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News U Can Use

September 13, 2019

The Week that was...

09th September to 13th September

Indian Economy

- Government data released showed Index of Industrial production (IIP) grew 4.3% YoY in Jul 2019, slower than 6.5% in Jul 2018. Manufacturing grew 4.2% in Jul 2019, much slower than 7.0%, a year ago. From Apr to Jul 2019, IIP grew eased to 3.3% YoY from 5.4% recorded in the corresponding period last year. USE-based classification showed, consumer durables output dropped 2.7% YoY in Jul 2019 compared to 14.1% rise, a year ago while primary goods output almost halved to 3.5% from 6.8% in the similar period.
- Consumer price index-based inflation rate touched 10-month high to 3.21% YoY in Aug 2019 from 3.15% in Jul 2019. However, inflation eased from 3.69% YoY, recorded a year ago. Sequential rise in inflation was due to acceleration in consumer food inflation price index that rose to 2.99% YoY from 2.36% in the similar period.
- According to media reports, sales of cars and SUVs in India declined for the 10th straight month in Aug 2019. Deliveries fell 41% from a year earlier to 115,957 units, data released by the Society of Indian Automobile Manufacturers (SIAM) showed, said the reports. Truck and bus sales dropped 39%. Domestic passenger vehicle sales fell for the 10th straight month in Aug by 31.57% to 1,96,524 units from 2,87,198 units in the year-ago period.
- The oil minister said the country's energy demand is projected to grow 4.2% through 2035, which is an expansion faster than all major economies of the world. He said the share of world's third-largest energy consumer in total global primary energy demand is set to double to 11% by 2040.

Indian Equity Market

Domestic Equity Market Indices			
Indices	13-Sep-19	1 Week Return	YTD Return
S&P BSE Sensex	37,384.99	1.09%	3.65%
Nifty 50	11,075.90	1.18%	1.96%
S&P BSE Mid-Cap	13,665.59	2.25%	-11.48%
S&P BSE Small-Cap	13,013.05	3.32%	-11.52%

Source: MFI Explorer

Ratios	S&P BSE Sensex	Nifty 50	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	26.42	27.23	35.78	35.22
P/B	2.84	3.36	2.34	1.87
Dividend Yield	1.23	1.39	1.03	1.06

Source: BSE, NSE

Value as on Sep 13, 2019

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
09-Sep-19	1,187	639	1.86
11-Sep-19	1,378	484	2.85
12-Sep-19	990	871	1.14
13-Sep-19	1,157	678	1.71

Source: NSE

- Indian equity markets closed on positive note in the week ended Sep 13, 2019. Finance minister reassuring that the government will take additional measures to revive economic growth boosted market sentiment. Gains were extended on hopes of another rate cut by the Reserve Bank of India (RBI) in the next month's monetary policy meeting amid retail inflation data for Aug that came in below the central bank's 4% medium-term target.
- On the global front, investor sentiment got a major boost as signs of progress in U.S. and China trade talks and aggressive stimulus from the European Central Bank (ECB) helped to calm worries of a global economic slowdown.
- Back home, surge in crude oil prices restricted the gains.

Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last Closing*	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	16,541.7	3.65%	7.15%
S&P BSE Bankex	31,681.2	3.40%	1.09%
S&P BSE CD	23,587.3	2.91%	4.59%
S&P BSE CG	17,422.5	2.71%	4.03%
S&P BSE FMCG	10,884.0	-0.09%	0.12%
S&P BSE HC	13,022.7	0.54%	3.54%
S&P BSE IT	15,968.6	-1.75%	3.01%
S&P BSE Metal	9,093.6	3.83%	3.97%
S&P BSE Oil & Gas	13,639.3	2.01%	4.86%
S&P BSE Realty	2,059.1	5.64%	1.55%

Source: Thomson Reuters Eikon *Value as on Sep 13, 2019

- S&P BSE Realty was the major gainer that grew 5.64% followed by S&P BSE Metal that grew 3.83%. A government official has reportedly stated that the finance minister may make some announcement for the real estate sector soon to help it come out of its present tight liquidity situation.
- S&P BSE Auto and S&P BSE Bankex grew 3.65% and 3.40%, respectively. S&P BSE Consumer Durables and S&P BSE Capital Goods grew 2.91% and 2.71%, respectively. However, S&P BSE IT was the major loser and fell 1.75% followed by S&P BSE FMCG that fell 0.09%.

