



(Formerly Reliance Mutual Fund)

NEWS U CAN USE

Nov 01, 2019



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The Week that was...

28th Oct to 01st Nov



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Indian Economy

- Government data showed that India's fiscal deficit widened in Sep 2019 compared to that of the previous month. India's fiscal deficit for the period from Apr to Sep of 2019 widened to Rs. 6.52 lakh crore or 92.6% of the budget estimate from 78.7% of the budget estimate during the period from Apr to Aug of 2019. However, fiscal deficit was lower compared to the corresponding period of the previous year when fiscal deficit stood at 95.3% of the budget estimate. Revenue receipts stood at 41.6% of the budgeted target of Rs 19.6 lakh crore of which tax revenue stood at 36.8% of the budgeted target of Rs. 16.5 lakh crore while the non-tax revenue stood at 66.7% of the budgeted target of Rs 3.13 lakh crore.
- Government data showed that the growth of the index of eight core industries contracted significantly by 5.2% in Sep 2019 compared to a growth of 0.1% in the previous month and 4.3% in the same period of the previous year. All the sectors barring the fertilizer sector contracted over the month of which the coal sector witnessed the maximum contraction of 20.5%. The fertilizers sector witnessed expansion over the month which witnessed a growth of 5.4% in Sep 2019.
- Nikkei India Manufacturing Purchasing Managers' Index (PMI) fell to 50.6 in Oct 2019 from 51.4 in Sep 2019 and Aug 2019. This marked a two-year low. New orders and output rose at a slower pace. Business confidence fell to its lowest level in more than two-and-a-half years and job creation weakened to six-month low. Though sales grew for the twenty-fourth consecutive month, the increase was the slowest over this period.



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Indian Equity Market

Domestic Equity Market Indices			
Indices	01-Nov-19	1 Week Return	YTD Return
S&P BSE Sensex	40,165.03	2.83%	11.36%
Nifty 50	11,890.60	2.65%	9.46%
S&P BSE Mid-Cap	14,890.58	3.83%	-3.55%
S&P BSE Small-Cap	13,600.92	3.41%	-7.52%

Source: MFI Explorer

Ratios	S&P BSE Sensex	Nifty 50	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	27.33	27.47	27.72	44.46
P/B	2.95	3.67	2.43	1.80
Dividend Yield	1.15	1.26	1.10	1.09

Source: BSE, NSE

Value as on Nov 01, 2019

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
29-Oct-19	1,076	773	1.39
30-Oct-19	1,030	792	1.30
31-Oct-19	1,138	690	1.65
01-Nov-19	1,074	791	1.36

Source: NSE

- Indian equity markets regained its 40,000 mark and closed on a positive note in the week ended Nov 01, 2019. Media reports showing the government is considering more measures to support the economy such as scrapping of the dividend distribution tax buoyed markets.
- On the global front, China's upbeat manufacturing activity data for Oct 2019 and the European Union extending Brexit by three months supported buying interest.
- Further, 25 basis points interest rate cut by U.S. Federal Reserve (Fed) led to expectations of similar easing by other global banks, thereby adding to the gains.



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Indian Equity Market (contd.)

Indices	Sectoral Indices		
	Last Closing*	Returns (in %) 1-Wk	1-Mth
S&P BSE Auto	18,803.3	5.03%	12.64%
S&P BSE Bankex	34,208.7	2.82%	5.65%
S&P BSE CD	26,582.4	-1.02%	2.75%
S&P BSE CG	18,688.5	2.38%	1.01%
S&P BSE FMCG	12,302.4	2.71%	5.57%
S&P BSE HC	13,300.1	3.12%	7.63%
S&P BSE IT	15,272.8	4.79%	-0.87%
S&P BSE Metal	9,538.1	6.40%	6.86%
S&P BSE Oil & Gas	15,633.1	2.91%	6.71%

Source: Thomson Reuters Eikon

*Value as on Nov 01, 2019

- S&P BSE Metal was the major gainer that surged 6.40% followed by S&P BSE Auto that grew 5.03%. Announcement of several measures to bring the economy back from the slowdown phase helped the auto sector.
- S&P BSE Oil & Gas and S&P BSE Bankex grew 2.91% and 2.82%, respectively. A leading private sector bank has announced selection of a potential successor to its current Managing Director and Chief Executive Officer whose tenure will end in March 2020. However, S&P BSE Consumer Durables was the only loser that fell 1.02%.

