

**RELIANCE**

*Wealth Sets You Free*

**MUTUAL  
FUND**



**NISSAY**

Sponsors: Reliance Capital  
Nippon Life Insurance Company

---

# News U Can Use

---

**July 05, 2019**

---

The Week that was...

**01<sup>st</sup> July to 05<sup>th</sup> July**

---

---

## Indian Economy

- The government while presenting the Union Budget adhered to the fiscal consolidation roadmap as it lowered its fiscal deficit target to 3.3% of GDP for FY20 from 3.4% of GDP for FY19. The government expects the gross tax revenue to grow 9.5% in FY20 on the back of an increase in dividend receipts. It also hopes that the central government debt as a % of GDP will come down to 48.0% of GDP in FY20 from 48.4% in FY19 on the back of a benign inflation regime which will help reduce the cost of borrowing. The central government debt as a % of GDP is expected to come down further to 46.2% in FY21 and 44.4% in FY22.
- Government data showed that the growth in the index of eight core industries grew to 5.1% in May 2019 from a revised 6.3% in Apr 2019 (2.6% growth originally reported), and 4.1% in the same period of the previous year. The growth came as electricity output increased 7.2% compared with 5.9% in the previous month. The steel sector witnessed the maximum growth of 19.9% followed by electricity and cement, which grew 2.8%.
- The Nikkei India Manufacturing Purchasing Managers' Index (PMI) slowed to 52.1 in Jun 2019 from 52.7 in May 2019. The slowdown came as a softer increase in new work intakes led to slower rise in output and employment.
- The seasonally adjusted Nikkei India Services Business Activity Index fell from 50.2 in May 2019 to 49.6 in Jun 2019, thereby marking a 16-months low. Broadly stagnant sales resulted in first decline in business activity over a period of 1 year.

## Indian Equity Market

Domestic Equity Market Indices			
Indices	05-Jul-19	1 Week Return	YTD Return
S&P BSE Sensex	39,513.39	0.30%	9.55%
Nifty 50	11,811.15	0.19%	8.73%
S&P BSE Mid-Cap	14,725.65	-0.56%	-4.62%
S&P BSE Small-Cap	14,141.83	-0.68%	-3.84%

Source: MFI Explorer

Ratios	S&P BSE Sensex	Nifty 50	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	28.62	29.04	31.14	37.19
P/B	3.03	3.72	2.48	2.00
Dividend Yield	1.18	1.24	1.00	1.01

Source: BSE, NSE Value as on July 05, 2019

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
01-Jul-19	909	908	1.00
02-Jul-19	836	951	0.88
03-Jul-19	958	813	1.18
04-Jul-19	920	863	1.07
05-Jul-19	468	1,317	0.36

Source: NSE

- Indian equity markets closed modestly higher in the week ended Jul 5, 2019. Reports that the country's current account deficit for the quarter ended Mar 2019 has narrowed boosted the indices. Falling crude oil prices and surge in rupee added to the gains.
- Hopes of announcement of fiscal measures to support economic growth in the Union Budget scheduled on Jul 5, 2019, added to the gains. However, proposal in budget to increase the minimum public shareholding in listed companies from 25% to 35% led to liquidity concerns among investors and pulled the market down. Increase in surcharge on the high-income group also dented market sentiment.
- On the global front, investors remained focused on reports that U.S. and China are planning to recommence talks in the week ended Jul 12, 2019.

## Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last Closing*	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	17,692.26	-1.18%	-5.61%
S&P BSE Bankex	35,340.51	1.05%	-0.40%
S&P BSE CD	25,358.98	-2.94%	0.93%
S&P BSE CG	19,675.59	-0.91%	-2.09%
S&P BSE FMCG	11,505.35	1.26%	-0.97%
S&P BSE HC	12,719.23	-1.32%	-4.31%
S&P BSE IT	15,249.96	-2.58%	-2.96%
S&P BSE Metal	10,601.47	-4.55%	-3.43%
S&P BSE Oil & Gas	14,487.13	-2.14%	-7.97%
BSE Realty	2,172.96	-1.29%	-1.89%
BSE Teck	7,528.37	-1.90%	-2.75%

