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November 10, 2017

The Week that was...

6th November to 10th November

Indian Economy

- Government data showed that the growth of Index of Industrial Production (IIP) slowed to 3.8% in Sep 2017 from a revised 4.5% (originally 4.3%) in the previous month and 5.0% in the same period of the previous year. Growth of the manufacturing sector also slowed to 3.4% during the month under review from a growth of 5.8% in the same period of the previous year. The cumulative growth for the period from Apr to Sep of 2017 also slowed to 2.5% from 5.8% in the same period of the previous fiscal.
- According to data from the Society of Indian Automobile Manufacturers (SIAM), domestic passenger vehicle sales declined marginally to 2,79,837 units in Oct 2017, down 0.30% from 2,80,677 units in the same month last year, while car sales were down 5.32% to 1,84,666 units for the period as against 1,95,036 units recorded in the same period last year. Motorcycle sales declined 3.50% to 11,04,498 units from 11,44,512 units in Oct 2016.
- According to the Central Board of Direct Taxes (CBDT), with investigations in the Panama Papers leak cases income tax department has so far detected undisclosed wealth of Rs. 792 crore. Meanwhile, the probe is still under progress. CBDT has announced that it has found 147 of the total 426 cases "actionable".
- Niti Ayog has shifted focus towards social sectors. It will rank states on parameters such as health, education and water management by the end of Dec 2017, thereby helping the country to jump even in the Human Development Index (HDI) as it did in ease of doing business ranking last week.

Indian Equity Market

Domestic Equity Market Indices			
Indices	10-Nov-17	1 Week Return	YTD Return
S&P BSE Sensex	33314.56	-1.10%	25.26%
Nifty 50	10321.75	-1.25%	26.19%
S&P BSE Mid-Cap	16562.69	-0.90%	36.53%
S&P BSE Small-Cap	17643.82	-1.19%	44.74%

Source: MFI Explorer

Ratios	S&P BSE Sensex	Nifty 50	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	24.45	26.35	41.46	88.47
P/B	3.08	3.48	2.88	2.54
Dividend Yield	1.17	1.08	0.83	0.64

Source: BSE, NSE Value as on Nov 10, 2017

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
06-Nov-17	854	886	0.96
07-Nov-17	452	1288	0.35
08-Nov-17	567	1167	0.49
09-Nov-17	976	748	1.30
10-Nov-17	711	998	0.71

Source: NSE

- Domestic equity markets moved down over the week amid concerns over a surge in crude oil prices following the political turmoil in Saudi Arabia. Fears over inflation outlook and fiscal deficit in the domestic economy due to rise in crude oil prices kept investors wary about Monetary Policy Committee's next policy decision.
- Sentiment dampened further after the Society of Indian Automobile Manufacturers (SIAM) data indicated that festive season failed to boost car sales as it was down by 5.32% YoY in Oct.
- However, some respite was seen towards the end after the Goods & Services Tax (GST) Council decided to keep only 50 items in the highest tax bracket of 28%.

Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last Closing	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	24931.8	-1.33%	1.16%
S&P BSE Bankex	28920.9	-0.59%	5.60%
S&P BSE CD	20524.5	10.33%	12.45%
S&P BSE CG	18736.1	0.72%	7.70%
S&P BSE FMCG	10353.4	0.46%	2.53%
S&P BSE HC	13858.9	-4.62%	-1.42%
S&P BSE IT	10732.6	3.37%	5.01%
S&P BSE Metal	14633.6	-2.08%	3.13%
S&P BSE Oil & Gas	15978.5	-3.30%	4.01%
S&P BSE Realty	2307.9	-2.86%	8.24%
S&P BSE Teck	6122.4	1.73%	6.99%

Source: Thomson Reuters Eikon Value as on Nov 10, 2017

- On the BSE sectoral front, most of the indices closed in the red, barring S&P BSE CD (10.33%), S&P BSE IT (3.37%), S&P BSE Teck (1.73%), S&P BSE CG (0.72%) and S&P BSE FMCG (0.46%). S&P BSE HC (-4.62%) stood as the major loser followed by S&P BSE Oil & Gas (-3.30%) and S&P BSE Realty (-2.86%).
- The oil and gas sector was impacted on news that one of the major state oil firm has not received debt repayments from a Venezuelan state oil firm since Apr 2017.