Indian Derivatives Market Review

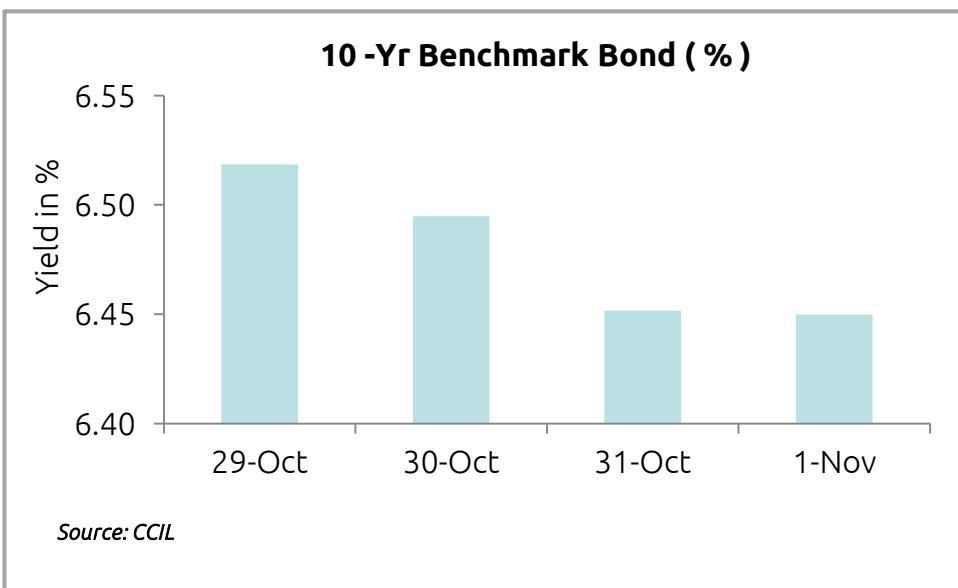
- Nifty Nov 2019 Futures stood at 11,928.25, a premium of 37.65 points above the spot closing of 11,890.60. The total turnover on NSE's Futures and Options segment for the week stood at Rs. 46.40 lakh crore as against Rs. 10.27 lakh crore for the week to Oct 25.
- The Put-Call ratio stood at 0.90 compared with the previous week's close of 0.93 .
- The Nifty Put-Call ratio stood at 1.41 against the previous week's close of 1.02.

Domestic Debt Market

Debt Indicators (%)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	5.07	5.10	5.26	6.15
91 Day T-Bill	5.04	5.10	5.30	6.40
07.32% 2024, (5 Yr GOI)	6.23	6.27	6.30	7.34
06.45% 2029, (10 Yr GOI)	6.45	6.50	6.66	

Source: Thomson Reuters Eikon

Value as on Nov 01, 2019



- Bond yields rose initially on concerns that the government might breach its budgeted fiscal deficit target for this financial year due to fiscal costs of the corporate tax reduction coupled with lower than budgeted collection of direct and indirect taxes.
- However, the trend reversed, and bonds yields came down following fall in U.S. Treasury yields amid concerns that China and the U.S. may not have a long-term trade deal. Fall in global crude oil prices over the week also boosted market sentiments. Meanwhile, the U.S. Fed also cut its policy rate for third time in 2019 which contributed to the upside.
- Yield on the new 10-year benchmark paper (6.45% GS 2029) fell 4 bps to 6.45% compared with the previous close of 6.49% after trading in a range of 6.42% to 6.52%.



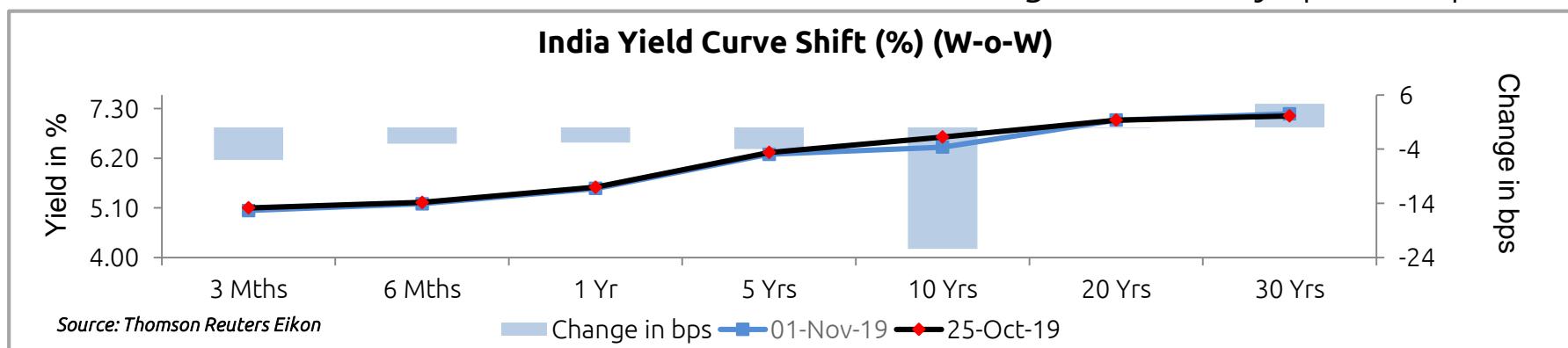
Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	5.61	6.79	119
3 Year	6.16	7.24	109
5 Year	6.38	7.47	108
10 Year	6.55	7.82	127