Source: Thomson Reuters Eikon \*Value as on July 05, 2019

- S&P BSE FMCG was the major gainer and grew 1.26%, followed by S&P BSE Bankex that grew 1.05%. However, S&P BSE Metal was the major loser that fell 4.55% followed by S&P BSE Consumer Durables that fell 2.94%. It was proposed in Union budget to increase custom duty on gold and other precious metals from 10% to 12.5%.
- S&P BSE Teck fell 1.90% followed by S&P BSE Healthcare and S&P BSE Realty that fell 1.32% and 1.29%, respectively. One of the real estate builders defaulted on scheduled interest payments on a Rs. 1,200 crore loan to a private lender.

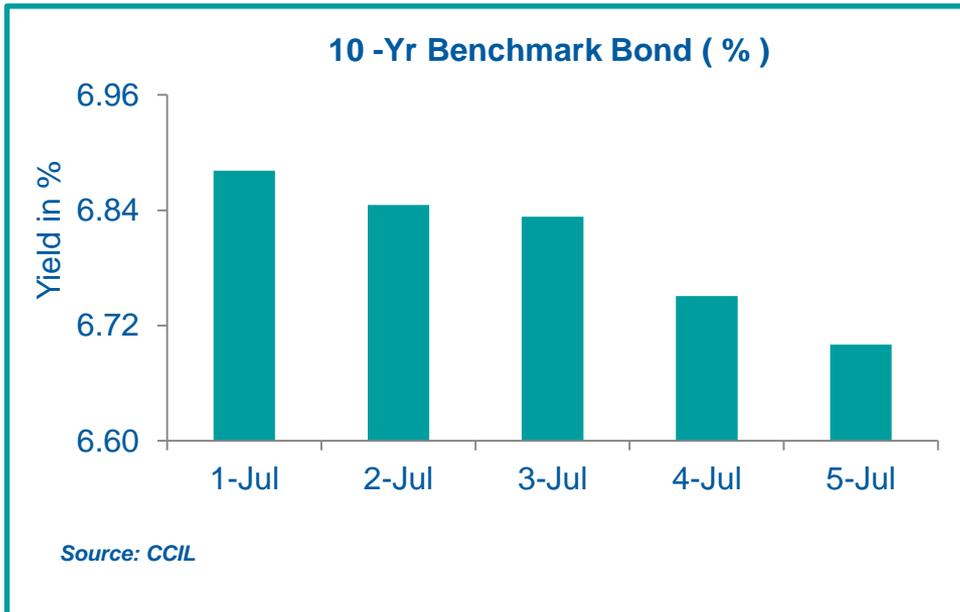
## Indian Derivatives Market Review

- Nifty Jul 2019 Futures stood at 11,820.95, a premium of 9.80 points, above the spot closing of 11,811.15. The total turnover on NSE's Futures and Options segment for the week stood at Rs. 55.55 lakh crore as against Rs. 65.74 lakh crore for the week to June 28.
- The Put-Call ratio stood at 0.79 compared with the previous week's close of 0.92.
- The Nifty Put-Call ratio stood at 1.09 against the previous week's close of 1.29.

## Domestic Debt Market

Debt Indicators (%)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	5.56	5.94	5.87	6.31
91 Day T-Bill	5.89	6.01	6.07	6.61
07.32% 2024, (5 Yr GOI)	6.62	6.77	6.88	--
07.26% 2029, (10 Yr GOI)	6.70	6.88	7.02	--

