

NEWS U CAN USE

Nov 15, 2019

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The Week that was...
11th Nov to 15th Nov

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Indian Economy

- India's trade deficit narrowed to \$11.01 billion in Oct 2019 from \$18.00 billion in the same period of the previous year. India's trade deficit narrowed as imports fell 16.31% to \$37.39 billion in Oct 2019 while exports came down at a comparatively slower rate of 1.11% to \$26.38 billion in the same month. Oil imports fell 31.74% to \$9.63 billion in Oct 2019 from \$14.11 billion in the year-ago period.
- India's Wholesale Price Index (WPI) based inflation slowed to 0.16% in Oct 2019 from 0.33% in the previous month and 5.54% during the same month of the previous year. WPI inflation thus plunged to its lowest level in more than 3 years. However, the WPI Food Index grew from 5.98% in Sep 2019 to 7.65% in Oct 2019.
- Consumer price index-based inflation rate increased to 4.62% in Oct 2019 from 3.99% in Sep 2019 and 3.38% in Oct 2018. This marked a 16-month high and crossed the Reserve Bank of India's medium target of 4%. Consumer Food Price Index increased to 7.89% in Oct 2019 from 5.11% rise in Sep 2019 and a decline of 0.86% in the same period of the previous year.
- Government data showed Index of Industrial production (IIP) shrunk 4.3% in Sep 2019 compared with 1.4% decline in Aug 2019. Manufacturing and electricity declined 3.9% and 2.6% in Oct 2019 respectively while the mining sector also contracted 8.5% in the same month. From Apr to Sep 2019, IIP growth eased to 1.3% YoY from 5.2% recorded in the corresponding period last year.



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Indian Equity Market

Domestic Equity Market Indices			
Indices	15-Nov-19	1 Week Return	YTD Return
S&P BSE Sensex	40,356.69	0.08%	11.89%
Nifty 50	11,895.45	-0.11%	9.51%
S&P BSE Mid-Cap	14,772.99	0.28%	-4.31%
S&P BSE Small-Cap	13,326.40	-1.10%	-9.39%

Source: MFI Explorer

Ratios	S&P BSE Sensex	Nifty 50	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	26.77	27.32	28.22	41.34
P/B	2.93	3.67	2.37	1.76
Dividend Yield	1.14	1.26	1.10	1.15

Source: NSE, BSE

Value as on Nov 15, 2019

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
11-Nov-19	882	954	0.92
13-Nov-19	679	1175	0.58
14-Nov-19	711	1133	0.63
15-Nov-19	844	1042	0.81

Source: NSE

- Indian equity markets closed flat while Nifty dipped marginally. Investors were concerned over Reserve Bank of India's future interest rate stance as retail inflation surpassed its medium target of 4% in Oct. Meanwhile, disappointing Sep 2019 industrial output (IIP) data coupled with soft wholesale inflation data in Oct 2019 raised expectations of stimulus measures by the central bank.
- Investors also grew hopeful that the government may pitch in to support telecom companies. Couple of leading telecom companies have posted one of the worse earnings with the deepest losses in the sector's history. Meanwhile, a major credit rating agency reportedly cut India's economic growth forecast for FY20.



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Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last	Returns (in %)	
	Closing*	1-Wk	1-Mth
S&P BSE Auto	18,275.9	-0.45%	5.99%
S&P BSE Bankex	35,142.6	0.88%	8.90%
S&P BSE CD	25,280.7	1.36%	-2.63%
S&P BSE CG	17,832.3	-2.70%	-1.72%
S&P BSE FMCG	11,828.6	-2.20%	1.07%
S&P BSE HC	13,002.7	-0.66%	5.33%
S&P BSE IT	15,253.6	0.12%	0.19%
S&P BSE Metal	9,301.5	-4.58%	4.15%
S&P BSE Oil & Gas	15,108.6	-0.40%	1.44%

Source: BSE

* Value as on Nov 15, 2019

- S&P BSE Consumer Durables was the major gainer that grew 1.36% followed by S&P BSE Bankex and S&P BSE Teck that grew 0.88% and 0.71%, respectively.
- However, S&P BSE Metal was the major loser that fell 4.58% followed by S&P BSE Capital Goods that fell 2.70%. Metal stocks remained under pressure due to slowdown in China amid China's industrial output data for Oct. S&P BSE Power and S&P BSE FMCG fell 2.35% and 2.20%, respectively.

