Feb-17	1163	483	2.41
17-Feb-17	873	761	1.15

Source: NSE

- Indian equity market ended the week on a positive note, particularly on the back of healthcare, financial, and IT stocks.
- While the financial sector got a push after the Reserve Bank of India (RBI) lifted restrictions on foreign investors to buy shares in a major bank, pharma stocks grew owing to certain approvals received from the U.S. health regulator.
- Rally in Asian markets improved sentiment. However, gains were capped as the Wholesale Price Index grew to 5.25% in Jan 2017 vis-à-vis 3.39% in Dec 2016, and earnings performances by some bluechip companies turned out to be disappointing.

Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last Closing	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	21582.11	-2.76%	1.15%
S&P BSE Bankex	23442.01	1.15%	7.26%
S&P BSE CD	13446.46	-1.06%	10.78%
S&P BSE CG	15294.73	-1.21%	4.62%
S&P BSE FMCG	8833.06	-0.93%	4.90%
S&P BSE HC	15327.36	1.25%	2.01%
S&P BSE IT	10231.18	1.60%	3.54%
S&P BSE Metal	11613.75	-0.69%	4.08%
S&P BSE Oil & Gas	13185.36	0.69%	5.98%

Source: Reuters Value as on February 17, 2017

- On the BSE sectoral front, S&P BSE IT, up 1.60%, was the top gainer, which climbed following an industry major's announcement that its board will consider a share buyback plan at a meeting next week.
- It was followed by S&P BSE Teck (1.37%), S&P BSE Healthcare (1.25%), and S&P BSE Bankex (1.15%). S&P BSE Realty (-3.08%) was the major loser of the week.

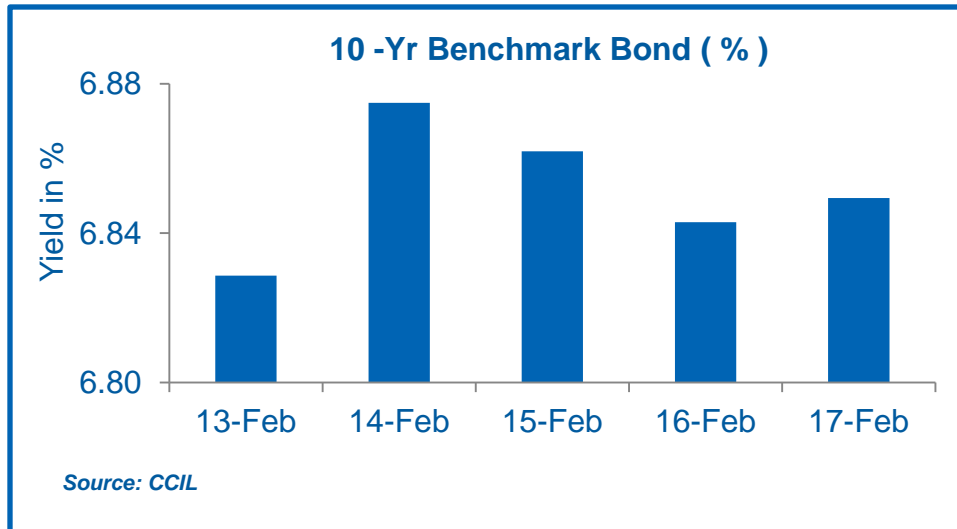
Indian Derivatives Market Review

- Nifty Feb 2017 Futures were at 8,827.00, a premium of 5.30 over the spot closing of 8,821.70. The turnover on NSE's Futures and Options segment stood at Rs. 24.58 lakh crore during the week to Feb 17, compared with Rs. 21.85 lakh crore recorded in the previous week.
- The Put-Call ratio stood at 0.92, compared with the previous week's close of 0.87.
- The Nifty Put-Call ratio stood at 1.11, compared with the previous week's close of 1.12.