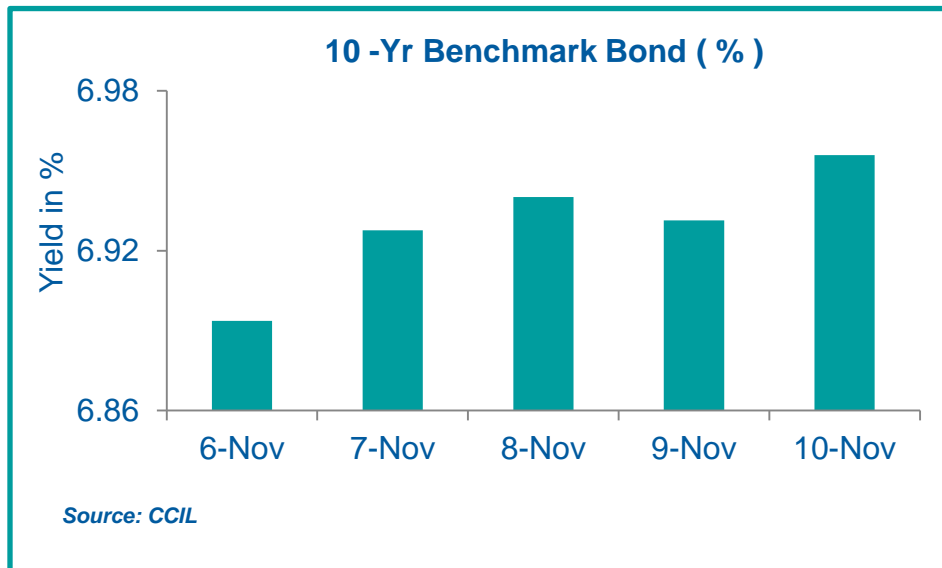
Indian Derivatives Market Review

- Nifty Nov 2017 Futures were at 10,334, a premium of 12.25 points above the spot closing of 10,321.75. The turnover on NSE's Futures and Options segment stood at Rs. 36.20 lakh crore as against Rs. 27.99 lakh crore in the week to Nov 3.
- The Put-Call ratio stood at 0.84 compared with the previous week's close of 0.88.
- The Nifty Put-Call ratio stood at 1.33 compared with the previous week's close of 1.55.

Domestic Debt Market

Debt Indicators (%)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	5.88	5.85	5.88	6.08
91 Day T-Bill	6.10	6.10	6.06	6.26
07.80% 2021 , (5 Yr GOI)	6.68	6.61	6.54	6.92
06.79% 2027, (10 Yr GOI)	6.96	6.86	6.74	--

Source: Thomson Reuters Eikon *Value as on Nov 10, 2017*



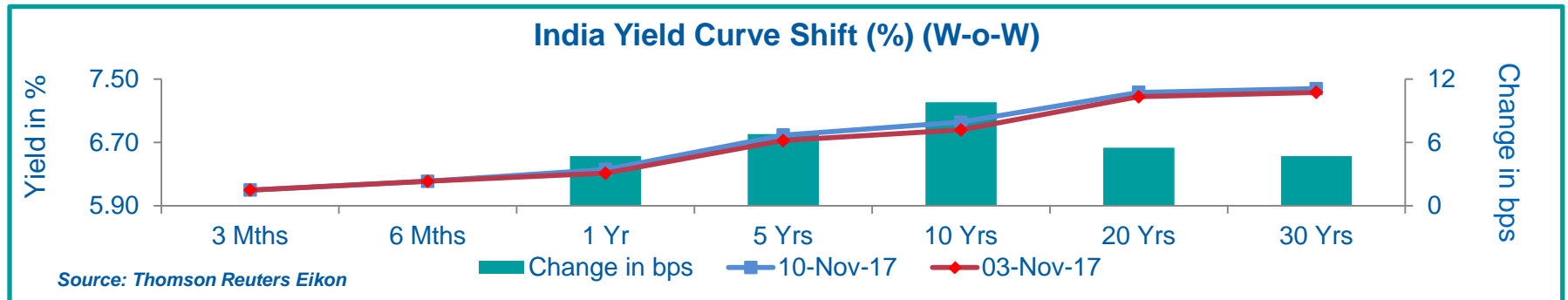
- Bond yields rose for the fourth consecutive week on growing concerns that increase in global crude oil prices may result in an increase in domestic inflationary pressures, which may dampen the prospects of a rate cut in the near future. Market sentiment also remained subdued amid worries that the Reserve Bank of India (RBI) may announce sale of government securities through open market operations.
- However, market participants resorted to bargain hunting following the recent decline in bond prices, which restricted losses to some extent.
- Yield on the 10-year benchmark bond (6.79% GS 2027) surged 10 bps to close at 6.96% from the previous week's close of 6.86%.

Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	6.42	6.85	43
3 Year	6.74	7.07	33
5 Year	6.90	7.25	35
10 Year	7.25	7.64	39

Source: Thomson Reuters Eikon Value as on Nov 10, 2017

- Yields on gilt securities increased across the maturities in the range of 4 bps to 10 bps. The minimum expansion was witnessed on 2-year paper and the maximum on 8 and 10-year maturities.
- Corporate bond increased across the maturities in the range of 2 bps to 5 bps, barring 2-year paper that closed steady and 4-year paper that fell 5 bps.
- Spread between AAA corporate bond and gilt contracted across the maturities by up to 12 bps. The minimum contraction was witnessed on 9-year paper and the maximum on 4-year paper.



Regulatory Updates in India

- The GST Council has reduced tax rates of 177 items in the top 28% bracket, which includes chocolates, chewing gum, shaving cream, aftershave kits, beauty products, granite and marble. This has reduced the number of items in the highest slab of 28% from 227 to only 50 that are mostly demerit, sin and luxury goods.
- The Reserve Bank of India (RBI) has issued new directions on managing risks and code of conduct in outsourcing financial services by Non-Banking Financial Companies (NBFCs). As per the new norms, NBFCs will not be permitted to outsource core management functions like internal audit, strategic and compliance functions for “know your customer” norms, sanction of loans and management of investment portfolio. In order to perform the outsourced function, access to customer information by staff of the service provider shall be limited to those areas where the information is required. NBFCs will need to comply with these norms within next the two months.
- The government has decided to repurchase a series of sovereign bonds at least two months before the scheduled maturity of Jan 2018. RBI has stated that the bonds offering 6.25% will be repurchased through reverse auction for an aggregate amount of Rs. 10,000 crore.

Regulatory Updates in India (contd..)

- RBI announced simplified norms for hedging exchange rate risk. As per the new norm, companies can take exposure of up to \$30 million on gross basis. The new norm will also reduce documentation requirements, avoid prescriptive stipulations regarding products, purpose and hedging flexibility, and will encourage a more dynamic and efficient hedging culture.
- The GST network announced that it has added “Table 6A” in the Form GSTR1 for exporters to claim refunds. With the help of this utility table, an exporter can claim refund of Integrated GST tax paid at the time of export by filling the details of shipping bill and tax paid GST invoice in the Form GSTR1 in the applicable month.
- The Insolvency and Bankruptcy Board of India (IBBI) has put in place stricter rules for the approval process of resolution plans submitted under the insolvency law. According to the rule, applicant's credit history and credit worthiness will be checked. The amendments come amid rising number of cases being filed under the insolvency law. Also, concerns in certain quarters on whether the promoter of a company under the insolvency process can submit a resolution plan led to the amendment.

Global News/Economy

- According to a report from the Institute for Supply Management, U.S. non-manufacturing index surpassed market expectations and came in at 60.1 in Oct 2017, slightly up from 59.8 in Sep 2017. This marked the highest level since the index's debut in 2008. The upside was driven by growth in business activity and employment index.
- According to a report from the Federal Reserve, U.S. consumer credit grew higher than market expectations in Sep 2017. U.S. consumer credit grew by \$20.8 billion in Sep 2017 as against growth of \$13.1 billion in Aug 2017. Revolving credit came in at \$6.3 billion in Sep 2017, up from \$5.6 billion growth in Aug 2017. Meanwhile, the non-revolving credit grew by \$14.4 billion in Sep 2017 as against growth of \$7.7 billion in Aug 2017.
- According to a report from the Eurostat, eurozone's retail sales surpassed market expectations and grew 0.7% MoM in Sep 2017 as against a decline of 0.1% in Aug 2017. This marked the first increase in three months. Sale of food, drinks and tobacco grew 1.3% and non-food product sales grew to 0.5%. On an annual basis, retail sales grew to 3.7% in Sep 2017, up from 2.3% in Aug 2017.
- Data from the National Bureau of Statistics showed consumer inflation in China accelerated to 1.9% in Oct 2017, higher than market expectations and 1.6% in Sep 2017. Inflation rose at its fastest pace in nine months. Food prices fell 0.4% in Oct 2017 but at a much slower pace than 1.4% fall in Sep 2017 while non-food inflation held steady at 2.4%.

