

News U Can Use

19th June, 2015

The Week that was...
13th June to 19th June

Indian Economy

- ❑ India's trade deficit in May narrowed to \$10.40 bn compared with around \$10.99 bn in April; merchandise exports in May contracted 20.19%, reaching \$22.34 bn compared with \$28 bn a year ago in the same month; imports in May reached \$32.75 bn, down 16.52% compared with \$39.23 bn last year in the same month.
- ❑ India's wholesale price index-based inflation came in at -2.36% in May, slightly higher than the 2.65% decline in price growth registered in April.
- ❑ India's services exports fell by 4.5% to \$13.01 bn in April 2015 as compared to the same month last year.
- ❑ SBI's Composite Index for manufacturing activity fell to 53.2 in June from 56.6 in May.

Indian Commodities Market

- ❑ International crude oil prices ended little changed in the week due to lack of any strong triggers; prices ended at \$60.45 a barrel on the NYMEX on June 18, compared with \$60.77 a barrel on June 11.
- ❑ US crude oil inventories fell 2.7 mn barrels to 467.9 mn barrels for the week ended June 12.
- ❑ India's gold imports grew 10.47% to \$2.42 bn in May on declining prices and easing of restrictions by RBI; imports of the precious metal stood at \$2.19 bn in the same month of 2014.
- ❑ India Ratings and Research maintains a stable outlook for gems and jewellery exporters as well as retailers for FY16.
- ❑ MCX is close to sell about 18 cr warrants it holds in Metropolitan Stock Exchange.

Indian Government

- ❑ Indian President Pranab Mukherjee promulgates ordinance on cheque bounce cases.
- ❑ India signs a motor vehicles pact with three SAARC nations - Bhutan, Bangladesh and Nepal - that will enable seamless transit of passenger and cargo vehicles among them.
- ❑ Government proposes to issue gold bonds worth Rs 13500 cr with a sovereign guarantee to divert investment demand for physical gold to a financial instrument.
- ❑ Government approves 16 FDI proposals amounting to around Rs 6751 cr, including those of Torrent Pharmaceuticals, Star India and Syngene International.
- ❑ The Cabinet Committee on Economic Affairs (CCEA) raises the minimum support price (MSP) for paddy by Rs 50 to Rs 1410 a quintal and by Rs 250-275 per quintal for pulses for 2015-16.
- ❑ The Cabinet approves the 'Housing for All by 2022' programme for slum rehabilitation in urban areas.
- ❑ Government approves the revised targets of Jawaharlal Nehru National Solar Mission (JNNSM) to 1 lakh Mw by 2022.
- ❑ Government approves highway projects worth Rs 7529 cr in Maharashtra.
- ❑ Government cancels approvals of 22 special economic zones for lack of 'satisfactory' progress.
- ❑ Government hikes import duty on long steel products from 5.5% to 7.5% and that of flat steel product from 7.5% to 10%.

Indian Government

- ❑ Finance Ministry sets up two panels to suggest tax rates and look into technology preparedness for the roll out of GST from April 2016.
- ❑ Government plans to sell 3% stake in Bharat Petroleum this fiscal to raise around Rs 1800 cr.
- ❑ Finance Ministry asks state-run banks to prepare a list of non-core assets that can be sold.
- ❑ Finance Ministry advises banks to lend at least six times more towards housing loan – up to Rs 25 lakh during the current fiscal.
- ❑ Government launches a Rs 1500 cr insurance pool in a bid to offset financial burden of foreign nuclear suppliers.
- ❑ Government set to approve six pharma parks this year at an estimated investment of Rs 180 cr to promote the pharmaceuticals manufacturing.
- ❑ Government proposes a stringent appraisal system for public sector banks to increase efficiency and transparency.
- ❑ Department of Telecom (DoT) issues the Letter of Intent (LoI) to all the telecom players that participated in the March auction and is speeding up spectrum allocation to them.
- ❑ Empowered Committee on GST to submit its views on June 16 to the Parliamentary panel looking into the Constitutional amendment bill for introduction of new indirect tax regime.
- ❑ Government launches an online portal for job seekers in the micro, small and medium enterprises (MSME) sector.