Source: Thomson Reuters Eikon

Value as on Nov 01, 2019

- Yields on gilt securities fell across the maturities in the range of 2 bps to 23 bps barring 3, 11, 15 and 30-year paper which increased in the range of 4 bps to 13 bps.
- Corporate bond yields increased on 3 and 15-year paper by 1 bps and 10 bps respectively while it closed steady on 2-year paper. Yields fell across the remaining maturities in the range of 3 bps to 36 bps.
- Difference in spread between AAA corporate bond and gilt expanded on 2, 4 and 15-year paper by up to 2 bps while it contracted across the remaining maturities by up to 29 bps.



Regulatory Updates in India

- The Securities and Exchange Board of India (SEBI) has put stricter framework and directed all listed banks that within 24 hours of receiving RBI's risk assessment report, they need to disclose any divergence in bad loan provisioning. The decision is in consultation with RBI.
- Effective immediately, RBI has reorganised its supervision and regulatory departments. The central bank stated that besides having unified departments for all supervisory activities, it will also have unified departments for all regulatory activities. Post reorganization, the supervision department and the regulatory department will be 'activity based' and the supervision department will be graded based on size and complexity of entity.
- The national stock exchange has asked trading members to take steps to protect the data of the clients registered with them and not to share such data with unauthorised persons. The announcement comes after SEBI communicated to the NSE that certain fraudsters are collecting data of clients who are already into trading in exchanges and sending them bulk messages on the pretext of providing investment tips and lure them to invest in their bogus firms by promising huge profits.
- According to media reports, the Prime Minister's Office (PMO) and the finance ministry are working on certain measures that may include doing away dividend distribution tax (DDT). The Department of Economic Affairs (DEA) and Revenue Department officials in the finance ministry have held meetings with PMO officials in this regard.



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Regulatory Updates in India (contd..)

- The Department for Promotion of Industry and Internal Trade has started an exercise to relax India's foreign direct investment rules. The department held an inter-ministerial meeting to discuss further opening up in sectors, especially where 100% FDI is not allowed on the automatic route.
- Media reports showed a high-level advisory group on trade and policy has recommended simpler regulatory and tax framework for overseas investment funds. It would allow individual investment from abroad in Indian debt and capital markets, and state-specific policies to facilitate foreign direct investment in agro-processing. The group favours a single ministry for the regulation of medical devices across the value chain, an independent commission on pharmaceuticals and biotechnology, a simpler medical visa regime and health insurance portability of social security entitlements across countries.
- According to media reports, the government could soon announce an amnesty scheme for gold to bring black money used in buying gold. The new scheme will allow gold hoarders to come clean on investment made using black money by declaring their possession and paying tax on it. The tax will have to be paid on entire value of gold declared by an individual that has been purchased without any receipt. The government is yet to work out the rate of tax, chances are the rate could be around 30% level with an effective rate of around 33% including education cess.