Global Equity Markets

Global Indices			
Indices	10-Nov-17	1-Week Return	YTD Return
Dow Jones	23422.21	-0.50%	17.81%
Nasdaq 100	6309.066	0.21%	28.46%
FTSE 100	7432.99	-1.68%	3.55%
DAX Index	13127.47	-2.61%	13.18%
Nikkei Average	22681.42	0.63%	15.76%
Straits Times	3420.1	1.12%	17.98%

Source: Thomson Reuters Eikon Value as on Nov 10, 2017

U.S.

- U.S. markets started the week on a positive note following news of a deal between two telecommunication companies and increase in crude oil prices.
- Later profit booking led to weakening of indices. Markets declined the most on reports that the legislation on tax reform could be delayed.

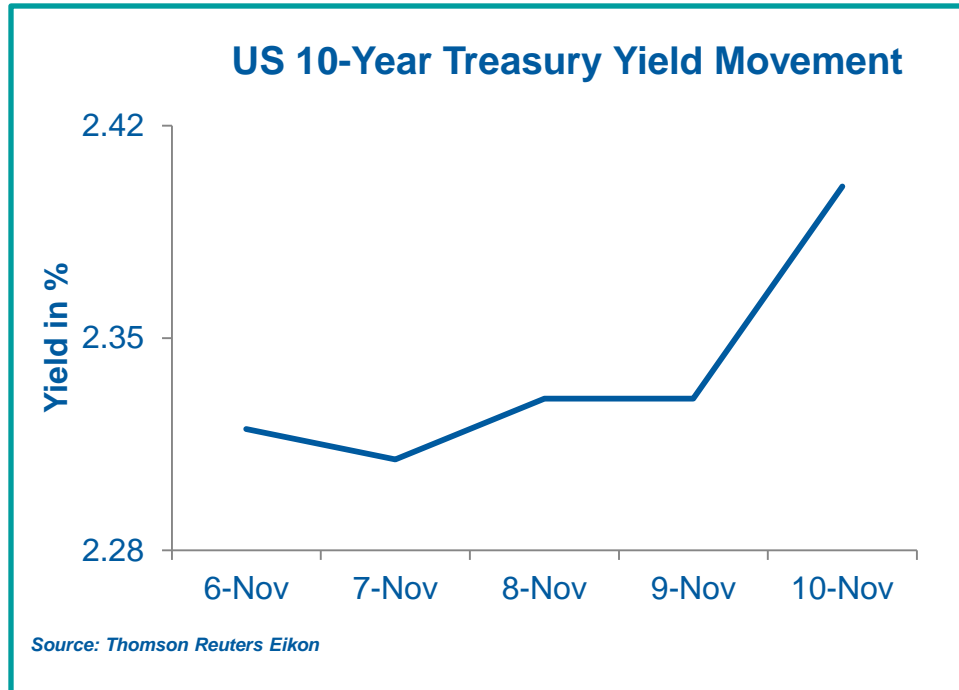
Europe

- European markets traded in the red amid disappointing corporate earnings results for the quarter ended Sep 17 from a couple of major companies. Also, weakness in U.S. equities due to uncertain outlook on the Republican tax reform plan and increasing tensions in the Middle East weighed on investor sentiment.