Indian Government

- ❑ Indian Railways ropes in an international train-maker China Railway Rolling Stock Corp Ltd to manufacture rakes for country's first underground mass transit system in Kolkata.
- ❑ An inter-ministerial panel defers decision for the second time on Kotak Mahindra Bank's proposal for raising foreign investment limit in the bank to 55%.
- ❑ Andhra Pradesh government is planning to create a Rs 100 cr state innovation fund for startups.

Regulatory updates in India

- ❑ RBI introduces a new 30-year government bond; it will be reckoned as an eligible instrument in government security by banks for statutory liquidity ratio (SLR) purpose.
- ❑ RBI to introduce cash-settled interest rate futures (IRFs) on 5-7 year and 13-15 year government securities; also decides to modify the residual maturity of cash-settled 10-year IRF to between 8 and 11 years.
- ❑ RBI concludes a memorandum of understanding (MoU) on “Supervisory Cooperation and Exchange of Supervisory Information” with Maldives Monetary Authority (MMA).
- ❑ RBI extends up to June 22, the timeline for the receipt of comments and feedback on the draft framework on issue of rupee-linked bonds.
- ❑ SEBI allows stock exchanges to introduce cash-settled IRFs on 6- and 13-year government securities, in addition to 10-year bonds already traded in the market.
- ❑ SEBI says foreign venture capital investors (FVCIs) can be granted registration as a FPI if they meet certain guidelines.
- ❑ SEBI comes out with detailed disclosure norms for listed firms while exercising employee stock ownership plan (ESOP).
- ❑ SEBI probes a scam where gullible investors are being lured through SMSes and WhatsApp with promise of multi-fold returns from ‘options’ trading.

Regulatory updates in India

- ❑ SEBI is likely to come out this month with detailed guidelines on e-IPOs.
- ❑ SEBI to initiate fresh proceedings in NSEL scam.
- ❑ SEBI bars Karvy Stock Broking from taking up any new IPO assignment for one year.
- ❑ SEBI bars HBJ Capital Services and its directors from acting as investment adviser and alternative investment fund for providing unauthorised investment tips to investors.
- ❑ According to SEBI data, overall deployment of equity funds in bank stocks stood at Rs 79215 cr in May as compared with Rs 74810 cr in the previous month.
- ❑ According to SEBI data, MFs exposure to IT stocks stood at Rs 35750 cr in May compared with Rs 34100 cr in April.
- ❑ IRDAI is planning changes in health insurance, including more incentives for health policy holders and a level playing field for life and non-life insurers, among others.
- ❑ IRDAI in its exposure draft on third party administrator (TPA) says that at least one of the directors in a TPA should be a MBBS graduate.
- ❑ According to TRAI, telephone subscriber base rose to 999.7 mn in April.
- ❑ Competition Commission of India approves a Rs 233 cr deal for the acquisition of Birla Textile Mills by Sutlej Textile and Industries.

International Markets

- ❑ US Federal Reserve says the US economy is growing moderately after a winter swoon and likely strong enough to support an interest rate increase by the end of the year; cuts its economic growth forecast for 2015 to 1.8-2.0%, down from March's 2.3-2.7% outlook, to account for the unexpected contraction in the first quarter of the year.
- ❑ US industrial production declined by a seasonally adjusted 0.2% in May compared to a revised drop of 0.5% in April; the capacity utilization rate declined to 78.1% in May from 78.3% in April.
- ❑ US housing starts dropped to a seasonally adjusted annual pace of 1.04 mn units in May compared to April's revised 1.17 mn units; building permits issued in May increased by 11.8% to a seasonally adjusted 1.275 mn units from April's total of 1.140 mn.
- ❑ US NAHB housing market index rose 5 points from the previous month to 59 in June.
- ❑ US Empire State general business conditions index fell from 3.09 in May to -1.98 in June, hitting its lowest level since January 2013.
- ❑ US consumer price growth was flat in the 12 months through May after a 0.2% yearly decline in April.
- ❑ US initial claims for state unemployment benefits dropped 12,000 to a seasonally adjusted 267,000 for the week ended June 13.
- ❑ US Philadelphia Fed manufacturing conditions index rose to 15.2 in June from 6.7 in May.