Indian Derivatives Market Review

- Nifty Nov 2019 Futures stood at 11,942.60, a premium of 47.15 points above the spot closing of 11,895.45. The total turnover on NSE's Futures and Options segment for the week stood at Rs. 63.06 lakh crore as against Rs. 71.19 lakh crore for the week to Nov 8.
- The Put-Call ratio stood unchanged compared with the previous week's close at 0.84.
- The Nifty Put-Call ratio stood at 1.39 against the previous week's close of 1.26.



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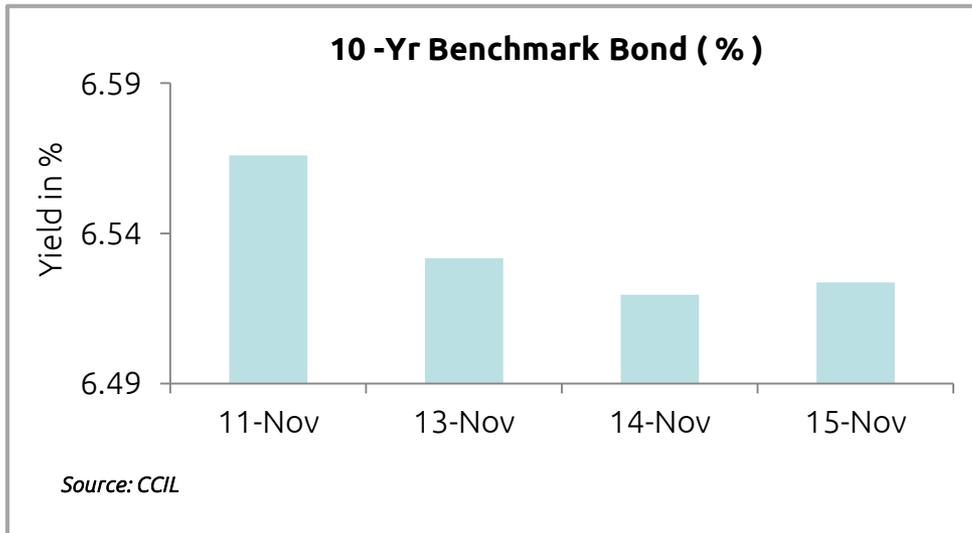
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Domestic Debt Market

Debt Indicators (%)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	5.09	5.02	5.05	5.95
91 Day T-Bill	5.06	5.08	5.13	6.39
07.32% 2024, (5 Yr GOI)	6.22	6.27	6.26	7.15
06.45% 2029, (10 Yr GOI)	6.52	6.56	6.49	

Source: Thomson Reuters Eikon

Value as on Nov 15, 2019



- Bond yields fell after the index of industrial production fell more than expected in Sep 2019 which increased hopes of more monetary easing by the Monetary Policy Committee. However, increase in domestic inflationary pressures which breached the Reserve Bank of India's medium-term target of 4% for the first time in fifteen months and worries that the government may breach its fiscal deficit target for this financial year capped the gains.
- Yield on the new 10-year benchmark paper (6.45% GS 2029) fell 4 bps to close at 6.52% compared with the previous week's close of 6.56%.
- Yield on the old 10-year benchmark paper (7.26% GS 2029) fell 6 bps to 6.69% compared with the previous close of 6.75%.



