

News U Can Use

November 27, 2015

The Week that was...
23rd November to 27th November

Indian Economy

- According to the Finance Minister, the Government will sell stake in some state-owned companies, especially those in metals business. The move comes amid concerns that the Rs. 69,500 crore disinvestment target for the current fiscal may be missed.
- According to the Minister of State for Finance, India will feature among the top 100 countries in World Bank's ease of doing business ranking next year. India ranks 130 out of the list of 189 countries in the ease of doing business. The Minister added that the Indian economy can double to \$4-5 trillion over the next 10 years if it grows at 8%. Indian economy is currently pegged at \$2 trillion.
- According to credit rating agency ICRA, growth of the Indian economy is expected to expand to 7.4% in the current fiscal from 7.3% last fiscal. ICRA estimated that growth of GVA (gross value added) at basic prices would remain steady at 7.2% in 2015-16.
- Employee Provident Fund Organization (EPFO) has generated a return of 1.52% on investment in Exchange Traded Funds (ETFs) from August to October. To route funds towards equity markets, EPFO has invested Rs. 2,330 crore in ETFs since August.

Indian Equity Market

Domestic Equity Market Indices			
Indices	27-Nov-15	1 Week Return	YTD Return
S&P BSE Sensex	26128.2	1.00%	-5.01%
Nifty 50	7942.7	1.10%	-4.12%
S&P BSE Mid-Cap	10984.57	1.16%	5.21%
S&P BSE Small-Cap	11545.84	1.57%	2.86%

Source: MFI Explorer

Ratios	S&P BSE Sensex	Nifty 50	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	20.52	21.47	25.87	54.22
P/B	2.74	3.19	2.36	1.97
Dividend Yield	1.43	1.43	1.42	1

Source: BSE, NSE

Value as on Nov 27, 2015

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
23-Nov-15	823	689	1.19
24-Nov-15	847	678	1.25
26-Nov-15	928	597	1.55
27-Nov-15	795	733	1.08

Source: NSE

- Indian equity markets witnessed initial weakness as investors remained on the sidelines ahead of the commencement of the Winter session of the Parliament. Bourses soon recovered on the back of growing optimism over the passage of the crucial Goods & Service Tax Bill in the Winter session of the Parliament.
- Positive cues from European markets amid rising prospects of further easing by the European Central Bank at a policy meeting next week also supported market gains.

Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last Closing	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	18879.7	1.09%	2.05%
S&P BSE Bankex	19857.7	1.99%	-2.30%
S&P BSE CD	12338	0.33%	6.47%
S&P BSE CG	14535.2	0.16%	-6.72%
S&P BSE FMCG	7962.08	-0.33%	-1.91%
S&P BSE HC	16366.2	-0.51%	-10.04%
S&P BSE IT	10834.2	0.30%	-4.54%
S&P BSE Metal	7143.43	0.44%	-4.03%
S&P BSE Oil & Gas	9324.61	1.81%	1.49%

Source: Reuters *Values as on Nov 27, 2015*

- On the BSE sectoral front, barring S&P BSE Healthcare and S&P BSE FMCG, all the indices closed in green. S&P BSE Realty was the top gainer rising by 4.37% followed by S&P BSE Bankex and S&P BSE Oil & Gas, which rose 1.99% and 1.81%, respectively.
- The metal sector rose as copper prices rose in global commodity markets. Banking sector also witnessed gains following media reports that the Government is planning to set up high-level panel to tackle Non-Performing Assets.