*Source: Thomson Reuters Eikon* *Value as on July 05, 2019*



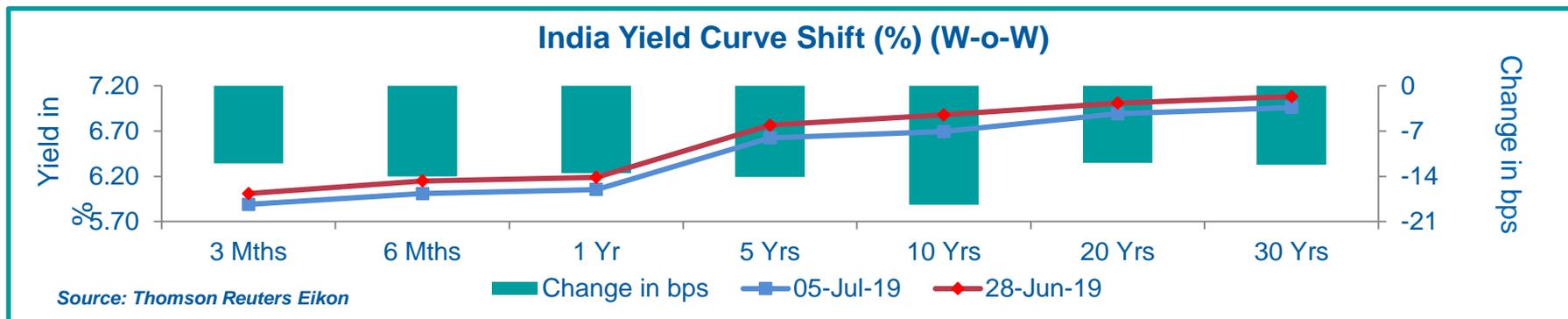
- Bond yields fell as crude oil prices declined amid worries of global economic slowdown, which triggered demand concerns for the commodity. Fall in crude prices raised optimism on lower inflation and further rate cuts.
- By the end of the week, gains were extended as worries over widening fiscal deficit alleviated. In addition, government official's remark on borrowings from overseas market raised expectations of foreign fund inflows and lifted the market sentiment.
- Yields on the 10-year benchmark paper (7.26% GS 2029) plunged 18 bps to close at 6.70% compared with the previous close of 6.88% after trading in the range of 6.58% to 6.93%.

## Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	6.15	7.88	173
3 Year	6.53	7.81	128
5 Year	6.73	7.89	116
10 Year	6.81	8.26	146

Source: Thomson Reuters Eikon Value as on July 05, 2019

- Yields on gilt securities fell across the maturities in the range of 12 bps to 26 bps. The maximum decline was witnessed on 15-year paper and the minimum decline was witnessed on 19-year paper.
- Corporate bond yields fell across the maturities in the range of 7 bps to 27 bps. The maximum decline was witnessed on 7-year paper and the minimum decline was witnessed on 1-year paper.
- Difference in spread between AAA corporate bond and gilt contracted on 2-year paper and 5 to 7 years' maturities in the range of 2 bps to 11 bps, while it expanded across the remaining segment by up to 12 bps.



---

## Regulatory Updates in India

- The government in the Union Budget proposed further recapitalization of state-run banks to the tune of Rs. 70,000 crore. It also proposed to give a one-time six-month partial credit guarantee to public sector banks (PSB) for the first loss of up to 10% in order to tide over the liquidity crisis in the non-banking financial segment. It also put forward the suggestion of creating a Debenture Redemption Reserve (DRR) which will help non-banking financial companies to raise fund through public issues.
- The government in the Union Budget allocated Rs. 65,837 crore for the railway sector. The government also allocated the highest ever outlay for capital expenditure to the tune of Rs. 1.60 lakh crore. It added that railway infrastructure would need an investment of Rs. 50 crore between 2018 and 2030. The government also proposed to use the Public-Private Partnership for the development of Indian railways.
- The government in the Union Budget set the disinvestment target at Rs. 1.05 lakh crore for FY20. Acknowledging that exchange traded funds as a good instrument for India's divestment program and to boost long term investment in central public sector enterprises, the finance minister added that investment option in exchange traded funds on the lines of Equity Linked Savings Scheme will be offered.