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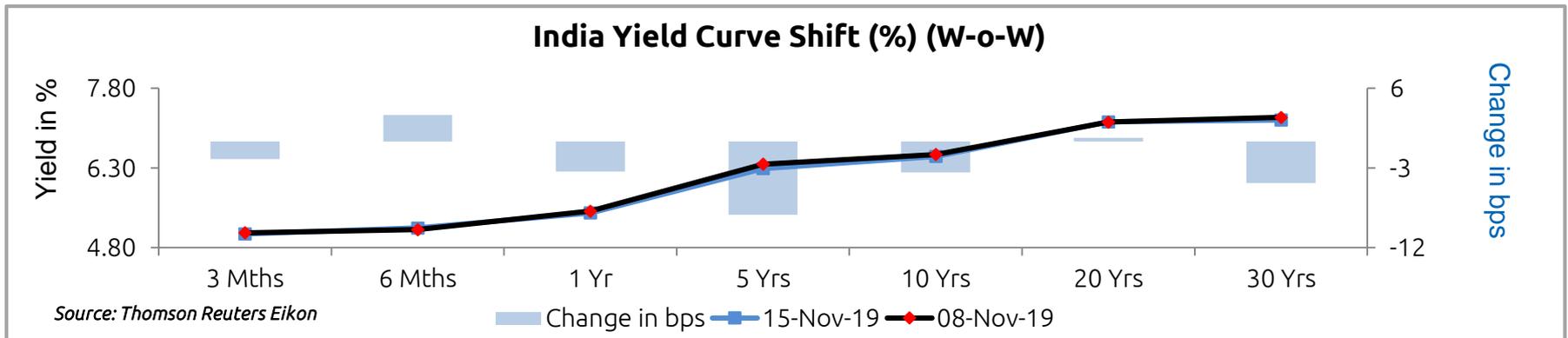
Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	5.53	6.77	124
3 Year	6.16	7.17	102
5 Year	6.39	7.50	111
10 Year	6.63	7.85	122

- Yields on gilt securities increased on 15-year paper by 1 bps each. Yield fell across the remaining maturities by up to 9 bps barring 3, 11 and 19-year paper which closed steady.
- Corporate bond yields increased across 4 to 10-year paper in the range of 2 bps to 6 bps and fell across the remaining maturities by up to 10 bps barring 3-year paper which closed steady.

Source: Thomson Reuters Eikon

Value as on Nov 15, 2019



Regulatory Updates in India

- Capital market regulator Securities and Exchange Board of India (SEBI) has decided to give more flexibility to stock exchanges so that they can modify contract specifications for all commodity derivatives contracts. However, such modifications that the exchanges decided to carry out need to be intimated to SEBI and market participants at least 10 days in advance.
- SEBI is considering putting a mechanism for stock exchanges and depositories to map the unique client code (UCC) with the demat account of a client. The objective of the move is to address the complaints of the clients with regard to UCC mapping with their demat accounts. The move will also eliminate inactive, non-operational UCCs.
- The government is considering reducing its stake to below 51% in a major state-owned oil marketing company. The move comes as the government is considering to bridge the fiscal deficit gap in the current financial year after the government announced a massive cut in corporate tax rates in Sep 2019.
- The Indian government has decided to extend the due dates of filing of Form GSTR-9 (Annual Return) and Form GSTR-9C (Reconciliation Statement) for FY18 to Dec 31, 2019 and for FY19 to Mar 31, 2020. In addition, the government has also decided to simplify these forms by making various fields of these forms optional. There are expectations that extension of deadline and adoption of the above mentioned changes will help all the GST (Goods and Services Tax) taxpayers to file their annual returns along with reconciliation statement for FY18 and FY19 in time.



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Regulatory Updates in India (contd..)

- The government could make changes to dividend distribution tax that will raise returns for investors, media reports showed. This comes as authorities try to revive foreign fund inflows. The budget statement due in Feb 2019 may include a proposal to tax dividends once they are paid to shareholders, rather than where the company pays the levy. This will allow individuals to claim refunds in their home jurisdictions.
- The government has extended the moratorium period for repayments for sugar mills by six more months, media reports said. This comes as the Rs. 15,000 crore soft loan scheme is moving very slow. The moratorium period has been extended to one-and-a-half years now. A moratorium period is a time during the loan term when the borrower is not required to make any repayment.
- The rural development ministry plans to institutionalize social audits in major schemes of rural development. It will include the National Social Assistance Programme and Pradhan Mantri Awas Yojana-Gramin to begin with.
- The government could lower penalties under the Companies Act in its efforts to improve compliance, media reports showed. Concessions will be offered to startups, smaller entities and farmer producer companies. A company law panel is expected to recommend lower penalties—half of that levied on larger companies—for startups, smaller entities, single-person companies and farmer producer organisations.