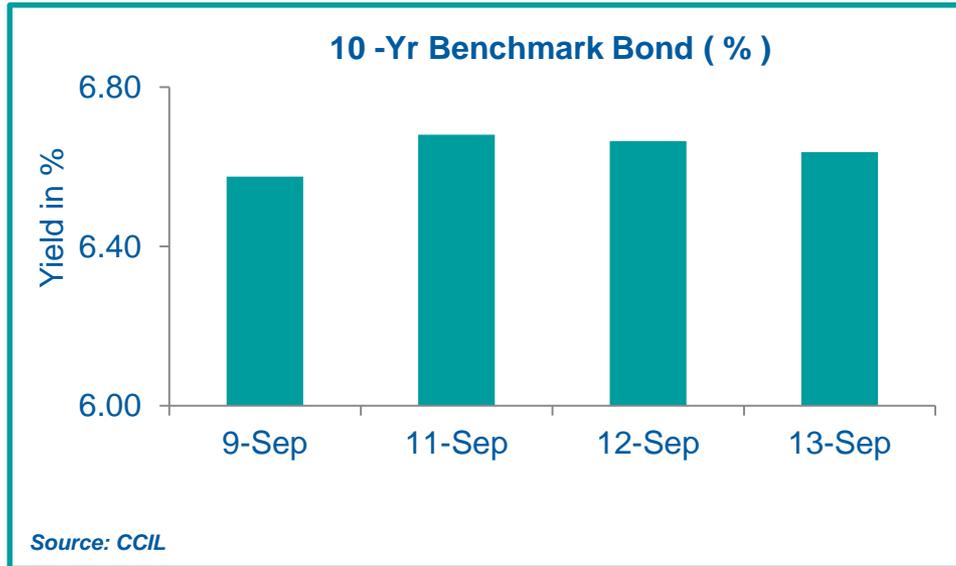
Indian Derivatives Market Review

- Nifty Sep 2019 Futures stood at 11,105.55, a premium of 29.65 points above the spot closing of 11,075.90. The total turnover on NSE's Futures and Options segment for the week stood at Rs. 54.40 lakh crore as against Rs. 66.55 lakh crore for the week to Sep 6.
- The Put-Call ratio stood at 0.94 compared with the previous week's close of 0.86.
- The Nifty Put-Call ratio stood at 1.34 against the previous week's close of 1.31.

Domestic Debt Market

Debt Indicators (%)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	5.29	5.37	5.31	6.17
91 Day T-Bill	5.33	5.32	5.43	6.41
07.32% 2024, (5 Yr GOI)	6.28	6.23	6.29	7.05
07.26% 2029, (10 Yr GOI)	6.64	6.60	6.53	7.38

Source: Thomson Reuters Eikon *Value as on Sep 13, 2019*



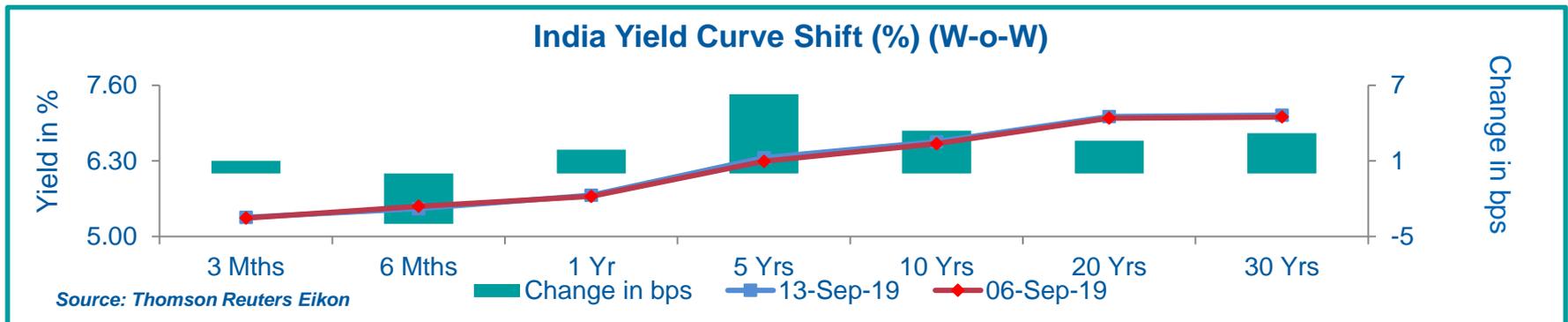
- Bond yields rose after a steep rise in the U.S. Treasury yields and surge in crude oil prices. Besides, concerns over widening fiscal deficit in the domestic market continued to weigh over market sentiments.
- However, majority of the losses retreated on rising expectations of policy rate cuts by the Monetary Policy Committee, particularly after the release of Aug inflation data. Market participants also resorted to buying notes to capitalize on the fall in prices.
- Yield on the 10-year benchmark paper (7.26% GS 2029) rose 4 bps to 6.64% compared with the previous close of 6.60% after trading in a range of 6.56% to 6.71%.

Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	5.79	7.37	158
3 Year	6.13	7.46	133
5 Year	6.46	7.52	107
10 Year	6.74	8.14	140

Source: Thomson Reuters Eikon Value as on Sep 13, 2019

- Yields on gilt securities increased across the maturities in the range of 2 bps to 8 bps barring 2-year paper which fell 1 bps.
- Corporate bond yields increased across the maturities in the range of 2 bps to 41 bps barring 1-year paper and 6 to 8-year maturities which fell in the range of 5 bps to 8 bps.
- Difference in spread between AAA corporate bond and gilt contracted on 1-year paper and 5 to 7-year maturities in the range of 4 bps to 15 bps while it expanded across the remaining maturities in the range of 6 bps to 38 bps.



Regulatory Updates in India

- The Employees Provident Fund Organization (EPFO) has floated a proposal that says it should be granted priority over other creditors' dues to assets of a bankrupt company. The pension fund is struggling to recover almost Rs. 1,800 crore of its subscribers' money from two troubled companies. The proposal has been circulated among stakeholders for consultation.
- The commerce and industry ministry, in its effort to remove the licence raj and enhance ease of doing business, said no compulsory licence would be required for manufacturers of goods, barring four segments of tobacco items, defence equipment, hazardous chemicals and industrial explosives. The ministry said that no industrial/arms licence is needed for the manufacturer of any parts or accessories in the defence sector, unless specifically listed for procuring licences.
- A Central Board of Direct Taxation (CBDT) circular has said instances of wilful attempt to evade tax, failure to furnish return of income and not remitting tax deducted from source (TDS) in the government exchequer up to the limit of Rs. 25 lakh will not be generally filed for criminal prosecution before a court by the tax authorities. This will help cut down tax litigation and save a number of assessees from legal proceedings, media reports said. Also, CBDT launched a one-time facility to apply for compounding of income tax offences that taxpayers can use by Dec 31, 2019. CBDT said this "one-time measure" will help mitigate unintended hardship to taxpayers in deserving cases and reduce the pendency of existing prosecution cases before the courts.

Regulatory Updates in India (contd..)

- The finance minister said the government has set up a task force to boost investments in infrastructure projects. She said they are in the process of identifying the sectors which needed funding.
- Finance minister said the government will respond to demands of the automobile sector. The sector is facing its worst sales performance in more than two decades. She said the finance ministry has already considered some suggestions of automakers.
- Commerce and Industry Minister said India will protect the interest of industry and ensure huge opportunities for exporters getting into the Regional Comprehensive Economic Partnership (RCEP). RCEP is a proposed mega free trade agreement between 16 countries including the 10-nation grouping ASEAN and India, China, Japan, South Korea, Australia and New Zealand. The minister said India has invited representations from all 15 countries of RCEP bloc on Sep 14 and 15 in India to discuss ideas related to the pact.
- Finance minister said the government has appointed a task force that will speedily identify infrastructure projects through frontloading to increasing spending, which will in a way give boost to the economy. She also pledged additional measures aimed at reviving growth in the coming quarters.

Global News/Economy

- According to report from the Labor Department, U.S. consumer price index came in line with market expectations and edged up 0.1% in Aug 2019 as against an increase of 0.3% in Jul 2019. Core consumer prices grew 0.3% in Aug, thereby matching the increase witnessed in Jul. Annual rate of consumer price growth slowed to 1.7% in Aug as against growth of 1.8% in Jul. Meanwhile, annual rate of core price growth surged to 2.4% from 2.2% in Jul.
- The European Central Bank (ECB) has cut the deposit rate by 10 basis points to -0.50%, while it left the main refinancing rate and the marginal lending rate unchanged at 0.00% and 0.25%, respectively. ECB announced the restart of its asset purchase programme that had ended in Dec 2018 and stated that it will make monthly asset purchases of EUR 20 billion from Nov 1, 2019. ECB now expects interest rates to remain at their present or lower levels until the inflation outlook reaches close to its target range of 2%.
- Figures from the National Bureau of Statistics showed China's consumer prices climbed at a steady pace in Aug 2019, while producer prices declined further on weak demand signaling deflationary pressures. Consumer prices rose 2.8% YoY in Aug, the same pace of growth as seen in Jul 2019.