Domestic Debt Market

Debt Indicators (%)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	6.05	6.11	5.92	6.42
91 Day T-Bill	6.19	6.26	6.25	6.58
7.80% 2021, (5 Yr GOI)	6.69	6.71	6.46	7.03
6.97% 2026, (10 Yr GOI)	6.85	6.81	6.42	--

Source: Reuters Value as on February 17, 2017



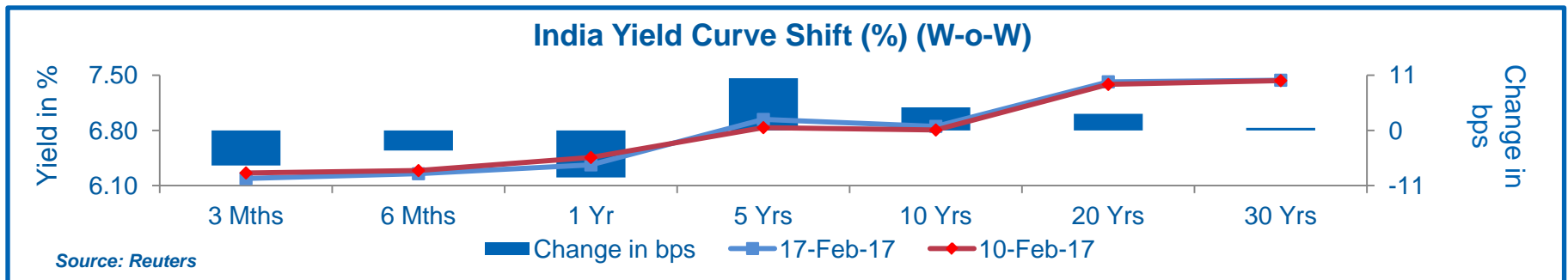
- Bond yields rose for the second consecutive week after core inflation rose in Jan 2017. The RBI governor expressed concerns over the increase in inflation, which fuelled worries that the Monetary Policy Committee (MPC) will not ease key policy repo rate any time soon. Furthermore, the U.S. Federal Reserve chief's indication of a near term rate hike weighed on the market sentiment.
- Yield on the new 10-year benchmark bond (6.97% GS 2026) rose 4 bps to close at 6.85% from the previous close of 6.81%.
- Data from RBI showed that India's foreign exchange reserves declined to \$362.79 billion as on Feb 10 from \$363.15 billion in the previous week.

Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	6.45	6.86	41
3 Year	6.66	7.10	44
5 Year	6.97	7.37	40
10 Year	7.12	7.69	57

Source: Reuters Value as on February 17, 2017

- Yields on gilt securities fell on 1 to 4 years' maturities and 14-year paper in the range of 3 bps to 9 bps. Yield across the remaining securities increased in the range of 1 bps to 10 bps, barring 11- and 30-year maturities that closed steady.
- Corporate bond yields fell across 1 to 4 years' maturities in the range of 1 bps to 4 bps, and increased across the remaining papers in the range of 1 bps to 11 bps.
- Spread between AAA corporate bond and gilt expanded across the maturities in the range of 1 bps to 8 bps, barring 4-year paper that closed steady and 7-year paper that contracted 2 bps.



Regulatory Updates in India

- ❑ The Securities and Exchange Board of India (SEBI) has proposed to reduce the time gap between the initial public offer (IPO) and listing of shares from the current six days (T+6). The reduction in time period has been proposed in order to lower the risk related to market volatility that could evolve during this period. The market regulator has also proposed to allow institutions like banks and mutual funds to participate in commodity derivatives markets.
- ❑ SEBI has permitted municipalities holding surplus in their books in any of the three preceding financial years to issue municipal bonds in order to boost the market. Also, the municipality should not have negative net worth in any of three immediately preceding financial years and should not have defaulted in repayment of debt securities or loans obtained from banks or financial institutions during the last 365 days.
- ❑ SEBI is likely to permit mutual fund houses to trade in commodities market in a month. The regulator is discussing with the RBI to allow institutional investors also to trade in commodity market.
- ❑ The RBI has permitted multilateral and regional financial institutions to invest in rupee denominated bonds listed abroad, called as masala bonds. This move will provide more choices of investors to Indian entities issuing masala bonds abroad.

