

News U Can Use

Aug 14, 2015

RELIANCE

The Week that was...
7th August to 14th August

Indian Economy

- ❑ Consumer Price Index (CPI)-based inflation rose by 3.78% in July, much lower than 5.40% recorded in June due to sharp fall in prices of food and beverages. The latest growth in retail inflation is the lowest since the Government released the data. Consumer food price index-based inflation also fell to 2.15% from 5.48% witnessed in the previous month.
- ❑ The Index of Industrial Production (IIP) increased 3.8% on a yearly basis in June, higher than 2.7% recorded in May but lower than 4.3% posted a year ago. The cumulative growth for the first three months till June stood at 3.2%. IIP for the Mining, Manufacturing and Electricity sectors growth stood at (-) 0.3%, 4.6% and 1.3% annually, respectively.
- ❑ Government data showed that Wholesale Price Index-based inflation contracted for the ninth consecutive month to an all-time low of 4.05% in July compared to 2.40% in June. Wholesale price inflation stood at 5.41% in the same month last year. Vegetable prices fell 24.52% with potato prices plunging 49.27% during the month under review. However, pulses got dearer by 35.75% against 33.67% recorded in the previous month.
- ❑ Domestic passenger car sales rose 17.47% to 162,022 units in July from 137,922 units in the same month last year, according to data by the Society of Indian Automobile Manufacturers. Sales of total commercial vehicles rose 8.41% to 51,795 units in July.

Indian Equity Market

Domestic Equity Market Indices			
Indices	14-Aug-15	1 Week Return	YTD Return
S&P BSE Sensex	28067.31	-0.60%	2.03%
CNX Nifty Index	8518.55	-0.54%	2.83%
S&P BSE Mid-Cap	11453.78	-0.90%	9.71%
S&P BSE Small-Cap	11766.78	-2.79%	4.82%

Source: MFI Explorer

Ratios	S&P BSE Sensex	CNX Nifty	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	22.3	23.69	25.62	44.2
P/B	3.01	3.45	2.67	2.1
Dividend Yield	1.33	1.42	1.29	0.99

Source: BSE, NSE

Value as on Aug 14, 2015

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
10-Aug-15	682	842	0.81
11-Aug-15	389	1133	0.34
12-Aug-15	230	1296	0.18
13-Aug-15	450	1059	0.42
14-Aug-15	1082	420	2.58

Source: NSE

- ❑ Indian equity markets closed the week in red.
- ❑ Bourses fell initially on concerns of possible delays in the passage of Goods and Services Tax (GST) bill. Volatility in global markets on the back of devaluation of the yuan also weighed on blue chip stocks.
- ❑ Markets recovered later following positive retail inflation and factory output numbers.
- ❑ Bourses surged on the last trading session of the week as sharp fall in wholesale inflation numbers raised hopes of a further rate cut by the Central Bank.

Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last Closing	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	19461.7	-1.54%	5.06%
S&P BSE Bankex	21488.2	-0.99%	-0.28%
S&P BSE CD	11264.4	-1.31%	3.68%
S&P BSE CG	17955	-2.38%	-2.54%
S&P BSE FMCG	7923.25	-2.68%	1.46%
S&P BSE HC	18058.7	3.07%	3.88%
S&P BSE IT	11621.6	4.06%	11.51%
S&P BSE Metal	7806.25	-9.99%	-13.06%
S&P BSE Oil & Gas	9507.63	-4.61%	-4.57%

Source: Reuters *Values as on Aug 14, 2015*

- ❑ On the BSE sectoral front, majority of the indices closed in red. S&P BSE Metal was the major laggard, down 9.99%, followed by S&P BSE Oil & Gas and S&P BSE FMCG, which fell 4.61% and 2.68%, respectively. Metal stocks declined due to weak economic data from China.
- ❑ On the other hand, S&P BSE IT rose 4.06%, followed by S&P BSE Healthcare and TECK, which rose 3.07% and 2.41%, respectively.