Global Equity Markets

Global Indices			
Indices	13-Sep-19	1-Week Return	YTD Return
Russell 3000	1,309.07	-0.25%	23.18%
Nasdaq 100	7,892.96	0.51%	24.69%
FTSE 100	7,367.46	1.17%	9.50%
DAX Index	12,467.24	2.26%	18.07%
Nikkei Average	21,988.29	3.72%	9.86%
Straits Times	3,211.49	2.13%	4.65%

Source: Thomson Reuters Eikon *Value as on Sep 13, 2019*

Europe

- European markets rose as investors welcomed ECB's policy decision, which came in line with market expectations. The ECB slashed interest rates for the first time since 2016 and unveiled a series of stimulus package to boost growth of the euro zone economy. Worries over the U.S.- China trade war took a backseat following U.S. government decision to delay its planned tariff hike on Chinese goods.

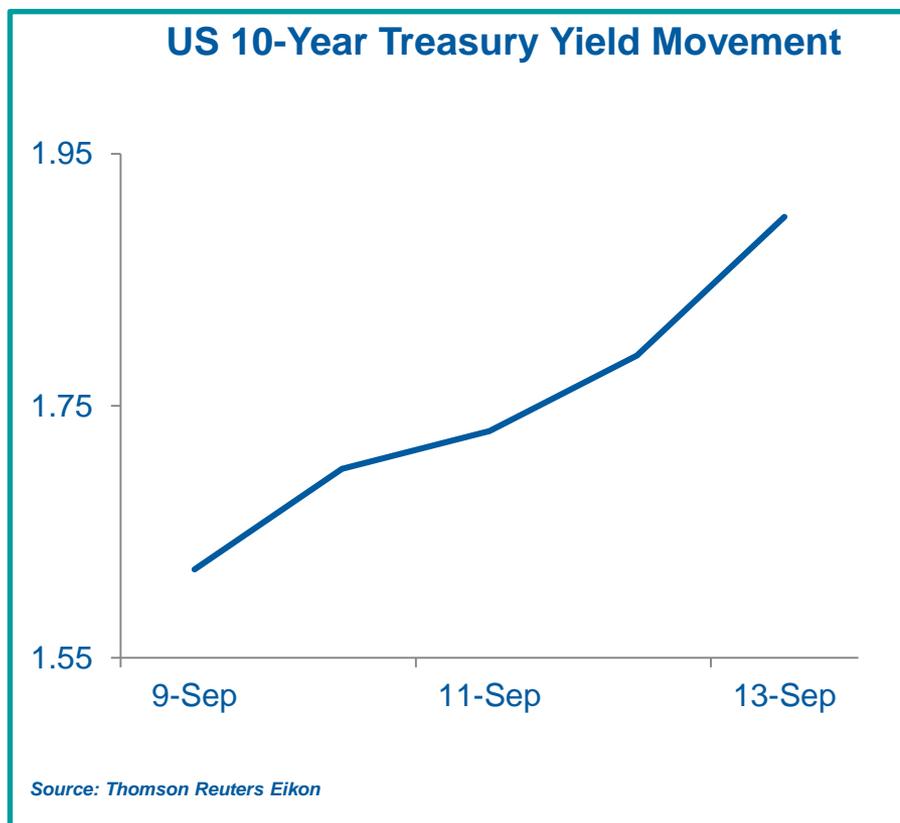
Asia

- Asian markets were no exception to the gains seen in its global peers. Market participants rejoiced media reports stating that the U.S. President announced a short delay on its scheduled tariff hikes on Chinese goods in response to China's decision to exempt some U.S. anti-cancer drugs and other goods from its tariffs.

U.S.