Regulatory Updates in India (contd..)

- ❑ The RBI has announced that it will reimburse banks the merchant discount rate (MDR) charges in debit card transactions with effect from Jan 1, 2017 for tax and non-tax dues to the government. The central bank wants banks to send their claims for reimbursement along with auditor's certificate on a quarterly basis to RBI's central account section.
- ❑ The ministry of petroleum and natural gas has started discussions with public sector oil and gas companies to take forward the proposal given by the finance minister in his budget speech on Feb 1 to merge and consolidate state-run oil and gas companies in order to compete with domestic and international oil and gas companies.
- ❑ SEBI has decided to allow the mutual funds to invest in real estate investment trusts (REITs) and infrastructure investment trusts (InvITs). This will make the real estate and infrastructure investment trusts more attractive for investors. As per this norm, no mutual fund under all its schemes shall own more than 10% of units issued by a single issuer of REIT and InvIT.
- ❑ In order to protect investors' interest, Pension Fund Regulatory and Development Authority (PFRDA) has asked pension funds to maintain their mutual fund holdings with custodian Stock Holding Corporation of India (SHCIL).

Global News/Economy

- According to the U.S. Labor Department, U.S. weekly initial jobless claims grew to 239,000, registering a rise of 5,000 in the week ended Feb 11, 2017, compared with previous week's unrevised level of 234,000.
- According to a report released by the U.S. Commerce Department, U.S. housing starts fell at an annual rate of 2.6% to 1.246 million in Jan 2017 after increasing 11.3% to a revised 1.279 million in Dec 2016.
- Data from the office for National Statistics showed that U.K. retail sales plunged 0.3% MoM basis in Jan 2017 compared with 2.1% decline registered in previous month. On YoY basis, retail sales growth eased sharply to 1.5% from 4.1% a month ago, registering its weakest expansion since Nov 2013.
- Data from Eurostat showed that the eurozone construction output declined 0.2% MoM in Dec 2016, as against 0.9% increase in Nov 2016. On a yearly basis, construction output grew 3.2% led by the 6.5% surge in civil engineering and 2.5% growth in building construction.
- The U.S. Labor Department report said that consumer price based inflation index in U.S. rose higher than forecast at 0.6% MoM in Jan 2017, faster than 0.3% increase in Dec 2016. The rise was partially contributed by spike in energy prices, which jumped 4.0% in Jan.

Global Equity Markets

Global Indices			
Indices	17-Feb-17	1-Week Return	YTD Return
Dow Jones	20624.05	1.75%	3.73%
Nasdaq 100	5324.721	1.88%	8.42%
FTSE 100	7299.96	0.57%	2.20%
DAX Index	11757.02	0.77%	1.37%
Nikkei Average	19234.62	-0.74%	0.63%
Straits Times	3107.65	0.23%	7.20%

Source: Reuters

Europe

- European markets got support initially after the U.S. President indicated positive stand on Japan and China. Positive economic data further supported sentiment as U.K. employment grew to a record high in three months to Dec, 2016 while U.K. industrial production registered growth and trade deficit narrowed in Dec 2016.