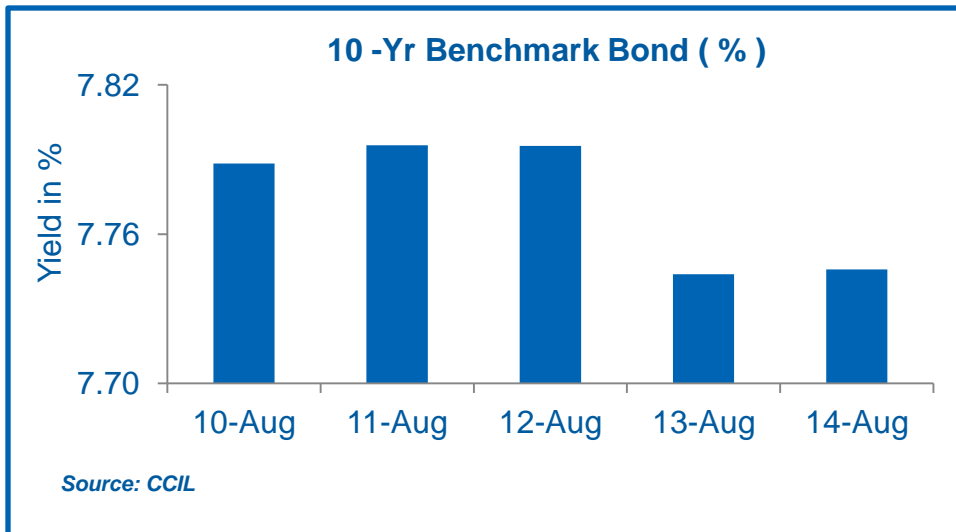
Indian Derivatives Market Review

- ❑ Nifty August 2015 Futures were at 8,542.70 points, a premium of 24.15 points against the spot closing of 8,518.55 points. The turnover on NSE Futures and Options segment rose to Rs. 12.10 lakh crore during the week ended August 14 from Rs. 8.12 lakh crore in the previous week.
- ❑ The Put-Call ratio stood at 0.93 compared to the previous week's close of 0.92.
- ❑ The Nifty Put-Call ratio stood at 1.00 compared to the previous week's close of 0.99.

Domestic Debt Market

Debt Indicators (Yield %)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	7.07	7.12	7.07	7.53
91 Day T-Bill	7.38	7.39	7.55	8.30
08.27% 2020 , (5 Yr GOI)	7.87	7.95	8.00	-
07.72% 2025, (10 Yr GOI)	7.75	7.81	7.82	-

Source: Reuters Values as on Aug 14, 2015



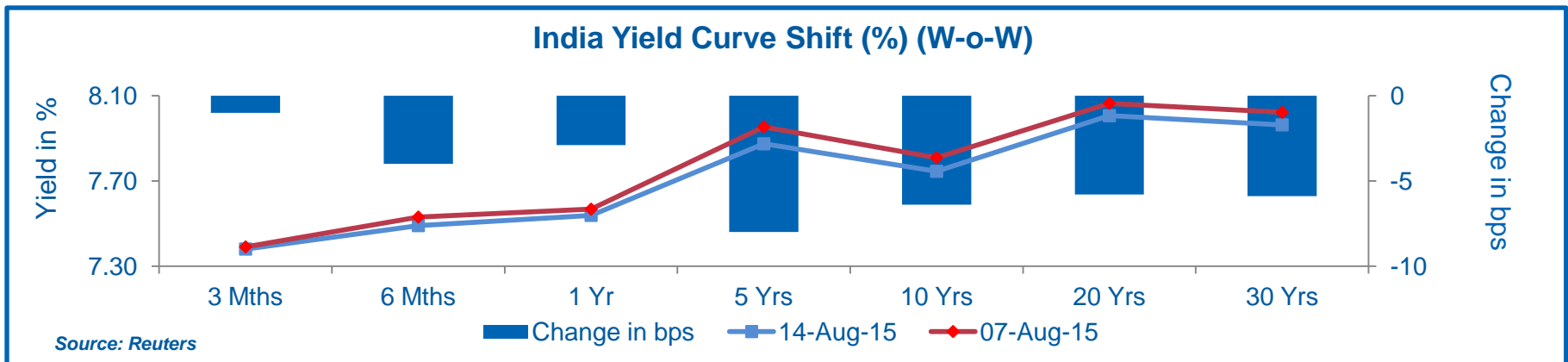
- Bond yields fell during the week under review after both consumer and wholesale price inflation fell to their lowest levels in July, which increased hopes of further monetary easing by the Reserve Bank of India (RBI). Fall in international crude oil prices also boosted market sentiments.
- The yield on the 10-year benchmark bond 7.72% GS 2025 fell by 6 bps to close at 7.75% compared to the previous week's close of 7.81% after moving in the range of 7.73% to 7.81%.
- Banks' net average borrowings under the Reserve Bank of India's (RBI) Liquidity Adjustment Facility stood at Rs. 1,517.65 crore.

Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	7.68	8.07	39.10
3 Year	7.96	8.21	25.20
5 Year	8.05	8.40	34.70
10 Year	7.94	8.37	43.50

Source: Reuters Values as on Aug 14, 2015

- Yield on Gilt Securities fell across the maturities in the range of 3 bps to 11 bps. Yields fell the least on 1-year paper and the most on 11-year paper.
- Corporate bond yields fell across the maturities in the range of 4 bps to 10 bps. The maximum fall was seen on 1-year paper.
- Spread between AAA Corporate Bond and Gilt expanded on 2 to 9-year maturities in the range of 1 bps to 4 bps.



Regulatory Updates in India

- During the first two months of the current financial year, the Government received Rs. 37.64 crore of Foreign Direct Investment (FDI) in the Agriculture sector, the Minister of State for Agriculture said. FDI up to 100% is permitted under automatic route in specified activities of Agriculture and allied sectors.
- The Government has given approval to 23 foreign investment proposals amounting to Rs. 10,378.92 crore. The approval comes following the recommendation for the same by the Foreign Investment Promotion Board.
- According to the Finance Ministry, Indian banks have mobilised deposits worth close to Rs. 21,000 crore from the accounts opened under the Pradhan Mantri Jan Dhan Yojana (PMJDY). The Ministry of Finance further informed that zero balance accounts in PMJDY have declined to 46.93% in July 2015, from 76% in September 2014. In addition, Rupay debit card has been issued to 15.26 crore beneficiaries.
- The Government will announce a decision to allow premium rates over and above the market (approved) price for the gas discoveries from difficult fields, the Oil Minister said. Difficult fields include gas discoveries in deep-water, ultra-deep sea or high-temperature and high-pressure fields.

Regulatory Updates in India (contd..)

- ❑ The Government has approved India BPO Promotion Scheme with an outlay of about Rs. 493 crore for the remaining period of 12th Five Year Plan to promote BPO/ITeS operations across the country. About 48,300 seats have been planned with distribution across states and Union territories based on population percentage as per Census 2011, the Minister of Communications and IT said.
- ❑ Capital market regulator Securities and Exchange Board of India has notified new norms, which will provide all listed companies a 'fast-track' route for share sales. According to the new norms, firms in which public shareholders own stocks worth Rs. 1,000 crore will now be able to access this route through a follow-on public offer. Currently, the minimum requirement is Rs. 3,000 crore. The new route is also expected to boost the Government's disinvestment drive.
- ❑ According to the Minister of State for Finance, the Government is planning for a Venture Capital industry that can fund social sector initiatives of sustainable development and job creation.
- ❑ The Government unveiled a seven-point plan that encompasses focus on appointments, Bank Board Bureau, capitalization, destressing, empowerment, and accountability and governance reforms. According to the Minister of State of Finance, the move will give banks the strategic space for adequate competitive positioning.