Asia

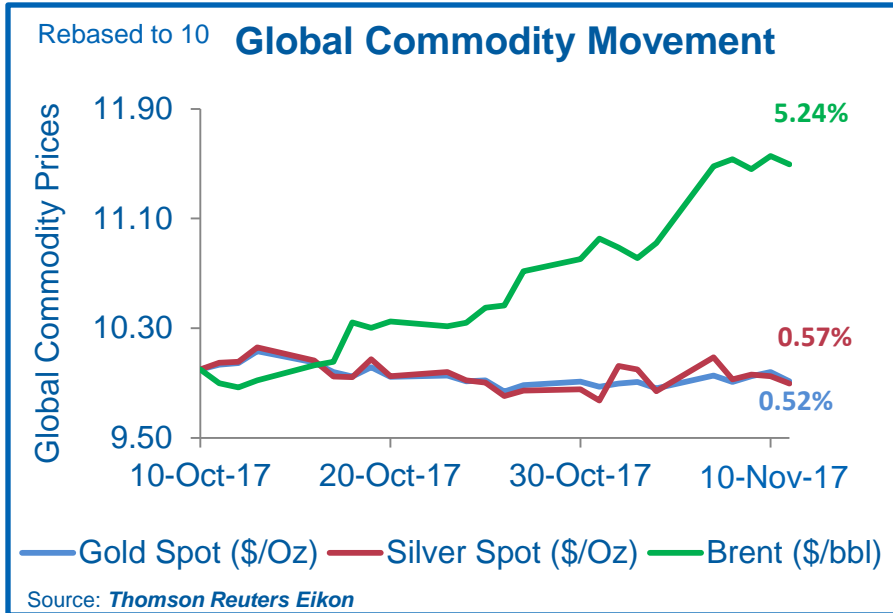
- Asian markets went up following higher commodity prices because of a political turmoil in the Middle East and expectations that the oil producing countries might extend their production cut agreement in the upcoming meeting. Chinese inflation data increased at the fastest pace in Oct 2017 and producer price inflation came better than expected which also added to the gains.

Global Debt (U.S.)



- Yield on the 10-year U.S. Treasury bond rose 6 bps to close at 2.40% from the previous week's close of 2.34%.
- Initially, U.S. Treasury prices rose amid concerns that the passage of a federal tax plan may get delayed until 2019.
- Worries that domestic inflation will remain below U.S. Federal Reserve's 2% target also boosted the U.S. Treasury prices.
- However the trend reversed and prices fell at the end as market participants lowered their holdings of longer-dated debt following this week's auctions.

Commodities Market



Gold

- Gold prices remained positive over the week as investors focused on developments in Saudi Arabia following a string of arrests as part of a corruption crackdown. Prices found additional support from news that Senate Republican leaders are thinking of postponing the implementation of the major corporate tax reform.

Crude

- Brent crude prices too witnessed gains following a significant political crackdown in Saudi Arabia resulted in a series of arrests. This, in turn, led to concerns over potential supply disruptions.

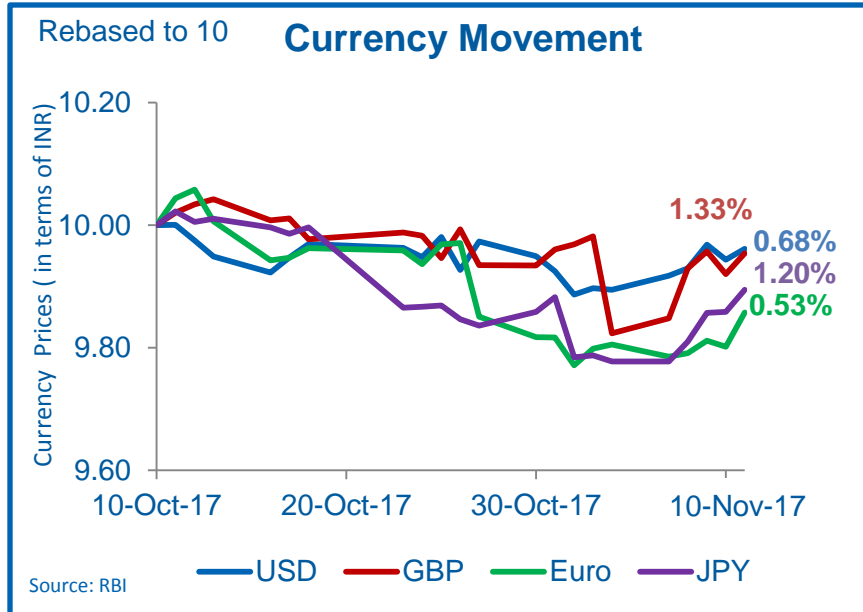
Baltic Dry Index

- The Baltic Dry Index grew during the week owing to stronger capsize and panamax activities.