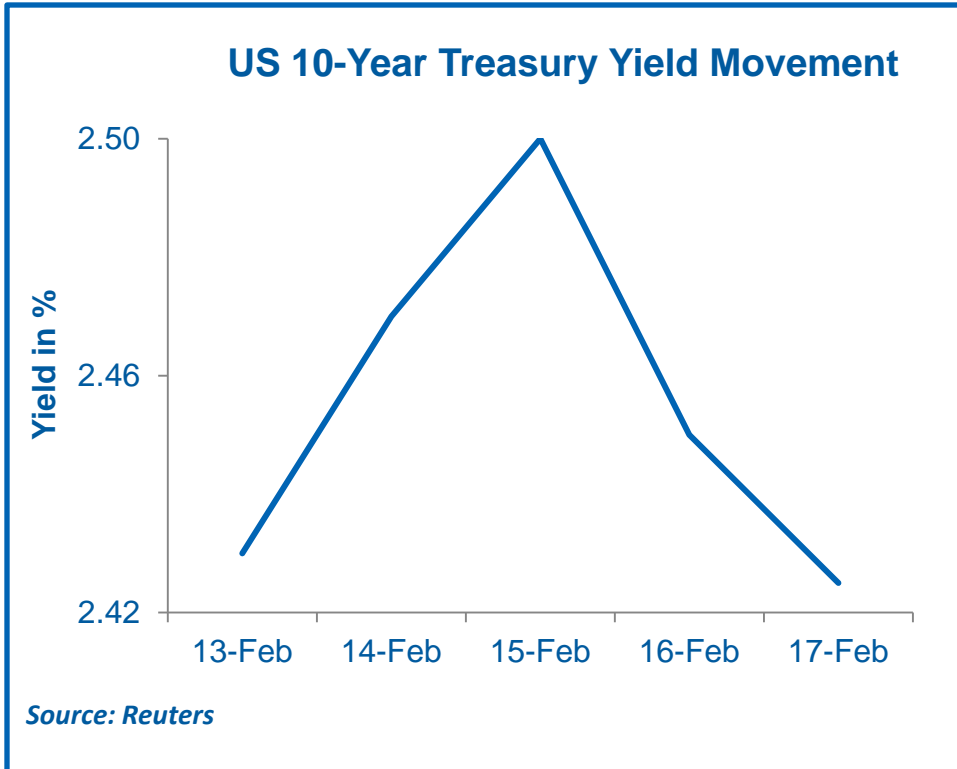
Asia

- Most of the Asian markets gained initially after the U.S. President's meeting with the Japanese Prime Minister eased concerns over a possible trade war with Japan. Positive indication on China trade policy and uptick in some of the global peers further boosted sentiment. However, a stronger yen weighed on the Japanese markets.

U.S.

- The U.S. markets moved up over the week following upbeat economic data as U.S. retail sales and consumer prices rose more than expected in Jan 2017.
- Higher corporate earnings and prospect of corporate tax reforms along with conclusion of the meeting between U.S. President and Japanese Prime Minister also boosted sentiment.

Global Debt (U.S.)

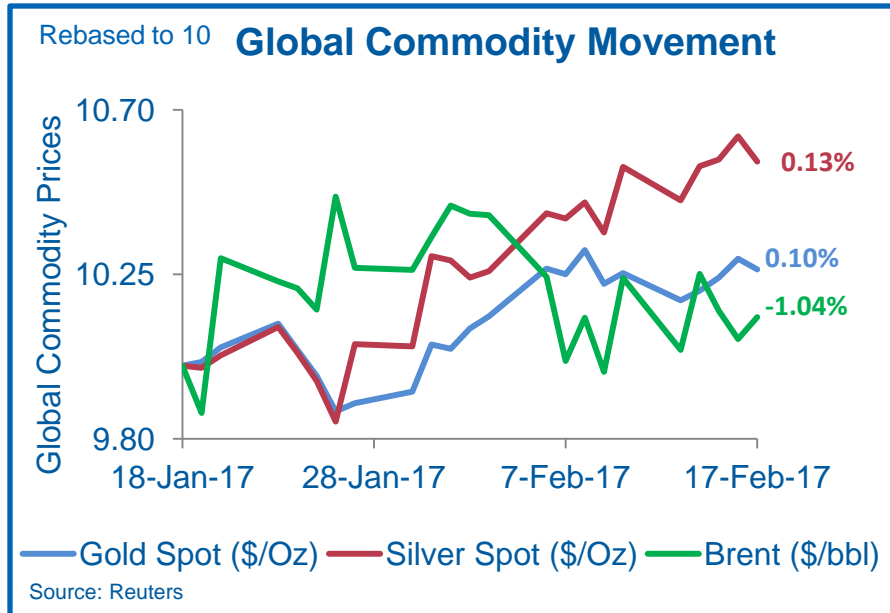


- ▣ The 10-year U.S. Treasury yield inched up 2 bps to close at 2.43%, compared with the previous week's close of 2.41%.