---

## Regulatory Updates in India (contd..)

- The finance minister while presenting the Union Budget urged the capital market regulator Securities and Exchange Board of India (SEBI) to increase the minimum public shareholding in the listed companies to 35% from 25%. Underlining the importance of corporate debt market, the finance minister added that steps will be taken to enable stock exchanges to allow AA-rated bonds as collaterals and to get retail investors to invest in government securities and treasury bills issued by the government. The finance minister also proposed to rationalise the existing Know Your Customer (KYC) norms for foreign portfolio investors to make India an investor friendly nation.
- The finance minister proposed to take steps for setting up a social stock exchange which will be regulated by SEBI. The objective of the move is to help listing of social enterprises and voluntary organizations so that they can raise capital as equity, debt or as units like a mutual fund. This will help to meet various social welfare objectives which will help to bring about inclusive growth and financial inclusion.
- The finance minister while presenting the Union Budget opined that India's sovereign external debt to GDP is less than 5% and is one of the lowest across the globe. The minister added that a part of its gross borrowings would be raised in overseas markets. The finance minister also proposed to raise the annual turnover limit for companies from Rs. 250 crore to Rs. 400 crore for availing a lower corporate tax rate of 25%.

---

## Global News/Economy

- According to a report by the Labor Department, U.S. non-farm payroll rose more than expected by 224,000 jobs in Jun 2019 after edging up by a downwardly revised 72,000 jobs in May 2019. The unemployment rate inched up to 3.7% in Jun from 3.6% in May.
- Eurostat data showed euro area unemployment rate dropped to the lowest since Jul 2008, despite the ongoing contraction in the manufacturing sector. The unemployment rate fell to 7.5% in May 2019 from 7.6 % in Apr 2019. The rate was forecast to remain unchanged.
- Data from the Cabinet Office showed Japan's consumer confidence weakened to the lowest level in four-and-a-half years in Jun 2019. The consumer confidence index for households with two or more persons fell to a seasonally adjusted 38.7 in Jun from 39.4 in May 2019.
- A report from the Institute for Supply Management showed that U.S. Purchasing Managers' Index (PMI) fell to 51.7 in Jun 2019 as against 52.1 in May 2019. This marked the lowest level since a matching reading in Oct 2016. The slowdown came in as new orders were unchanged as against a growth for 41 consecutive months.
- IHS Markit data showed China's manufacturing activity contracted for the first time in four months in Jun 2019 as trade tensions caused renewed declines in sales, export orders and production. The Caixin manufacturing PMI fell to 49.4 in Jun from 50.2 in May 2019.

## Global Equity Markets

Global Indices			
Indices	05-Jul-19	1-Week Return	YTD Return
Russell 3000	1,307.29	1.97%	23.02%
Nasdaq 100	7,841.30	2.22%	23.88%
FTSE 100	7,553.14	1.72%	12.26%
DAX Index	12,568.53	1.37%	19.03%
Nikkei Average	21,746.38	2.21%	8.65%
Straits Times	3,366.81	1.36%	9.71%

*Source: Thomson Reuters Eikon* *Value as on July 05, 2019*

## Europe

- European markets moved up on reports that top representatives from U.S. and China are planning to recommence talks in the week ended Jul 12, 2019. Further, European Commission reportedly decided to withhold disciplinary action against Italy over its fiscal policy, thereby boosting the market sentiment.