International Markets

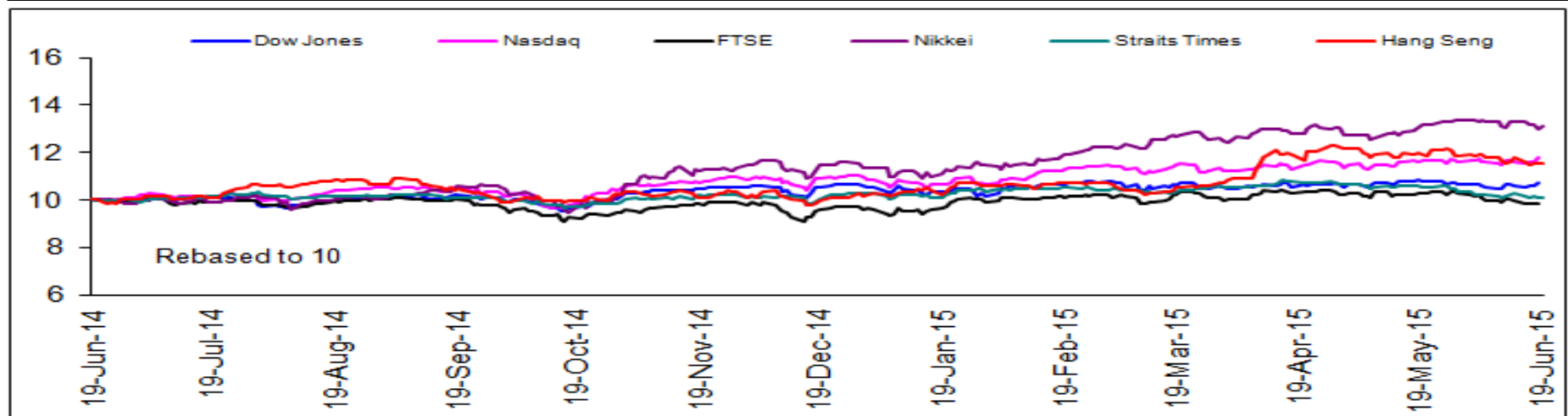
- ❑ US' University of Michigan consumer sentiment index came in at 94.6 in June, up from the final reading of 90.7 in May.
- ❑ The US current account deficit widened to \$ 113.34 bn in Q1 2015 from \$ 103.14 bn in Q4 2014.
- ❑ US leading economic indicators index rose 0.7% in May for the second month in a row.
- ❑ US Treasury International Capital (TIC) long-term purchases rose to a seasonally adjusted \$53.9 bn in April, compared with \$25.6 bn in the previous month.
- ❑ The European Central Bank's economic bulletin noted that its asset purchase programmes were "proceeding well and positive effects are visible."
- ❑ Euro zone's trade balance recorded a 24.9 bn euro surplus in April, compared with 14.9 bn euros in the same month last year.
- ❑ Eurozone consumer price inflation increased by a seasonally adjusted 0.3% in May, unchanged from a preliminary estimate.
- ❑ Eurozone ZEW expectations fell to 53.7 in June, compared with 61.2 in May.
- ❑ UK unemployment declined by 43,000 in the three months ended April to 1.81 mn, the lowest since the June to August period of 2008; the ILO jobless rate for the February to April period was 5.5%, down from 5.7% logged for the three months to January.
- ❑ UK jobless claims fell 6,500 in May from April to 791,800.

International Markets

- ❑ UK consumer prices rose by 0.1% in the year to May, compared with a 0.1% fall in the year to April.
- ❑ UK producer prices fell 1.6% in the year to May, compared with a fall of 1.7% in the year to April.
- ❑ UK retail sales rose by 0.2% in May, a slowdown from a rise of 0.9% in April.
- ❑ Japan posted a merchandise trade deficit of around 216 bn yen in May, following the downwardly revised 55.8 bn yen deficit in April; exports added 2.4% year-on-year to 5.74 trillion yen, while imports tumbled an annual 8.7% to 5.96 trillion yen.
- ❑ The Greek central bank warned that the country would be put on a “painful course” towards default and exiting the euro zone if the government and its international creditors failed to reach an agreement.
- ❑ CVS Health Corp to buy Target Corp's pharmacies and clinics in a \$1.9 bn deal.