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Global News/Economy

- A Commerce Department report showed U.S. retail sales rebounded by slightly more than expected in Oct 2019 by 0.3% in Oct 2019, reversing the 0.3% drop in Sep 2019.
- According to a report released by the Federal Reserve, industrial production in the U.S. fell by much more than expected in Oct 2019. Industrial production tumbled 0.8% in Oct after falling by 0.3% in September.
- Latest data from the Eurostat showed euro zone's inflation slowed in Oct 2019 to its lowest level in nearly three years. The consumer price index rose 0.7% YoY following a 0.8% increase in Sep 2019. The flash inflation rate was left unrevised.
- Eurostat data showed euro area trade surplus declined in Sep 2019 on higher imports. Trade surplus fell to a seasonally adjusted EUR 18.3 billion from EUR 19.7 billion in Aug 2019. Compared to previous month, exports increased 0.6%, while imports advanced 1.5%.
- Final data from the Ministry of Economy, Trade and Industry showed Japan's industrial production grew more than initially estimated in Sep 2019. Industrial production rose 1.7% MoM in Sep. According to the initial estimate, production had increased 1.4%.
- Figures from the National Bureau of Statistics showed China's house prices logged a moderate growth in Oct 2019. In 70 major cities, house prices increased 0.5% in Oct from the previous month. Among 70 cities surveyed by the NBS, prices increased in 50 cities compared to 53 in Sep.



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Global Equity Markets

Global Indices

Indices	15-Nov-19	1-Week Return	YTD Return
Russell 3000	1,367.60	1.45%	28.69%
Nasdaq 100	8,315.52	0.72%	31.37%
FTSE 100	7,302.94	-0.77%	8.54%
DAX Index	13,241.75	0.10%	25.41%
Nikkei Average	23,303.32	-0.38%	16.43%
Straits Times	3,238.86	-0.78%	5.54%

Source: Thomson Reuters Eikon

Value as on Nov 15, 2019

U.S.

- U.S. markets gained on U.S.-China trade optimism seen towards weekend. The White House economic advisor said China and the U.S. were getting closer to cracking a trade deal. However, intermittent uncertainties on the trade deal, seen during the week, restricted gains. Meanwhile, corporates are seeing a better than expected earnings season.

Europe

- European markets were mostly up after reports that the U.S. President could delay auto tariffs on the European Union by six months and U.S.-China trade deal optimism. In between the week, conflicting reports on progress in U.S.-China trade talks restricted market gains.

Asia

- Asian equity markets bucked the trend and fell in the week on intermittent U.S.-China trade uncertainties and Hong Kong violence. Growing unrest in Hong Kong and weak data from China and Japan dampened sentiment.