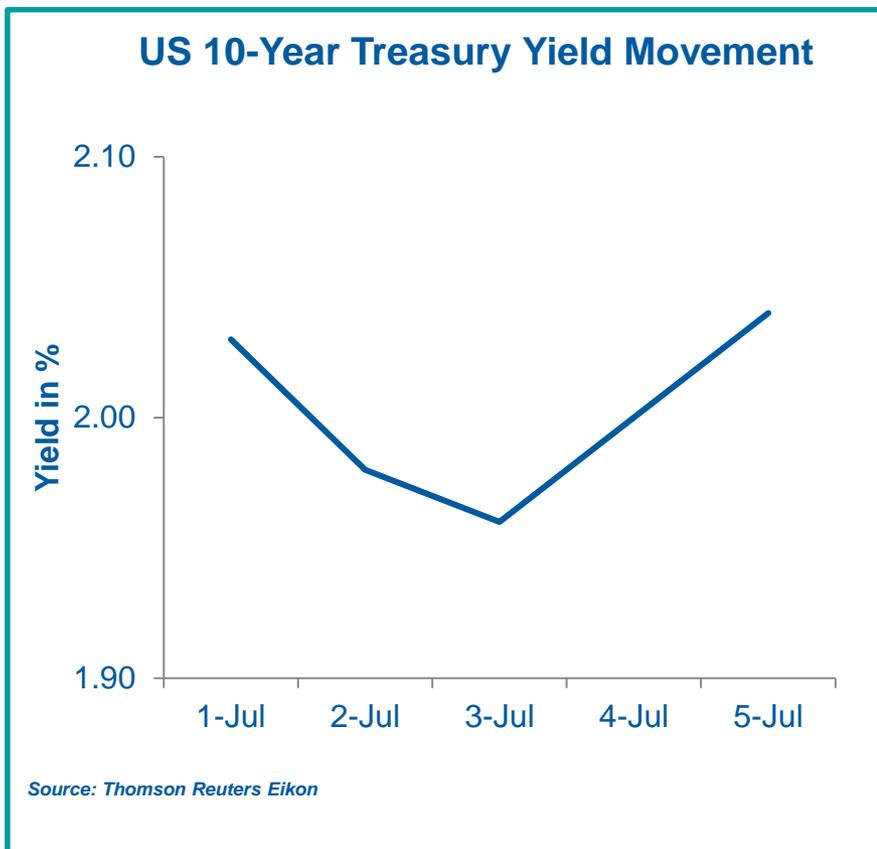
## Asia

- Asian markets gained as the U.S. and China agreed to restart trade talks and avoid imposition of additional tariffs on each other's products. Investors also became hopeful of a rate-cut soon by the U.S. Fed following weak U.S. economic data.

## U.S.

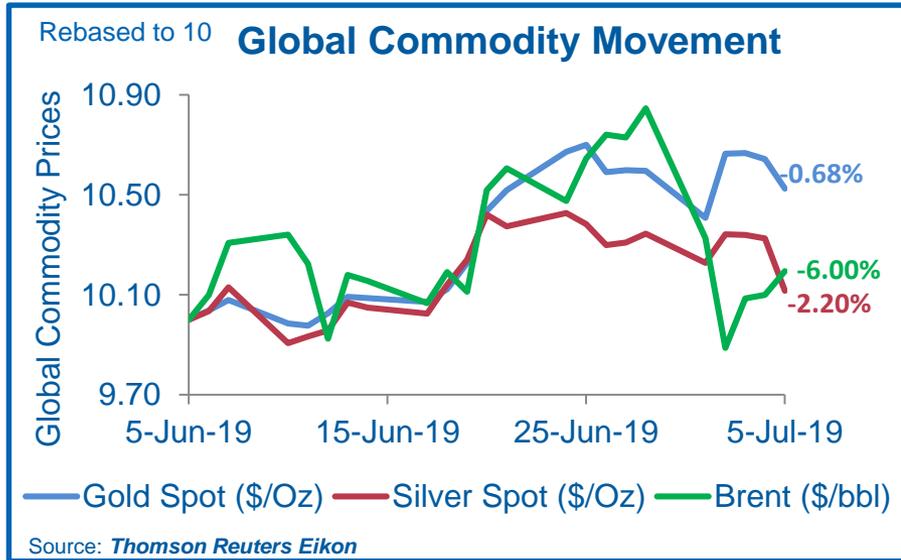
- U.S. markets gained during the truncated week. Optimism over interest rate cut in the near-term by the U.S. Federal Reserve (Fed) amid a slew of weak U.S. economic data supported the gains.
- However, renewed uncertainty about global trade after the U.S. proposed new tariffs on more European goods capped the gains.