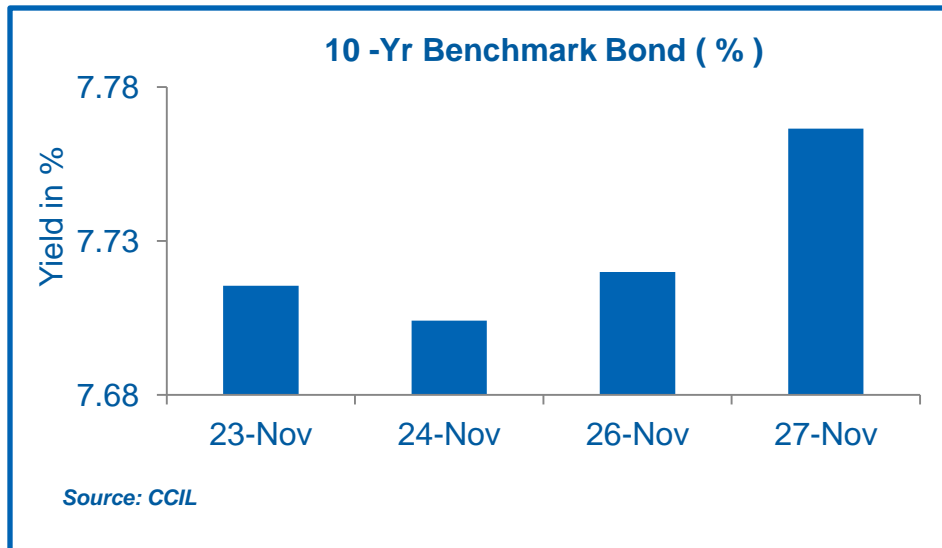
Indian Derivatives Market Review

- Nifty December 2015 Futures were at 7,972.20 points, a premium of 29.50 points against the spot closing of 7,942.70 points. The turnover on NSE's Futures and Options segment fell to Rs. 13.64 lakh crore during the week ended November 27 from Rs. 13.68 lakh crore recorded in the previous week.
- The Put-Call ratio stood at 0.87, compared to the previous week's close of 0.90.
- The Nifty Put-Call ratio stood at 0.91, compared to the previous week's close of 0.79.

Domestic Debt Market

Debt Indicators (Yield %)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	6.75	6.73	6.59	7.57
91 Day T-Bill	7.15	7.14	7.15	7.85
08.27% 2020, (5 Yr GOI)	7.82	7.76	7.66	7.87
07.72% 2025, (10 Yr GOI)	7.77	7.70	7.60	7.68

Source: Reuters Values as on Nov 27, 2015



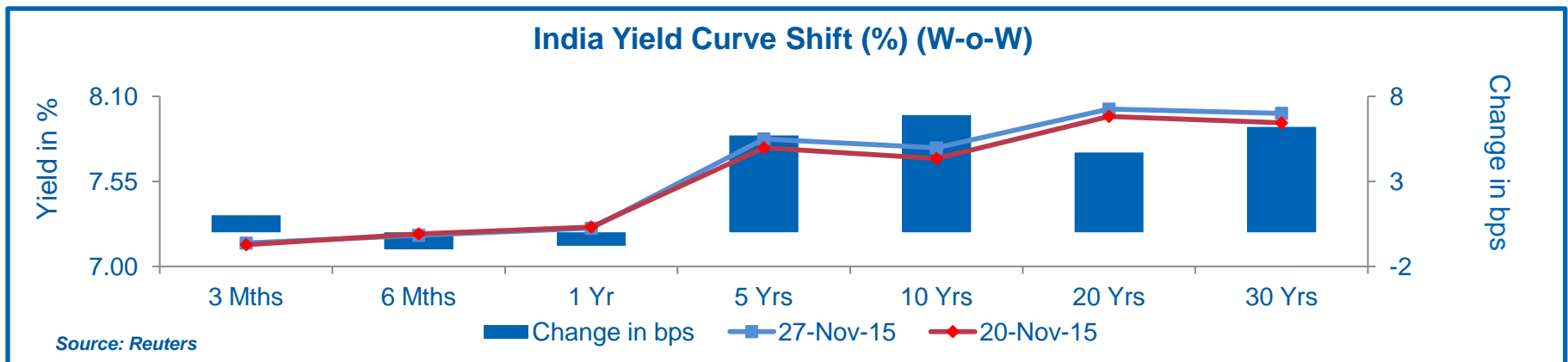
- Initially, bond yields increased marginally amid muted activity due to absence of any fresh trigger during the week. Yields rose further at the end of the week after the cut-off yields at the weekly auction of Government securities came in higher than expected.
- Expectations that the Reserve Bank of India (RBI) will keep rates unchanged next week further impacted the bond market. Market participants also remained cautious ahead of the U.S. Federal Reserve’s policy meeting next week, which will provide clarity on interest rates.
- The yield on the 10-year benchmark bond, 7.72% GS 2025, increased by 7 bps to close at 7.77% compared to the previous week’s close of 7.70%.

Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	7.44	7.82	-38
3 Year	7.74	8.08	-34
5 Year	8.02	8.25	-23
10 Year	8.00	8.25	-25

Source: Reuters Values as on Nov 27, 2015

- Yield on Gilt Securities increased across maturities up to 10 bps. The maximum rise was witnessed on 8, 9, 11 and 24-year papers and minimum rise was on 3-year.
- Corporate Bond yields also rose across the yield curve up to 5 bps.
- Difference in spread between AAA Corporate Bond and Gilt, over the week, contracted across segments up to 6 bps barring 1 and 15-year that remained unchanged.



Regulatory Updates in India

- ❑ In the context of distribution of mutual funds through e-commerce portals, the Securities and Exchange Board of India (SEBI) is likely to ask such portals either to develop their own skill sets like Independent Financial Advisors or work in a tie-up model. The Executive Director of SEBI said that the routes through which mutual fund schemes will be distributed on e-commerce platforms are being considered. These are: distributor route, only distribution route and 'all through' advisor route.
- ❑ SEBI announced detailed timeline for compliance to various regulations by the commodities derivatives exchanges. The objective of the move is to ensure non-disruptive transition following the merger of commodity markets regulator Forward Markets Commission (FMC) with SEBI in late September. According to SEBI, regional commodity exchanges will have to submit a scheme for former's approval within a period of two years.
- ❑ The Reserve Bank of India is considering taking steps to make the gold monetization scheme a simple one. The Central Bank is considering removing the gold tendering process and making it optional. Banks would also be allowed to deposit the tendered metal directly at refineries, instead of involving collection and purity testing centres (CPCT). According to the present rules, each designated bank can authorise a CPCT to collect deposits of gold on its behalf. These centres then deposit the gold at refineries.

Regulatory Updates in India (contd..)

- ❑ The Government has extended RuPay card usage condition to 90 days for a claim under an in-built accident insurance cover in case of RuPay Classic cardholders. The change is effective from November 25, 2015. RuPay Debit Card has an in-built accident insurance cover of Rs. 1 lakh which is provided to account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY). About 16.54 crore RuPay cards have been issued by the Government so far under PMJDY.
- ❑ The Government approved an investment of Rs. 3,120 crore for boosting urban infrastructure in 102 cities across five states under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT). This is being done to enhance water supply, sewerage network, non-motorised transportation system and availability of public spaces.
- ❑ The Labour Secretary said the Government is considering increasing minimum wages under the Minimum Wages Act to align it with inflation in a bid to improve demand for goods and services.
- ❑ Food Minister Ram Vilas Paswan said that all states and Union Territories (UTs), except Tamil Nadu, will implement the National Food Security Act by March 2016. Currently, 22 states and UTs have implemented the law, while 14 are in the process of doing so, he added.

Global News/Economy

- ❑ Durable goods orders in the U.S. rose by 3.0% in October compared to a revised 0.8% fall (1.2% drop originally reported) in the previous month. The rise reflected a jump in demand for transportation equipment. Orders for transportation equipment rose by 8.0% in October after falling by 2.2% in September.
- ❑ Germany's Gross Domestic Product (GDP) matched estimates and grew 0.3% (Q-o-Q) in the third quarter. However, the growth rate declined compared with the second quarter's 0.4% because of weak foreign trade and investment. Household spending and Government expenditure increased by 0.6% and 1.3%, respectively. Much slower rise in exports compared to imports lead to a fall in balance of trade, contributing negatively to GDP growth.
- ❑ As per the flash survey by Markit/Nikkei, Japan's manufacturing Purchasing Managers' Index improved to 52.8 in November from 52.4 in October. Manufacturing activity expanded at the fastest pace since March 2014. Among the sub-components, new orders rose at a slower rate, while expansion in exports orders accelerated to a five-month high.
- ❑ Data from the Ministry of Internal Affairs and Communications of Japan showed that overall consumer price index rose 0.3% on a yearly basis in October. Excluding fresh food, consumer prices dropped 0.1% annually in October.