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Global News/Economy

- Data from the U.S. Labor Department showed that non-farm payroll employment grew more than expected by 128,000 jobs in Oct 2019. Job growth in Sep 2019 and Aug 2019 were upwardly revised by 180,000 jobs and 219,000 jobs respectively. Employment gains in Sep 2019 and Aug 2019 combined were 95,000 more than previously reported. However, the unemployment rate inched up to 3.6% in Oct 2019 from 3.5% in Sep 2019.
- Data from IHS Markit showed that U.K. manufacturing activity decreased at the slowest pace in six months in Oct 2019. The seasonally adjusted IHS Markit/CIPS PMI, stood at 49.6 in Oct 2019 compared to 48.3 in Sep 2019.
- The Bank of Japan maintained its policy rates, but signalled further monetary easing going forward as the economy is set to expand at a slower pace amid weaker inflation outlook. The central bank said short and long-term interest rates are expected to remain at their current or lower levels as long as it is necessary to achieve the price stability target.
- The U.S. Federal Reserve in its monetary policy review lowered interest rates for the third time in this year as it lowered its benchmark funds rate by 25 basis points to a range of 1.50% to 1.75%, as expected. However, the U.S. Federal Reserve indicated that further rate cuts in the near-term are unlikely.
- Preliminary flash estimate from Eurostat showed gross domestic product expanded 0.2% in the third quarter sequentially, the same rate as seen in the second quarter and more than expected. Separate data showed that inflation in the region eased to the lowest level in nearly three years in Oct 2019.



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Global Equity Markets

Global Indices			
Indices	01-Nov-19	1-Week Return	YTD Return
Russell 3000	1,340.19	1.70%	26.11%
Nasdaq 100	8,161.17	1.64%	28.93%
FTSE 100	7,302.42	-0.30%	8.54%
DAX Index	12,961.05	0.52%	22.75%
Nikkei Average	22,850.77	0.22%	14.17%
Straits Times	3,229.43	1.38%	5.24%

Source: Thomson Reuters Eikon

Value as on Nov 01, 2019

U.S.

- U.S. markets traded higher with investors reacting positively to the outcome of U.S. Fed latest policy meeting held during the week. The U.S. central bank announced its widely expected decision to lower the target range for the interest rate by 25 bps.
- However, the U.S. central bank Chief also said that the Fed will not go for rate cut any time soon.

Europe

- European markets closed on a mixed note. Upbeat manufacturing data from China for Oct 2019 boosted market sentiments. However, the fate of the long term trade deal between the two nations remained uncertain which contributed to the downside.

Asia

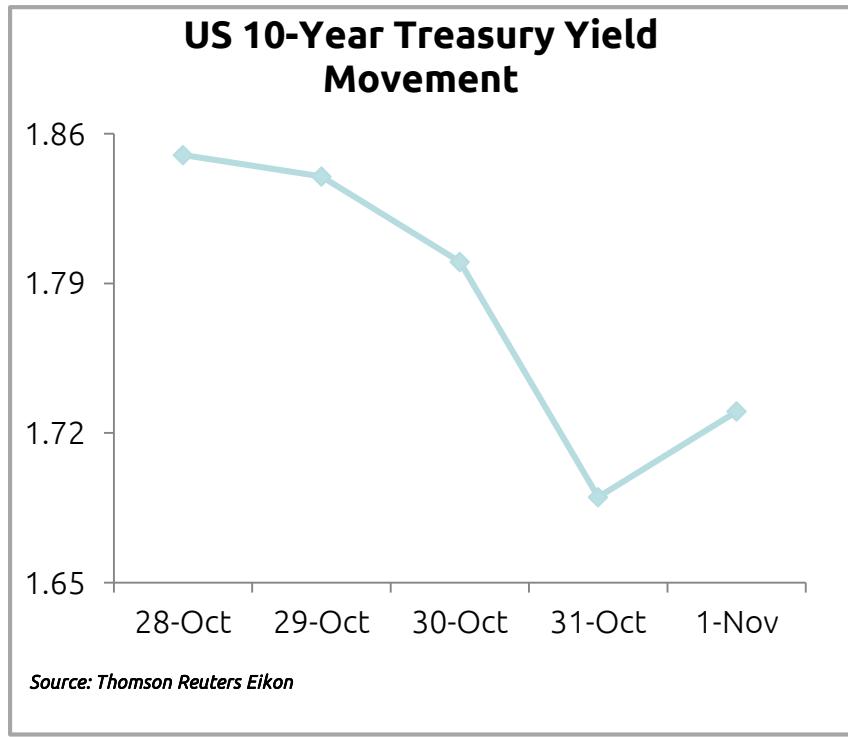
- Asian markets joined the rally after the U.S. Fed cut interest rates, as widely expected but indicated it is ready to hold off on further rate cuts for now. Buying interest found additional support from private survey showing that manufacturing activity in China expanded more than expected in Oct.