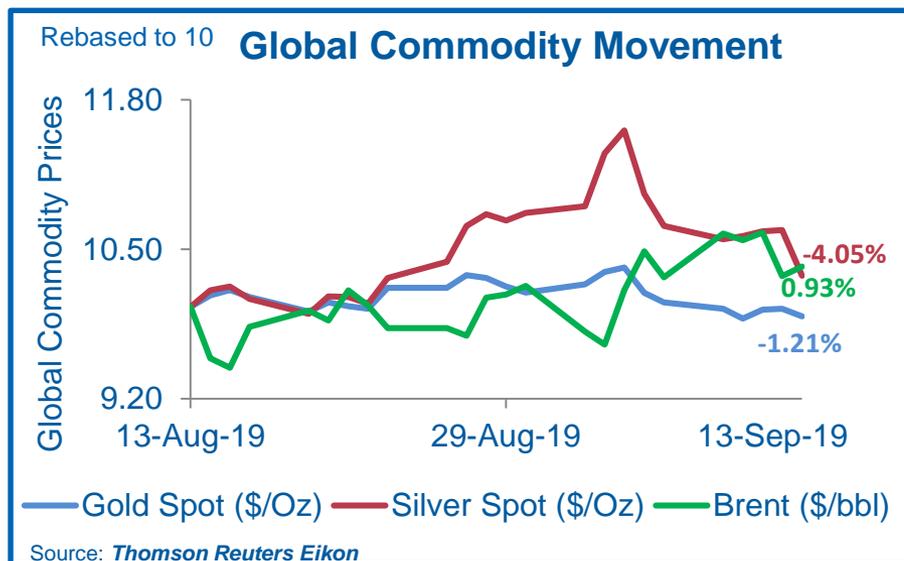
- U.S. markets traded higher with investor sentiments buoyed by media reports stating that the U.S. government had temporarily delayed raising tariffs on \$250 billion worth of Chinese imports as a goodwill gesture. However, much of the gains were erased later after a senior White House official reported that the U.S. is not considering any interim trade deal with China.

Global Debt (U.S.)



- Yields on the 10-year U.S. Treasury bond surged 35 bps to 1.90% compared with the previous week's close of 1.55%.
- U.S Treasury prices fell initially as the haven appeal of U.S. Treasuries came down on hopes that central banks across the globe will launch stimulus measures to support their slumping economies.
- U.S. Treasury prices fell further as trade tensions between U.S. and China eased to some extent after U.S. President postponed an increase in tariffs on \$250 billion of Chinese shipments by two weeks.
- U.S Treasury prices continued with its downward trend towards the end of the week after U.S. retail sales data for Aug 2019 came better than market expectations which reduced the safe haven appeal of U.S Treasuries.

Commodities Market



Performance of various commodities

Commodities	Last Closing*	1-Week Ago
Brent Crude(\$/Barrel)	62.14	61.57
Gold (\$/Oz)	1,488.45	1,506.70
Gold (Rs/10 gm)	37,592	38,185
Silver (\$/Oz)	17.43	18.16
Silver (Rs/Kg)	46,250	46,935

Source: Thomson Reuters Eikon

*Value as on Sep 13, 2019

Gold

- Gold prices fell amid reports that U.S. President may consider an interim trade deal with China. Additionally, interest rate cut by ECB improved the risk appetite of the investors.

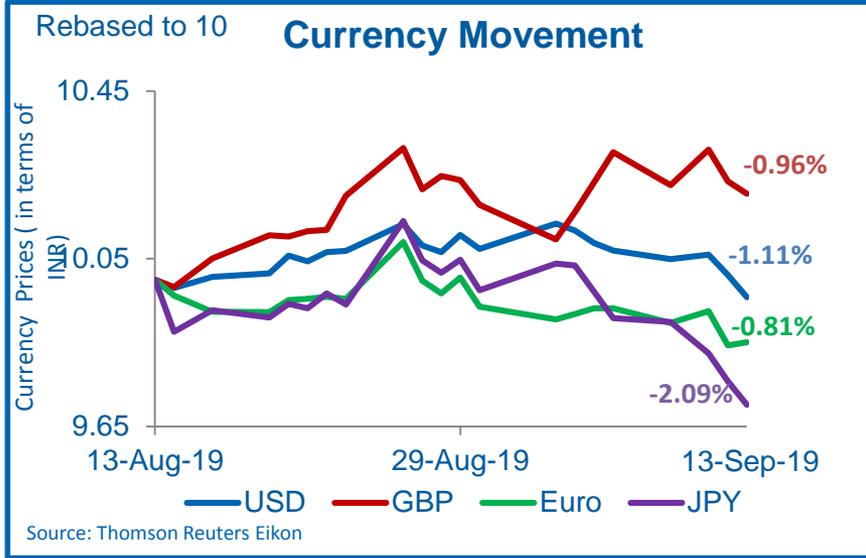
Brent Crude

- Brent crude prices were up as Saudi Arabia's new energy minister opined that a global deal to cut oil production by 1.2 million barrels per day would be maintained. However, gains were restricted as oil cut decision remains pending until Organization of the Petroleum Exporting Countries' meet in Dec 2019.