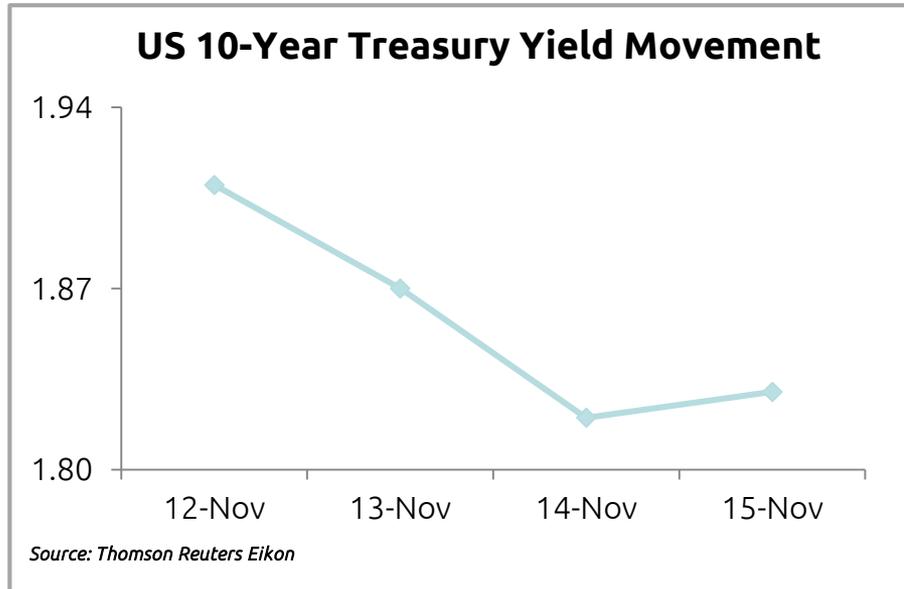


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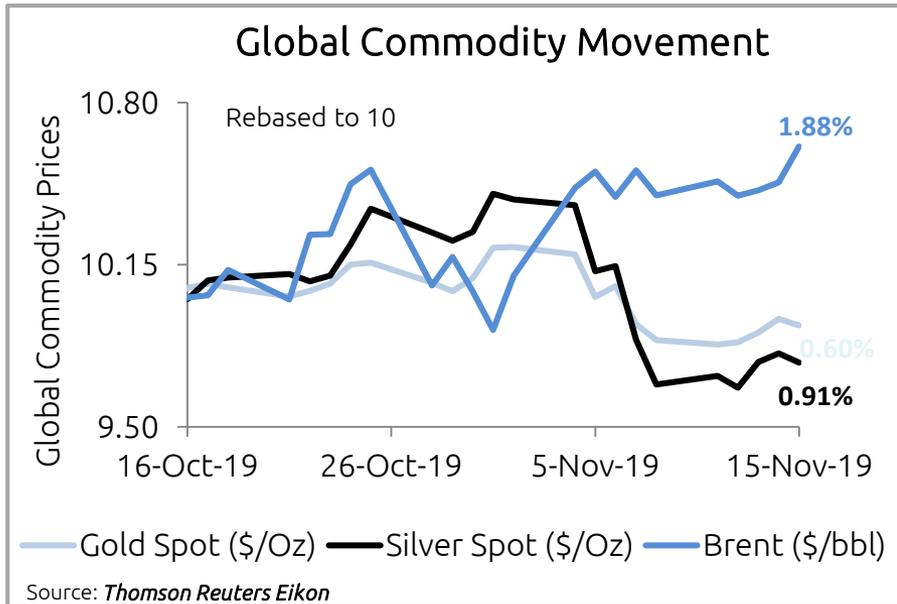
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Global Debt (U.S.)



- Yields on the 10-year U.S. Treasury bond fell 10 bps to close at 1.83% compared to the previous week's close of 1.93%.
- U.S. Treasury prices grew amid uncertainty over cracking of U.S and China trade deal. Investors reassessed the possibility that the two countries are close to reaching a deal. Earlier in the week, U.S. president had stated that both the countries are close to a deal that weighed on the prices. However, he also stated that if the same is not clinched, it will raise tariffs on Chinese imports, thereby neutralizing the effect.
- Towards the end of the week, optimism that U.S. China will reach a deal boosted risk appetite, restricted the gains.

Commodities Market



Performance of various commodities

Commodities	Last Closing*	1-Week Ago
Brent Crude(\$/Barrel)	63.46	62.29
Gold (\$/Oz)	1467.12	1458.41
Gold (Rs/10 gm)	38096	37919
Silver (\$/Oz)	16.95	16.80
Silver (Rs/Kg)	44323	44240

Source: Thomson Reuters Eikon

*Value as on Nov 15, 2019

Gold

- Gold prices grew following its growing safe haven appeal in the midst of the developments on the U.S.- China trade deal.

Brent Crude

- Brent crude prices surged after data from American Petroleum Institute showed that U.S. crude oil inventories fell by around 500,000 barrels for the week ended Nov 8. However, report from International Energy Agency showing that non-OPEC supply growth would grow to 2.3 million barrels per day in 2020 as against 1.8 million bpd in 2019 restricted the gains.

Baltic Dry Index

- The Baltic Dry Index fell due to lower capesize and panamax activities.