Global Equities

Indices	June 19	June 12	Change	% Change
DJIA	18115.84*	17898.84	217.00	1.21
Nasdaq Composite	5132.95*	5051.10	81.85	1.62
Nikkei 225 (Japan)	20174.24	20407.08	-232.84	-1.14
Straits Times (Singapore)	3300.96	3353.85	-52.89	-1.58
Hang Seng (Hong Kong)	26760.53	27280.54	-520.01	-1.91
FTSE 100 (London)	6707.88*	6784.92	-77.04	-1.14



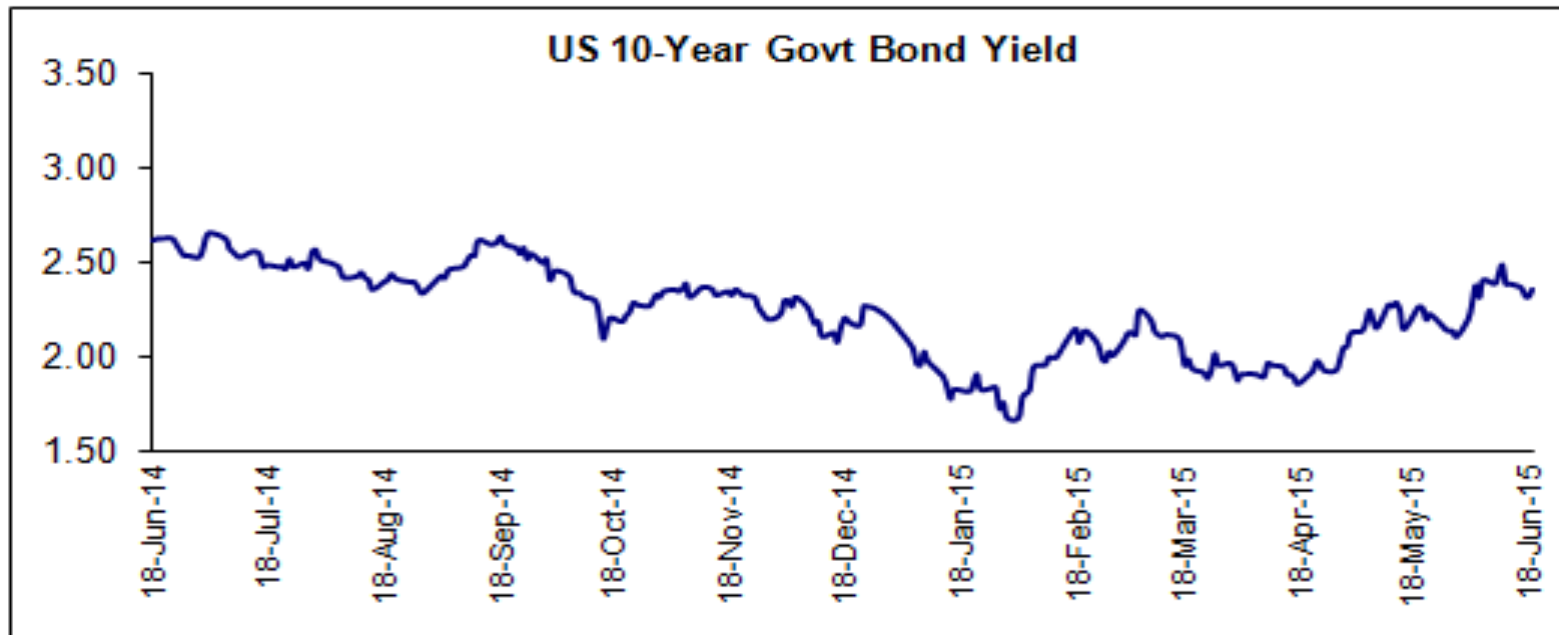
Global Equities

- ❑ **Key global indices closed lower** in the week ended June 18/19 (except US' Dow Jones and Nasdaq – up 1.2% and 1.6%, respectively) with Hong Kong's Hang Seng index falling the most – down 1.9%.
- ❑ Wall Street stocks closed higher in the week as the US Federal Reserve's (US Fed) dovish statement at its policy meeting raised prospects of a gradual rise in interest rates.
- ❑ Gains were however shortened due to disappointing domestic industrial production and business activity data and as the Greek debt talks remained unresolved.
- ❑ Britain's FTSE index fell over 1% in the week mainly due to an impasse over the Greek bailout deal.
- ❑ A decline in shares of EasyJet Plc following a ratings downgrade and a sell-off in grocery stocks also weighed on the market.
- ❑ Hong Kong's Hang Seng index fell nearly 2% in the week, hit by steep losses in Chinese markets which plunged over margin tightening worries and a flurry of IPOs in the week.
- ❑ Sentiments were also affected on Greek debt default worries and caution ahead of a politically sensitive vote in Hong Kong that could spark mass protests.
- ❑ Japan's Nikkei index lost 1% in the week on concerns about a possible default by Greece on its debt and caution ahead of the US Fed meeting.
- ❑ Singapore's Straits Times index gave up 1.6% in the week ended June 19 on worries about the Greece debt crisis.

Global Debt

- ❑ US treasury prices advanced in the week ended June 18 due to strong demand for bonds following US Federal Reserve's (US Fed) dovish statement on pace of interest rate hikes and on ongoing uncertainty over Greece bailout agreement.
- ❑ The yield of the 10 year benchmark bond fell to 2.35% on June 18 from 2.38% on June 11.
- ❑ US Treasuries onset the week on a positive note on the back of disappointing New York manufacturing data and weak industrial production numbers.
- ❑ Concerns that Greece might default on loans and be ejected from the European currency if there is no agreement between the nation and its lenders also boosted demand for safe-haven US bonds.
- ❑ Treasury prices were further boosted after the US Fed reduced its growth and federal funds rate forecasts, but said growth this year is still likely strong enough to support an interest rate increase later in the year.