- ▣ U.S. Treasury prices fell initially after the U.S. Federal Reserve chair indicated towards a rate hike sooner rather than later. Losses were extended after the U.S. consumer price inflation (CPI) for Jan 2017 came better than market expectations. The CPI increase in Jan was the largest since Feb 2013.

- ▣ However, most of the losses were neutralised following fall in global crude oil prices during the end of the week. Concerns over the upcoming elections in France also boosted the safe haven appeal of the U.S. Treasuries.

Commodities Market



Performance of various commodities		
Commodities	Last Closing	1-Week Ago
Brent Crude(\$/Barrel)	54.12	54.69
Gold (\$/Oz)	1235.22	1234.01
Gold (Rs/10 gm)	29412.00	29015.00
Silver (\$/Oz)	17.97	17.95
Silver (Rs/Kg)	42793.00	41837.00

Source: Reuters Value as on February 17, 2017

Gold

- Gold prices rose as investors made a dash for the precious metal amid political ambiguities in Europe.

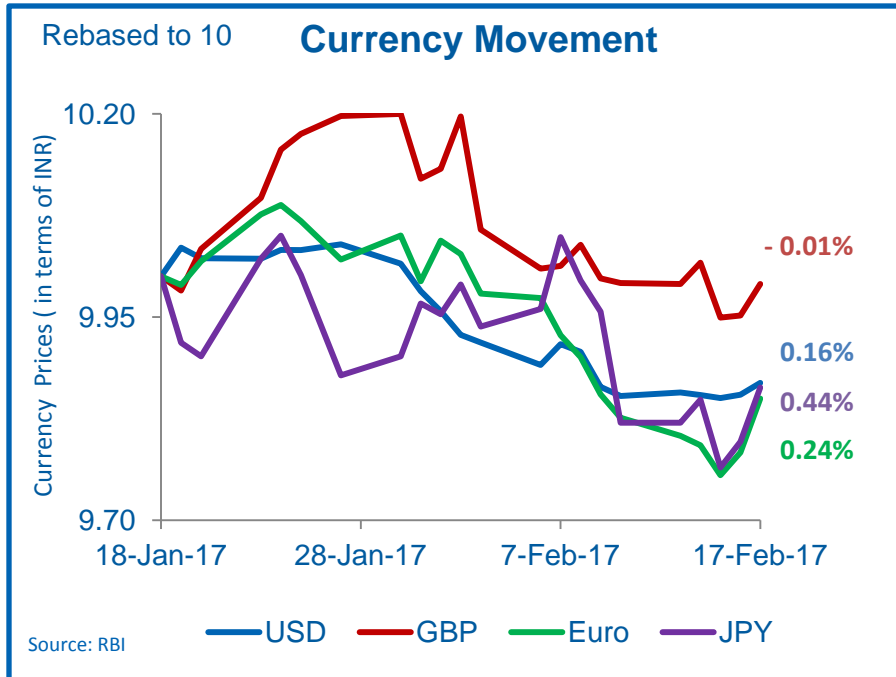
Crude

- Brent crude prices snapped after oscillating between highs and lows through the week following larger than expected growth in U.S. stockpiles. However, losses were somewhat offset by major crude suppliers delivering on their promise of cutting down production in Jan 2017 and reports that the Organization of the Petroleum Exporting Countries stood a chance of extending its supply cuts beyond the six-month deal.