Global Equity Markets

Global Indices			
Indices	27-Nov-15	1-Week Return	YTD Return
Dow Jones	17798.49	-0.14%	-0.19%
Nasdaq 100	4680.47	-0.13%	10.64%
FTSE 100	6375.15	0.64%	-2.64%
DAX Index	11293.76	1.56%	15.66%
Nikkei Average	19883.94	0.02%	13.94%
Straits Times	2859.12	-2.01%	-15.17%

Source: Reuters Values as on Nov 27, 2015

Europe

- European markets rose during the week as investors took positive cues from media reports that the European Central Bank is considering various options to ease monetary policy further.

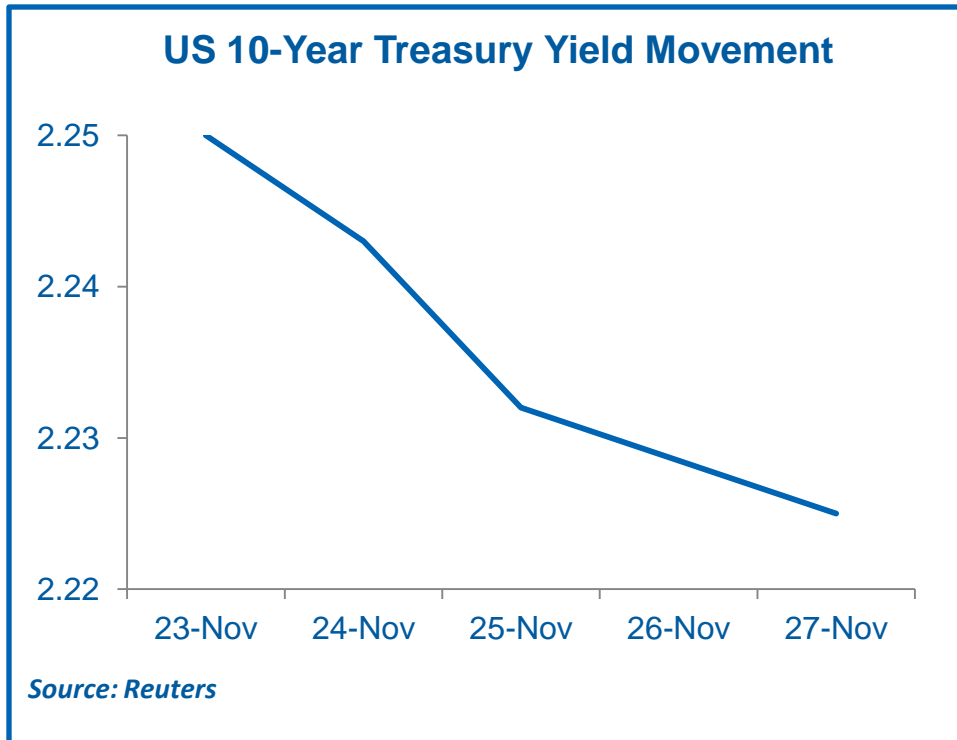
Asia

- Asian markets fell during the week with Chinese market index Shanghai Composite posting a decline of 5.35% W-o-W. Investor sentiments dented as minutes of the Bank of Japan's latest policy review meeting showed that board members were worried about meeting the 2 % inflation target due to the crisis in China and a planned sales tax hike. Chinese bourses witnessed selling pressure after official data showed profits earned by Chinese industrial enterprises fell for the fifth consecutive month in October.

U.S.