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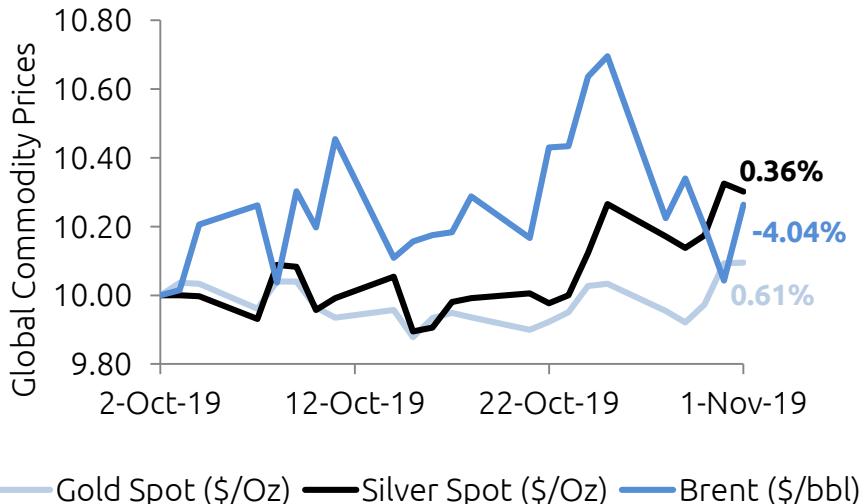
Global Debt (U.S.)



- Yields on the 10-year U.S. Treasury bond fell 7 bps to close at 1.73% compared to the previous week's close of 1.80%.
- U.S treasury prices grew after the U.S. Fed in its monetary policy review cut interest rates for the third time in 2019. Further, reports that Chinese officials have indicated concerns whether it would be possible to reach a comprehensive long-term trade deal with U.S. boosted the safe haven appeal of the bullion.
- Also, reports from Institute for Supply Management showing weak U.S. manufacturing data for Oct 2019 under pressure from the U.S.-China trade war added to the gains.
- However, gains were restricted following reduced uncertainty over Brexit developments and reports of stronger than expected U.S. job growth data in Oct.

Commodities Market

Rebased to 10 Global Commodity Movement



Source: Thomson Reuters Eikon

Performance of various commodities

Commodities	Last Closing*	1-Week Ago
Brent Crude(\$/Barrel)	60.36	62.90
Gold (\$/Oz)	1,513.55	1,504.33
Gold (Rs/10 gm)	38,703	38,630
Silver (\$/Oz)	18.09	18.02
Silver (Rs/Kg)	46,736	46,820

Source: Thomson Reuters Eikon

*Value as on Nov 01, 2019

Gold

- Gold prices were up during the week after media reports stated that Chinese official remained doubtful about reaching a comprehensive long-term trade deal with their U.S. counterparts. Gains were extended after the U.S. Fed in its monetary policy review cut interest rates for the third time this year.

Brent Crude

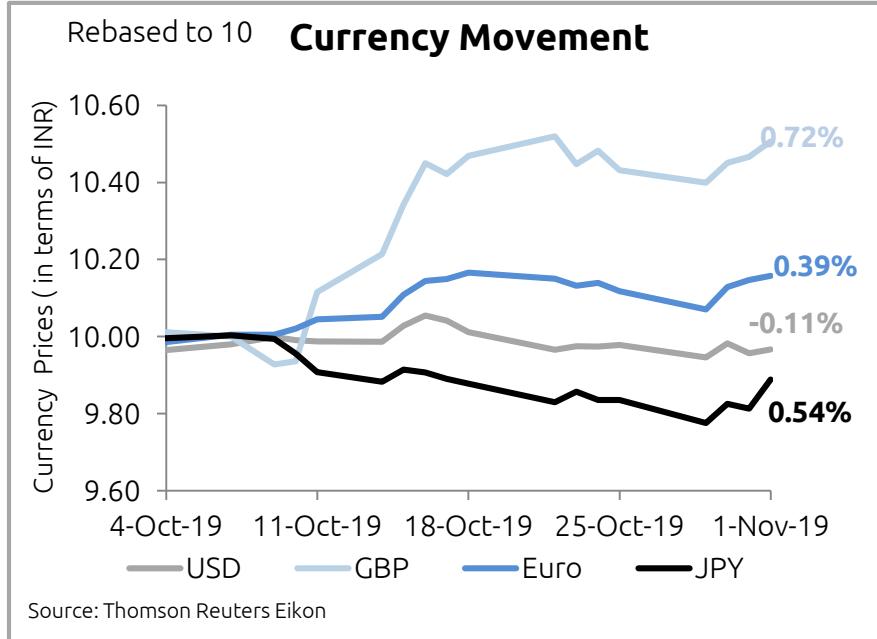
- Brent crude prices fell following an unexpected increase in U.S. crude stockpile for the week to Oct 25. Concerns on possible delay in the U.S.- China trade war resolution also weighed on the demand outlook of the commodity.