Baltic Dry Index

- The Baltic Dry Index increased during the week owing to higher capesize and panamax activities.

Currencies Markets



Movement of Rupee vs Other Currencies		
Currency	Last Closing	1-Wk Ago
US Dollar	67.05	66.94
Pound Sterling	83.76	83.77
EURO	71.51	71.33
JPY(per 100 Yen)	59.15	58.89

Source: RBI Figures in INR , Value as on February 17, 2017

Rupee

- The rupee fell against the U.S. dollar following demand of greenback from banks.

Euro

- The euro fell against the greenback following upbeat U.S. inflation and retail sales data in Jan, 2017 and uncertainty regarding the upcoming elections in France.

Pound

- The pound fell against the greenback following slower U.K. wage growth rate in three months to Dec 2016. Losses were extended after retail sales in Britain unexpectedly fell in Jan, 2017.

Yen

- ✓ The yen rose against the U.S. dollar amid concerns over the new U.S. President's trade policies and uncertainty over the timing of Fed's next interest rate increase.

The Week that was...
13th February to 17th February

The Week that was (Feb 13 – Feb 17)

Date	Events	Present Value	Previous Value
Monday, February 13, 2017	Japan Gross Domestic Product Annualized (4Q P)	1.00%	1.40%
Tuesday, February 14, 2017	China Consumer Price Index (YoY) (JAN)	2.50%	2.10%
	China Producer Price Index (YoY) (JAN)	6.90%	5.50%
	German Gross Domestic Product w.d.a. (YoY) (4Q P)	1.70%	1.70%
	Euro-Zone Gross Domestic Product s.a. (YoY) (4Q P)	1.70%	1.80%
	U.K. Consumer Price Index (YoY) (JAN)	1.80%	1.60%
Wednesday, February 15, 2017	U.S. Consumer Price Index (YoY) (JAN)	2.50%	2.10%
	U.S. Advance Retail Sales (JAN)	0.40%	1.00%
	U.S. Industrial Production (JAN)	-0.30%	0.80%
	U.S. Business Inventories (DEC)	0.40%	0.70%
	U.S. NAHB Housing Market Index (FEB)	65.00	67.00
Thursday, February 16, 2017	U.S. Housing Starts (MoM) (JAN)	-2.60%	11.30%
	U.S. Building Permits (MoM) (JAN)	4.60%	1.30%
	U.S. Initial Jobless Claims (FEB 11)	239K	234k
Friday, February 17, 2017	U.K. Retail Sales (YoY) (JAN)	2.60%	4.70%

The Week Ahead...
February 20 to February 24

The Week Ahead

Day	Event
Monday, February 20, 2017	<ul style="list-style-type: none"> <input type="checkbox"/> Japan Merchandise Trade Balance Total (Yen) (JAN) <input type="checkbox"/> Euro-Zone Consumer Confidence (FEB A)
Tuesday, February 21, 2017	<ul style="list-style-type: none"> <input type="checkbox"/> Japan Nikkei PMI Mfg (FEB P) <input type="checkbox"/> Markit Eurozone Composite PMI (FEB P) <input type="checkbox"/> Markit US Composite PMI (FEB P)
Wednesday, February 22, 2017	<ul style="list-style-type: none"> <input type="checkbox"/> U.K. Gross Domestic Product (YoY) (4Q P) <input type="checkbox"/> Euro-Zone Consumer Price Index (YoY) (JAN F) <input type="checkbox"/> German IFO - Business Climate (FEB)
Thursday, February 23, 2017	<ul style="list-style-type: none"> <input type="checkbox"/> U.S. FOMC Meeting Minutes (FEB 01) <input type="checkbox"/> U.S. Initial Jobless Claims (FEB 18) <input type="checkbox"/> German Gross Domestic Product w.d.a. (YoY) (4Q F)
Friday, February 24, 2017	<ul style="list-style-type: none"> <input type="checkbox"/> U.S. New Home Sales (MoM) (JAN)

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