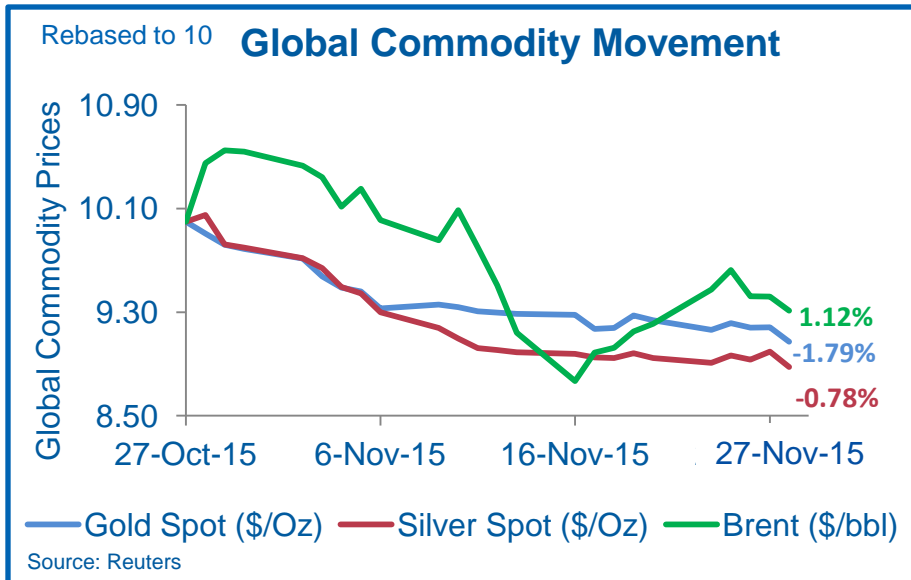
- U.S. markets witnessed selling pressure following renewed concerns over geo-political tensions between Russia and Turkey. The downturn was restricted by official data showing that U.S. economic activity increased by more than previously estimated in the third quarter. Buying interest improved as a series of encouraging economic data contributed to the speculation regarding Fed rate-hike next month.

Global Debt (U.S.)



- The 10-year U.S. Treasury bond yield fell by 4 bps to close at 2.23%, compared to the previous week's close of 2.26%.
- U.S. Treasury prices inched up as strong auction of the two-year note improved demand for longer-dated bonds.
- Treasury prices rose further as rising tension between Turkey and Russia increased its safe haven appeal. Tracking fall in German bund yields added to the upside.

Commodities Market



Performance of various commodities		
Commodities	Last Closing	1-Week Ago
Brent Crude(\$/Barrel)	42.41	41.94
Gold (\$/Oz)	1058.41	1077.71
Gold (Rs/10 gm)	25263	25488
Silver (\$/Oz)	14.06	14.17
Silver (Rs/Kg)	33899	33995

Source: Reuters Values as on Nov 27, 2015

Gold

- Gold prices fell as firmness of U.S. dollar against euro weighed on the bullion. The metal's prices were further hit as a series of upbeat U.S. economic data contributed to the speculation regarding Fed rate-hike next month.

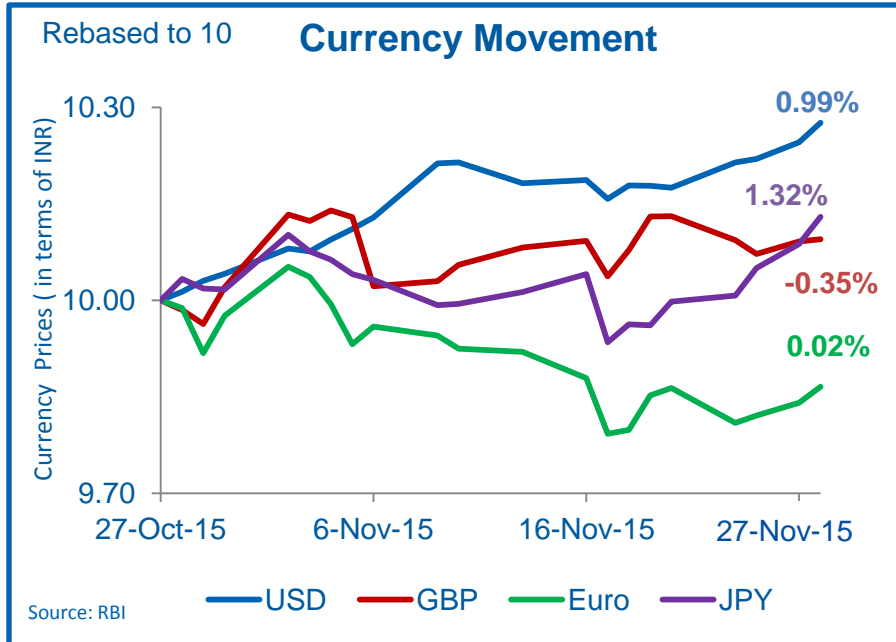
Crude

- Brent Crude prices rose as investors took positive cues from Saudi officials' comments that the country is willing to work with oil producing and exporting countries, both inside and outside of OPEC, to maintain market and price stability. Oil prices found additional support as the ongoing geo-political tensions contributed to concerns over supply disruption in the Middle East.