## Global Debt (U.S.)



- Yields on the 10-year U.S. Treasury bond rose 4 bps to 2.04% compared with the previous week's close of 2.00%.
- U.S. Treasury prices grew initially on renewed safe-haven demand due to concerns over slowing global economic growth and reduced optimism about the restart on U.S.-China trade talks.
- Prices rose further following decline in U.K. yields as comment by the Bank of England (BoE) governor on the risks from Brexit and trade conflicts indicated that the BoE may lower interest rates in the next 12 months.
- However, the trend reversed following more than expected increase in U.S. non-farm payroll data for the month of Jun 2019 alleviating concerns over current U.S. economic expansion.

## Commodities Market



### Performance of various commodities

Commodities	Last Closing*	1-Week Ago
Brent Crude(\$/Barrel)	64.82	68.96
Gold (\$/Oz)	1,399.55	1,409.10
Gold (Rs/10 gm)	34,571.00	34,006.00
Silver (\$/Oz)	14.97	15.31
Silver (Rs/Kg)	37,461.00	37,425.00

Source: Thomson Reuters Eikon

\*Value as on July 05, 2019

## Gold

- Gold prices fell amid rise in global stock markets. Though there was no concrete result of the U.S.-China trade meet at the G20 summit, the two economies gave assurance of advancing talks, thereby adding to the losses.

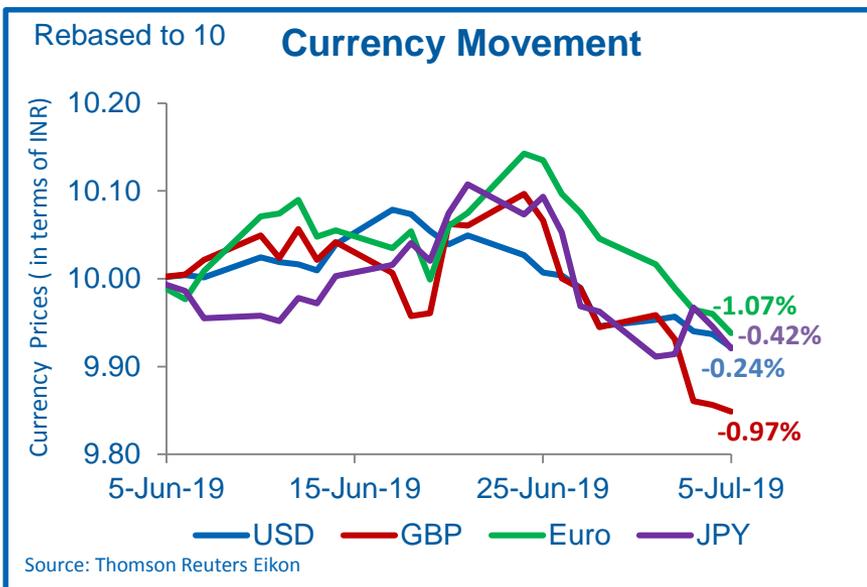
## Brent Crude

- Brent crude prices fell on weak U.S and German factory orders numbers in May 2019. The feeble data set raised concerns over the commodity's demand outlook. However, reports that OPEC and allies have decided to extend production cut through Mar 2020 restricted the losses.

## Baltic Dry Index

- The Baltic Dry Index grew on the back of improved capesize and panamax activities.

## Currencies Markets



### Movement of Rupee vs Other Currencies

Currency	Last Closing*	1-Wk Ago
US Dollar	68.75	68.92
Pound Sterling	86.50	87.35
EURO	77.52	78.36
100 Yen	63.70	63.97

Source: RBI

Figures in INR , \*Value as on July 05, 2019

## Rupee

- The rupee strengthened against the greenback as crude oil prices eased. Optimism over possible foreign fund inflows and productive trade talks between the U.S. and China added to the gains.

## Euro

- The euro weakened against the greenback following upbeat U.S. non-farm payroll data for Jun 2019. Further, fall in the German 10-year bund yield on expectations of stimulus measures from the ECB added to the losses.