- ❑ Further rise in treasury prices was however capped due to some positive economic data.
 - US initial claims for state unemployment benefits dropped 12,000 to a seasonally adjusted 267,000 for the week ended June 13.
 - US consumer price index rose 0.4% on month in May after gaining 0.1% in April.
- ❑ On weekly debt holding front, foreign central banks' investment in US Treasuries and agency debt at the Federal Reserve rose by \$8 bn to \$3.36 trillion in the week ended June 17.

Global Debt



USA

- ❑ **Wall Street stocks** closed higher in the week ended June 18 with Dow Jones rising 1.2% while Nasdaq went up 1.6% (closing at its all-time high).
- ❑ Sentiments were down earlier on persisting uncertainty about how soon the US Federal Reserve might raise interest rates, and as the Greek debt talks remained unresolved.
- ❑ Disappointing domestic industrial production and business activity data weighed on the markets further.
 - US industrial production declined by a seasonally adjusted 0.2% in May compared to a revised drop of 0.5% in April; the capacity utilization rate declined to 78.1% in May from 78.3% in April.
 - US Empire State general business conditions index fell from 3.09 in May to -1.98 in June, hitting its lowest level since January 2013.
- ❑ Losses were however wiped off due as the US Fed's dovish statement at its policy meeting raised prospects of a gradual rise in interest rates.
 - US Fed said the US economy is growing moderately after a winter swoon and likely strong enough to support an interest rate increase by the end of the year; also cut its economic growth forecast for 2015 to 1.8-2.0%, down from March's 2.3-2.7% outlook.
- ❑ Better-than-expected domestic building permits data and intermittent rise in the crude oil prices also supported rise in the benchmarks.
- ❑ US building permits issued in May increased by 11.8% to a seasonally adjusted 1.275 mn units from April's total of 1.140 mn.

UK

- ❑ **Britain's FTSE index** fell over 1% in the week ended June 18 mainly due to an impasse over the Greek bailout deal.
- ❑ The British benchmark fell to a near five-month low mid-week on the back of ongoing concerns about Greece, a sell-off in China and caution ahead of inflation data.
- ❑ A decline in shares of EasyJet Plc following a ratings downgrade and a sell-off in grocery stocks also weighed on the market.
- ❑ Further losses were however capped due to a rally in mining shares and on tracking gains on the Wall Street amid prospects of a gradual rise in interest rates.