Baltic Dry Index

- The Baltic Dry Index fell on the back of lower capesize and panamax activities.



Currencies Markets



Movement of Rupee vs Other Currencies		
Currency	Last Closing*	1-Wk Ago
US Dollar	70.88	70.96
Pound Sterling	91.85	91.19
EURO	79.12	78.81
100 Yen	65.65	65.30

Source: RBI

Figures in INR, *Value as on Nov 01, 2019

Rupee

- The Indian rupee rose against the U.S. dollar following equity-related greenback inflows.

Euro

- Euro rose against the weak U.S. dollar after data showed that economic growth of the euro zone economy was unchanged in the third quarter, beating market expectations that it would slow.

Pound

- Pound gained against the weak U.S. dollar as the latter came under pressure after the U.S. Fed in its monetary policy review cut interest rates for the third time this year.

Yen

- Yen gained against the U.S. dollar after Bank of Japan kept interest rates steady while the U.S. Fed cut interest rates for the third time this year.



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The Week that was...

28th Oct to 01st Nov



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The Week that was (Oct 28 – Nov 01)

Date	Events	Present Value	Previous Value
Monday, October 28, 2019	<ul style="list-style-type: none"> • Japan Tokyo CPI ex Fresh Food (YoY) (Oct) • U.S. Chicago Fed National Activity Index (Sep) • U.S. Wholesale Inventories (Aug) (P) 	0.5%	0.5%
Tuesday, October 29, 2019	<ul style="list-style-type: none"> • U.S. Pending Home Sales (MoM) (Sep) • Japan Retail Trade (YoY) (Sep) 	1.5%	1.4%
Wednesday, October 30, 2019	<ul style="list-style-type: none"> • U.S. Fed Interest Rate Decision • U.S. Gross Domestic Product Annualized (Q3) (P) • Germany Harmonized Index of Consumer Prices (YoY) (Oct) • Germany Unemployment Rate (Oct) • Japan Industrial Production (YoY) (Sep) (P) 	1.8% 1.9% 0.9%	2.0% 2.0% 0.9%
Thursday, October 31, 2019	<ul style="list-style-type: none"> • Bank of Japan Interest Rate Decision • U.K. GfK Consumer Confidence (Oct) • Germany Retail Sales (MoM) (Sep) • U.S. Initial Jobless Claims (Oct 25) 	-0.1% -14 0.1% 218K	-0.1% -12 -10.0% 213K
Friday, November 01, 2019	<ul style="list-style-type: none"> • India Manufacturing PMI (Oct) • U.S. ISM Manufacturing PMI (Oct) • China Caixin Manufacturing PMI (Oct) • U.S. Nonfarm Payrolls (Oct) • U.K. Markit Manufacturing PMI (Oct) 	50.6 48.3 51.7 128K 49.6	51.4 47.8 51.4 180K 48.3

The Week Ahead

04th Nov to 08th Nov



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The Week Ahead

Day	Event
Monday, Nov 04, 2019	<ul style="list-style-type: none">• Germany Markit Manufacturing PMI (Oct)• Eurozone Markit Manufacturing PMI (Oct)• U.K. Markit Construction PMI (Oct)• U.S. Factory Orders (MoM) (Sep)
Tuesday, Nov 05, 2019	<ul style="list-style-type: none">• U.S. Markit PMI Composite (Oct)• U.S. ISM Non-Manufacturing PMI (Oct)• U.K. Markit Services PMI (Oct)• Bank of England Interest Rate Decision• China Caixin Services PMI (Oct)
Wednesday, Nov 06, 2019	<ul style="list-style-type: none">• U.S. Nonfarm Productivity (Q3) P• Euro zone Markit PMI Composite (Oct)• Euro zone Retail Sales (YoY) (Sep)
Thursday, Nov 07, 2019	<ul style="list-style-type: none">• U.S. Initial Jobless Claims (Nov 1)• Japan Overall Household Spending (YoY) (Sep)
Friday, Nov 08, 2019	<ul style="list-style-type: none">• U.S. Michigan Consumer Sentiment Index (Nov) P• China Trade Balance U.S. (Oct)• Japan Leading Economic Index (Sep) P



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