## Pound

- The pound fell against the greenback on weak U.K. composite purchasing managers' index data in Jun 2019.

## Yen

- The yen fell against the greenback following more than expected increase in U.S. non-farm payroll data for Jun 2019.

---

The Week that was...

**01<sup>st</sup> July to 05<sup>th</sup> July**

---

## The Week that was (July 01 – July 05)

Date	Events	Present Value	Previous Value
<b>Monday, July 01, 2019</b>	• India Nikkei Manufacturing PMI (Jun)	52.1	52.7
	• India Index of Eight Core Industries (May)	5.10%	6.30%
	• Germany Unemployment Change (000's) (Jun)	-1K	60K
	• U.S. ISM Manufacturing (Jun)	51.7	52.1
	• Japan Consumer Confidence Index (Jun)	38.7	39.4
	• U.K. Mortgage Approvals (May)	65.4K	66.0K
<b>Tuesday, July 02, 2019</b>	• U.K. Nationwide House Price Index (YoY) (Jun)	0.50%	0.60%
	• U.K. Markit/CIPS UK Construction PMI (Jun)	43.1	48.6
<b>Wednesday, July 03, 2019</b>	• India Nikkei Services PMI (Jun)	49.6	50.2
	• U.S. ISM Non-Manufacturing/Services PMI (Jun)	55.1	56.9
	• Japan Markit Composite PMI (Jun)	50.8	50.7
	• China Caixin Composite PMI (Jun)	50.6	51.5
	• U.S. Factory Orders (May)	-0.70%	-1.2%
<b>Thursday, July 04, 2019</b>	• Eurozone Retail Sales (YoY) (May)	1.30%	1.80%
	• Germany Markit Construction PMI (Jun)	50	51.4
<b>Friday, July 05, 2019</b>	• U.S. Change in Non-farm Payrolls (Jun)	224K	72K
	• U.S. Unemployment Rate (Jun)	3.70%	3.60%
	• Germany Factory Orders (YoY) (May)	-8.6%	-5.3%

---

The Week ahead

**08<sup>th</sup> July to 12<sup>th</sup> July**

---

## The Week Ahead

Day	Event
<b>Monday, Jul 8, 2019</b>	<ul style="list-style-type: none"> <li>• Japan Eco Watchers Survey Current (Jun)</li> <li>• Germany Industrial Production (YoY) (May)</li> <li>• U.S. Consumer Credit (May)</li> </ul>
<b>Tuesday, Jul 9, 2019</b>	<ul style="list-style-type: none"> <li>• Japan Machine Tool Orders (YoY) (Jun P)</li> </ul>
<b>Wednesday, Jul 10, 2019</b>	<ul style="list-style-type: none"> <li>• U.S. FOMC Meeting Minutes (Jun 19)</li> <li>• China Consumer Price Index (YoY) (Jun)</li> <li>• U.K. Gross Domestic Product (MoM) (May)</li> <li>• U.K. Industrial Production (YoY) (May)</li> <li>• U.K. Manufacturing Production (YoY) (May)</li> </ul>
<b>Thursday, Jul 11, 2019</b>	<ul style="list-style-type: none"> <li>• U.S. Consumer Price Index (YoY) (Jun)</li> <li>• U.K. Bank of England Financial Stability Report</li> <li>• U.S. Monthly Budget Statement (Jun)</li> </ul>
<b>Friday, Jul 12, 2019</b>	<ul style="list-style-type: none"> <li>• India Consumer Price Index (YoY) (Jun)</li> <li>• India Index of Industrial Production (May)</li> <li>• China Trade Balance (Jun)</li> <li>• Japan Industrial Production (YoY) (May F)</li> </ul>

---

## 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 (RNAM) 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; RNAM 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 RNAM'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.

**Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.**

**RELIANCE**

*Wealth Sets You Free*

**MUTUAL  
FUND**



**NISSAY**

Sponsors: Reliance Capital  
Nippon Life Insurance Company

**Thank you for  
your time.**