ASIA

- ❑ **Hong Kong's Hang Seng index fell nearly 2%** in the week ended June 19 and emerged as the biggest decliner among key indices analyzed.
- ❑ Market was primarily hit by steep losses in Chinese markets which plunged over margin tightening worries and a flurry of IPOs in the week.
- ❑ Sentiments were also affected on Greek debt default worries and caution ahead of a politically sensitive vote in Hong Kong that could spark mass protests.
- ❑ Further losses were however prevented on tracking gains on the Wall Street.
- ❑ **Japan's Nikkei index lost 1%** in the week ended June 19 on tracking some weak global cues.
- ❑ Market fell earlier due to concerns about a possible default by Greece on its debt and caution ahead of the US Fed meeting.
- ❑ The exporters' heavy benchmark was pulled down further as yen strengthened after the US Fed signaled that it will hike interest rates at a slower pace than expected.
- ❑ Some losses were however cut short after the country's central bank kept its record stimulus plan unchanged.
- ❑ Bank of Japan stuck to its strategy of increasing base money at an annual pace of 80 trillion yen through asset purchases.

ASIA

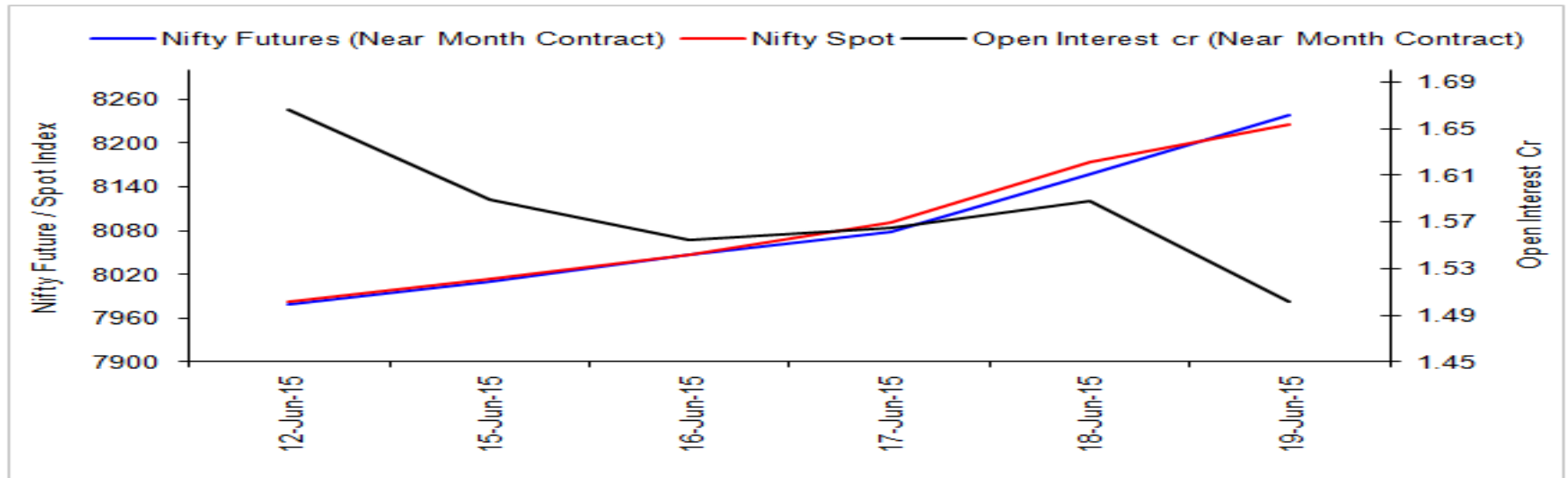
- ❑ **Singapore's Straits Times index gave up 1.6%** in the week ended June 19 on worries about the Greece debt crisis.
- ❑ Wariness ahead of the US Fed policy meet also kept the market on the backfoot.
- ❑ Losses were however trimmed following the US central bank's dovish stance on hiking interest rates.

Indian Futures and Options Market Review

Nifty Futures

- ❑ The Nifty near month contract (June 25, 2015) closed up with 12.65 point premium to the spot index on June 19.
- ❑ In the week ended June 19, the Nifty spot index rose 3.03% primarily boosted by the steady progress in monsoon, positive macroeconomic numbers and a dovish stance by the US Federal Reserve (Fed) on interest rate hike outlook.
- ❑ The other Nifty future contract, viz., July contract ended at 8258 points (up 247 points over the week) and August contract ended at 8298 points (up 239 points over the week).
- ❑ Overall, Nifty futures saw a weekly trading volume of Rs 55,372 cr arising out of around 27 lakhs contracts with an open interest of nearly 183 lakhs.