Baltic Dry Index

- The Baltic Dry Index rose during the week due to improved capesize and panamax activities.

Currencies Markets



Rupee

- The Indian Rupee marked its seventh consecutive weekly loss against the strong dollar globally on rising expectations of a rate hike from the U.S. Fed in December.

Euro

- Euro fell against the dollar amid muted trading activity and on expectations that the European Central Bank will ease monetary policy further next week.

Pound

- Sterling weakened against the dollar as upbeat mid-year budget review by the U.K. Government and economic growth for September quarter came in line with expectations and has not changed the market view that interest rates will not rise anytime soon.

Yen

- Yen gained against the dollar, boosted by upbeat flash Japanese manufacturing data for November.

Movement of Rupee vs Other Currencies		
Currency	Last Closing	1-Wk Ago
US Dollar	66.75	66.09
Pound Sterling	100.68	101.04
EURO	70.88	70.86
JPY(per 100 Yen)	54.53	53.82

Source: RBI *Figures in INR, Values as on Nov 27, 2015*

The Week that was...
23rd November to 27th November

The Week that was (Nov 23 – Nov 27)

Day	Event	Present Value	Previous Value
Monday, November 23, 2015	Euro Zone Markit PMI Composite (Nov)Preliminary	54.4	53.9
	Germany Markit PMI Composite (Nov)Preliminary	54.9	54.2
	U.S. Markit Manufacturing PMI (Nov)Preliminary	52.6	54.1
Tuesday, November 24, 2015	U.S. Gross Domestic Product Annualized (Q3)Preliminary	2.10%	1.50%
	Germany Gross Domestic Product s.a (Q-o-Q) (Q3)	0.30%	0.30%
	Japan Nikkei Manufacturing PMI (Nov)Preliminary	52.8	52.4
	U.S. Consumer Confidence (Nov)	90.4	99.1
Wednesday, November 25, 2015	U.S. Initial Jobless Claims (Nov 20)	260K	272K
	U.S. Markit PMI Composite (Nov)Preliminary	56.1	55.0
	U.S. Durable Goods Orders (Oct)	3.00%	-0.80%
Thursday, November 26, 2015	Japan Unemployment Rate (Oct)	3.10%	3.40%
	Japan National Consumer Price Index (Y-o-Y) (Oct)	0.30%	0.00%
Friday, November 27, 2015	U.K. Gross Domestic Product (Q-o-Q) (Q3)Preliminary	0.50%	0.50%
	U.K. Gfk Consumer Confidence (Nov)	1	2
	Euro Zone Consumer Confidence (Nov)	9.3	9.4

The Week Ahead...
November 30 to December 04

The Week Ahead

Day	Event
Monday, November 30	<ul style="list-style-type: none"> <input type="checkbox"/> India Core Sector Output (Y-o-Y) (Oct). <input type="checkbox"/> India Fiscal Deficit (Oct).
Tuesday, December 01	<ul style="list-style-type: none"> <input type="checkbox"/> Reserve Bank of India Monetary Policy Review. <input type="checkbox"/> U.S. ISM Manufacturing PMI (Nov). <input type="checkbox"/> Euro Zone Markit Manufacturing PMI (Nov).
Wednesday, December 02	<ul style="list-style-type: none"> <input type="checkbox"/> U.S. ADP Employment Change (Nov). <input type="checkbox"/> U.S. Nonfarm Productivity (Q3). <input type="checkbox"/> Euro Zone Consumer Price Index (Y-o-Y) (Nov)Preliminary.
Thursday, December 03	<ul style="list-style-type: none"> <input type="checkbox"/> U.S. Markit PMI Composite (Nov). <input type="checkbox"/> European Central Bank Interest Rate Decision. <input type="checkbox"/> China Caixin China Services PMI (Nov).
Friday, December 04	<ul style="list-style-type: none"> <input type="checkbox"/> U.S. Unemployment Rate (Nov). <input type="checkbox"/> Euro Zone Gross Domestic Product s.a. (YoY). <input type="checkbox"/> U.S. Nonfarm Payrolls (Nov).

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