Baltic Dry Index

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

Currencies Markets



Rupee

- The rupee rose against the greenback following gains in domestic equity market. Ease in trade tensions between U.S. and China and announcement of bond purchase program by ECB contributed to the upside.

Euro

- The euro rose against the greenback after the ECB monetary policy review failed to live up to market expectations where central bank cut its deposit rate to record low and launched an indefinite asset purchase program.

Pound

- The pound rose against the greenback on hopes that Britain would come to an agreement with the European Union before its exit from the euro zone.

Yen

- The yen weakened against the greenback as the safe haven appeal of the former came down on hopes that the ongoing trade tensions between U.S. and China would come to an end.

Movement of Rupee vs Other Currencies

Currency	Last Closing*	1-Wk Ago
US Dollar	70.94	71.73
Pound Sterling	87.65	88.51
EURO	78.56	79.21
100 Yen	65.64	67.04

Source: RBI

Figures in INR , *Value as on Sep 13, 2019

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The Week that was...

09th September to 13th September

The Week that was (September 09 – September 13)

Date	Events	Present Value	Previous Value
Monday, September 09, 2019	• U.K. Monthly GDP (MoM) (Jul)	0.30%	0.00%
	• U.K. Industrial Production (YoY) (Jul)	-0.90%	-0.60%
Tuesday, September 10, 2019	• China Consumer Price Index (YoY) (Aug)	2.80%	2.80%
	• Japan Machine Tool Orders (YoY) (Aug P)	-37.10%	-33.00%
Wednesday, September 11, 2019	• China New Yuan Loans CNY (Aug)	1210.0b	1060.0b
	• U.S. MBA Mortgage Applications (Sep 6)	2.00%	-3.10%
	• Japan Machine Orders (YoY) (Jul)	0.30%	12.50%
Thursday, September 12, 2019	• India Consumer Price Index (Aug)	3.21%	3.15%
	• India Index of Industrial Production (Jul)	4.30%	1.20%
	• European Central Bank Rate Decision (Sep 12)	0.00%	0.00%
	• U.S. Consumer Price Index (YoY) (Aug)	1.70%	1.80%
	• Japan Tertiary Industry Index (MoM) (Jul)	0.10%	-0.10%
	• U.S. Initial Jobless Claims (Sep 7)	204k	219k
Friday, September 13, 2019	• U.S. Retail Sales Advance (MoM) (Aug)	0.40%	0.80%
	• U.S. University of Michigan Sentiment (Sep P)	92.00	89.80
	• Japan Industrial Production (YoY) (Jul F)	0.70%	0.70%
	• U.S. Retail Sales Ex Auto and Gas (Aug)	0.10%	0.90%
	• U.S. Business Inventories (Jul)	0.40%	0.00%

The Week Ahead

16th September to 20th September

The Week Ahead

Day	Event
Monday, September 16, 2019	<ul style="list-style-type: none"> • India Wholesale Price Index (Aug) • China Retail Sales (YoY) (Aug) • China Industrial Production (YoY) (Aug)
Tuesday, September 17, 2019	<ul style="list-style-type: none"> • Germany ZEW Survey Expectations (Sep) • Eurozone ZEW Survey (Economic Sentiment) (Sep) • U.S. Industrial Production (MoM) (Aug) • Japan Trade Balance (Aug)
Wednesday, September 18, 2019	<ul style="list-style-type: none"> • U.S. FOMC Rate Decision (Sep 18) • U.K. Consumer Price Index (YoY) (Aug) • Eurozone Consumer Price Index (YoY) (Aug F) • U.S. Housing Starts (MoM) (Aug)
Thursday, September 19, 2019	<ul style="list-style-type: none"> • Bank of Japan Rate Decision (Sep 19) • Bank of England Bank Rate (Sep 19) • Japan National Consumer Price Index (YoY) (Aug) • Japan All Industry Activity Index (MoM) (Jul) • U.S. Initial Jobless Claims (Sep 14)
Friday, September 20, 2019	<ul style="list-style-type: none"> • Eurozone Consumer Confidence (Sep A)

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