Performance of various commodities		
Commodities	Last Closing	1-Week Ago
Brent Crude(\$/Barrel)	64.84	61.61
Gold (\$/Oz)	1276.06	1269.46
Gold (Rs/10 gm)	29501	29167
Silver (\$/Oz)	16.90	16.80
Silver (Rs/Kg)	39489	39354

Source: Thomson Reuters Eikon Value as on Nov 10, 2017

Currencies Markets



Movement of Rupee vs Other Currencies		
Currency	Last Closing	1-Wk Ago
US Dollar	65.01	64.58
Pound Sterling	85.55	84.43
EURO	75.74	75.33
JPY(per 100 Yen)	57.34	56.66

Source: RBI Figures in INR , Value as on Nov 10, 2017

Rupee

- The Indian rupee weakened against the greenback following better than anticipated U.S. factory orders and services sector data for Oct 2017.

Euro

- Euro strengthened against the greenback as the latter weakened on expectation of a delay in passing of U.S. tax reform bill. Upbeat retail sales data for Sep 2017 in the euro zone added to the gains.

Pound

- The pound gained against the greenback following better than expected U.K. industrial output for Sep 2017 and on growing confidence in the progress of Brexit talks.

Yen

- The yen strengthened against the greenback after the latter weakened on expectation of a delay in passing of U.S. tax reform bill.

The Week that was...

6th November to 10th November

The Week that was (Nov 6 – Nov 10)

Date	Events	Present Value	Previous Value
Monday, November 06, 2017	Japan Nikkei Composite PMI (Oct)	53.4	51.7
	Euro Zone Markit Eurozone Composite PMI (Oct F)	56.0	55.9
	Euro Zone Sentix Investor Confidence (Nov)	34.0	29.7
	Germany Factory Orders (YoY) (Sep)	9.5%	8.3%
Tuesday, November 07, 2017	Japan Labor Cash Earnings (YoY) (Sep)	0.9%	0.7%
	Germany Industrial Production (YoY) (Sep)	3.6%	4.6%
	Eurozone Retail Sales (YoY) (Sep)	3.7%	2.3%
	U.S. Consumer Credit (Sep)	\$20.83B	\$13.141B
Wednesday, November 08, 2017	China Trade Balance (Oct)	\$38.17B	\$28.61B
	Japan Machine Orders (YoY) (Sep)	-3.5%	4.4%
	Japan Trade Balance - BOP Basis (Yen) (Sep)	852.2B	318.7B
Thursday, November 09, 2017	Japan Eco Watchers Survey Outlook (Oct)	54.9	51.0
	U.S. Initial Jobless Claims (Nov 04)	239k	229k
	China Producer Price Index (YoY) (Oct)	6.9%	6.9%
	China Consumer Price Index (YoY) (Oct)	1.9%	1.6%
Friday, November 10, 2017	U.S. University of Michigan Consumer Sentiment Index (Nov P)	97.80	100.7
	U.K. Industrial Production (YoY) (Sep)	2.5%	1.8%

The Week Ahead

13th November to 17th November

The Week Ahead

Day	Event
Monday, November 13, 2017	<ul style="list-style-type: none"> • German Wholesale Price Index (YoY) (Oct)
Tuesday, November 14, 2017	<ul style="list-style-type: none"> • China Retail Sales (YoY) (Oct) • China Industrial Production (YoY) (Oct) • German Gross Domestic Product w.d.a. (YoY) (3Q P) • German Consumer Price Index (YoY) (Oct F) • U.K. Consumer Price Index (YoY) (Oct) • Euro Zone Industrial Production w.d.a. (YoY) (Sep) • Japan Gross Domestic Product Annualized s.a. (QoQ) (3Q P)
Wednesday, November 15, 2017	<ul style="list-style-type: none"> • Japan Industrial Production (YoY) (Sep F) • U.S. Consumer Price Index (YoY) (Oct) • U.S. MBA Mortgage Applications (Nov 10)
Thursday, November 16, 2017	<ul style="list-style-type: none"> • Euro Zone Consumer Price Index (YoY) (Oct F) • U.S Initial Jobless Claims (Nov 11) • U.S Industrial Production (MoM) (Oct) • U.S NAHB Housing Market Index (Nov)
Friday, November 17, 2017	<ul style="list-style-type: none"> • Japan Nationwide Department Store Sales (YoY) (Oct) • U.S. Housing Starts (MoM) (Oct)

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