Indian Futures and Options Market Review



Nifty Options

- ❑ Nifty 8500 call witnessed the highest open interest of 80 lakh on June 19 and Nifty 8400 call saw the highest increase in open interest of 8 lakhs over the week.
- ❑ Nifty 8200 call garnered the higher number of contracts over the week at 49 lakhs.
- ❑ Nifty 8000 put witnessed the highest open interest of 118 lakh on June 19 and also saw the highest increase in open interest of 40 lakhs over the week.
- ❑ Nifty 8000 put also garnered the highest number of contracts over the week at 47 lakhs.
- ❑ Overall, options saw 424 lakh contracts getting traded at a notional value of Rs 8,62,250 cr during the week.

Indian Futures and Options Market Review

Stock Futures and Options –

- NSE witnessed 46 lakh contracts in stock futures valued at Rs 117,318 cr while stock options saw volumes of 22 lakh contracts valued at Rs 57,446 cr during the week ended June 19, 2015.

NSE F&O Turnover –

- Overall turnover on NSE's derivatives segment stood at Rs 12.23 lakh cr (548 lakh contracts) during the week ended June 19 vs. Rs 9.99 lakh cr (445 lakh contracts) in the previous week.
- Put Call ratio rose sharply to 1.21 on June 19 from 0.73 on June 12.

Week ended June 19, 2015	Turnover Rs. Cr.	% to Total
Index Futures	82,017	6.71
Index Options	966,406	79.01
Stock Futures	117,318	9.59
Stock Options	57,446	4.70
Total	1,223,187	100.00
Put Call Ratio	1.21 (June 19)	0.73 (June 12)

Indian Futures and Options Market Review

FII Segment

- On June 18 (last available SEBI data), foreign institutional investors' open interest stood at Rs 1,49,588 cr (62 lakh contracts). The details of FII derivatives trades for the period June 12-18 are as follows: -

Week Ended June 18, 2015	Buy		Sell		Buy %		Sell %	
	No. of contracts	Amt in Rs Cr	No. of contracts	Amt in Rs Cr	No. of contracts	Amt in Rs Cr	No. of contracts	Amt in Rs Cr
Index Futures	452797	10409	500075	11074	10.75	10.43	12.37	11.61
Index Options	2906149	68036	2762524	65049	69.02	68.16	68.33	68.17
Stock Futures	544346	13929	466200	11687	12.93	13.95	11.53	12.25
Stock Options	307533	7444	314406	7606	7.30	7.46	7.78	7.97
Total	4210825	99819	4043205	95417	100.00	100.00	100.00	100.00

Source - SEBI

The Week Ahead

Day	Event
<p>Monday, June 22</p>	<ul style="list-style-type: none"> ▣ US Existing Home Sales, May ▣ US Chicago Fed National Activity Index, May ▣ Eurozone Consumer Confidence, June ▣ Bank of Japan's Monthly Economic Report, June
<p>Tuesday, June 23</p>	<ul style="list-style-type: none"> ▣ US New Home Sales, May ▣ US Durable Goods Orders, May ▣ US Flash Manufacturing Purchasing Managers' Index (PMI), June ▣ Eurozone Markit Manufacturing, Services and Composite PMI, June ▣ China's HSBC Manufacturing PMI, June ▣ Bank of Japan May 21-22 meeting minutes ▣ Japan's Markit/JMMA Manufacturing PMI, June
<p>Wednesday, June 24</p>	<ul style="list-style-type: none"> ▣ US GDP - Third Estimate, Q1 ▣ US Crude Oil Inventories, June 19 ▣ Japan's Small Business Confidence, June
<p>Thursday, June 25</p>	<ul style="list-style-type: none"> ▣ US Personal Income & Spending, May ▣ US Initial Jobless Claims, June 20 ▣ US Flash Services and Composite PMI, June ▣ Japan's Consumer Price Index, May ▣ Japan's Jobless Rate, May
<p>Friday, June 26</p>	<ul style="list-style-type: none"> ▣ University of Michigan Consumer Sentiment Index – Final, June ▣ India's Forex Reserves, June 19

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