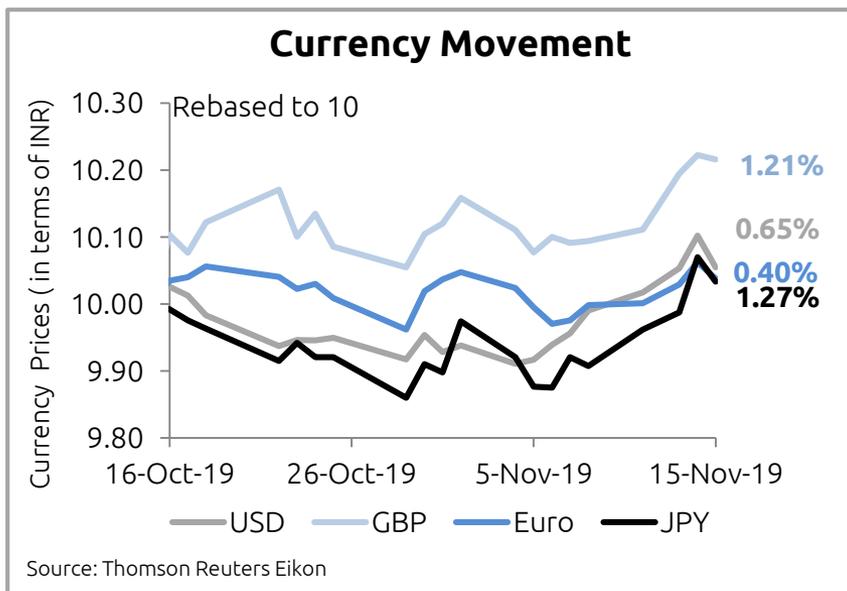


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Currencies Markets



Movement of Rupee vs Other Currencies		
Currency	Last Closing*	1-Wk Ago
US Dollar	71.71	71.25
Pound Sterling	92.37	91.27
EURO	79.04	78.73
100 Yen	66.04	65.21

Source: RBI

Figures in INR, *Value as on Nov 15, 2019

Rupee

- The rupee weakened against the greenback following weak industrial output data for Sep 2019 and consumer price inflation for Oct 2019.

Euro

- The euro rose against the greenback as optimism for trade deal getting closed rose following comments from U.S. economic advisor.

Pound

- The pound rose against the U.S. dollar as investors were optimistic over the Britain's election scheduled on Dec 12.

Yen

- The yen rose against the greenback as its safe-haven appeal got boosted on reports that the U.S. and China are struggling to finalize the trade deal.



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The Week that was...
11th Nov to 15th Nov

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The Week that was (Nov 11 –Nov 15)

Date	Events	Present Value	Previous Value
Monday, November 11, 2019	<ul style="list-style-type: none"> India Index of Industrial Production (Sep) U.K. Gross Domestic Product (YoY) (Q3) P U.K. Manufacturing production (YoY) (Sep) U.K. Industrial production (YoY) (Sep) 	-4.3%	-1.4%
Tuesday, November 12, 2019	<ul style="list-style-type: none"> U.K. ILO Unemployment Rate (3M) (Sep) Germany ZEW Survey - Economic Sentiment (Nov) Eurozone ZEW Survey - Economic Sentiment (Nov) 	3.8%	3.9%
Wednesday, November 13, 2019	<ul style="list-style-type: none"> India Consumer Price Index (Oct) U.K. Consumer Price Index (YoY) (Oct) U.S. Consumer Price Index (YoY) (Oct) Japan Gross Domestic Product Annualized (Q3) P 	4.62%	3.99%
Thursday, November 14, 2019	<ul style="list-style-type: none"> India Wholesale Price Index (Oct) Germany Gross Domestic Product (YoY) (Q3) P Eurozone Gross Domestic Product s.a. (YoY) (Q3) P 	1.5%	1.7%
Friday, November 15, 2019	<ul style="list-style-type: none"> U.S. Retail Sales Control Group (Oct) Japan Industrial Production (YoY) (Sep) 	1.8%	1.7%
		0.2%	1.8%
		0.16%	0.33%
		1.0%	-0.1%
		1.2%	1.1%
		0.3%	-0.1%
		1.3%	1.1%

The Week Ahead
18th Nov to 22nd Nov

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The Week Ahead

Day	Event
Monday, Nov 18, 2019	<ul style="list-style-type: none"> • U.S. NAHB Housing Market Index (Nov) • U.K. Rightmove House Price Index (YoY) (Nov)
Tuesday, Nov 19, 2019	<ul style="list-style-type: none"> • U.S. Housing Starts (MoM) (Oct) • U.S. Building Permits (MoM) (Oct) • Japan Merchandise Trade Balance Total (Oct)
Wednesday, Nov 20, 2019	<ul style="list-style-type: none"> • China PBoC Interest Rate Decision • Euro zone Producer Price Index (YoY) (Oct) • Japan Foreign Bond Investment (Nov 15)
Thursday, Nov 21, 2019	<ul style="list-style-type: none"> • U.S. Initial Jobless Claims (Nov 15) • U.S. Existing Home Sales (MoM) (Oct) • Japan National Consumer Price Index (YoY) (Oct)
Friday, Nov 22, 2019	<ul style="list-style-type: none"> • Germany Gross Domestic Product (YoY) (Q3) • Germany Markit PMI Composite (Nov) P • Euro zone Markit PMI Composite (Nov) P • U.S. Markit PMI Composite (Nov) P • U.S. Michigan Consumer Sentiment Index (Nov)



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