Global News/Economy

- ❑ The U.S. Labour Department in its report showed that initial jobless claims for the week ended August 8 rose by 5,000 to 274,000 from the previous week's revised level of 269,000.
- ❑ The U.S. Commerce Department in its report showed that retail sales increased by 0.6% in July against 0.3% fall in June.
- ❑ Greece reached an agreement with its creditors over the terms of the third bailout, the country's Finance Ministry said. This would likely unlock loans worth around 86 billion euro for Greece. It would help Athens repay debt to the European Central Bank, due on August 20.
- ❑ Final data from Eurostat showed that consumer price inflation in Euro zone stood at 0.2% in July, the same rate as seen in June. On a monthly basis, consumer prices fell 0.6%.
- ❑ Preliminary data from Eurostat showed that Gross Domestic Product expanded 0.3% sequentially in the June quarter of 2015. On a yearly basis, GDP growth improved to 1.2% from 1%. Germany's growth improved to 0.4% in the second quarter from 0.3% seen in the first quarter.
- ❑ According to the People's Bank of China's Assistant Governor, the Central Bank has gradually returned to the market level after two days of adjustment and there is no basis for the depreciation of the yuan to persist. He further added that the Central Bank will act when there is excessive volatility in the market.

Global Equity Markets

Global Indices			
Indices	14-Aug-15	1-Week Return	YTD Return
Dow Jones	17477.4	0.60%	-3.19%
Nasdaq 100	4530.74	0.24%	0.16%
FTSE 100	6550.74	-2.50%	-3.01%
DAX Index	10985.1	-4.40%	-4.62%
Nikkei Average	20519.5	-0.99%	0.66%
Straits Times	3114.25	-2.58%	-6.10%

Source: Reuters Values as on Aug 14, 2015

Europe

- European markets fell, tracking weakness in Chinese bourses. Investor sentiments dampened after the People's Bank of China unexpectedly implemented a "one-time" depreciation of its currency against the greenback, which raised concerns over the health of the Chinese economy. However, losses were restricted amid optimism over Greece's debt situation.

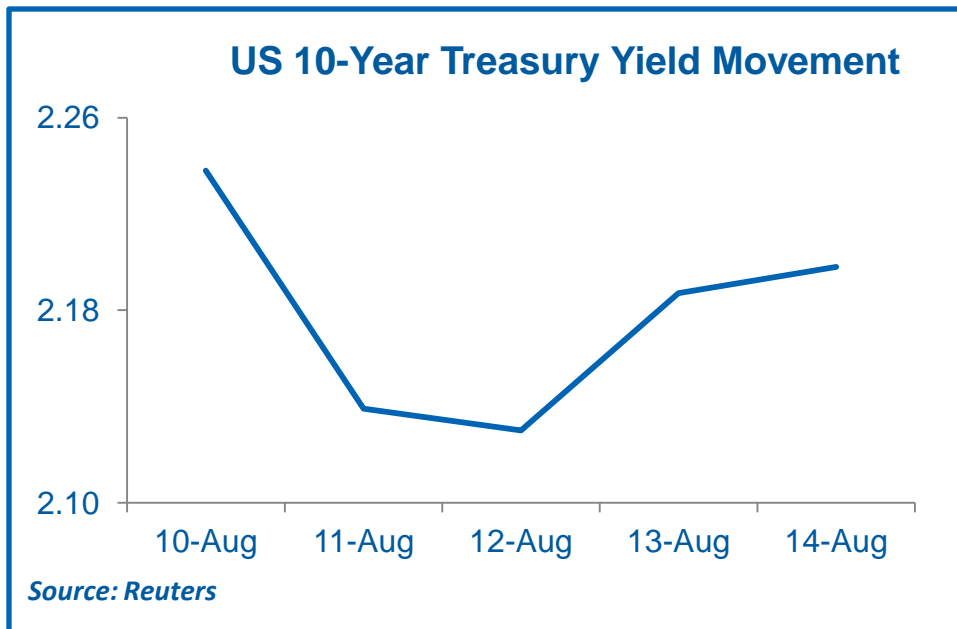
Asia

- Most of the Asian markets closed lower following the People's Bank of China's move to devalue its currency, which raised concerns over the Chinese economy. However, losses were restricted after the Chinese Central Bank stated that there was no basis for continued depreciation of the yuan because of the strong economic fundamentals.

U.S.

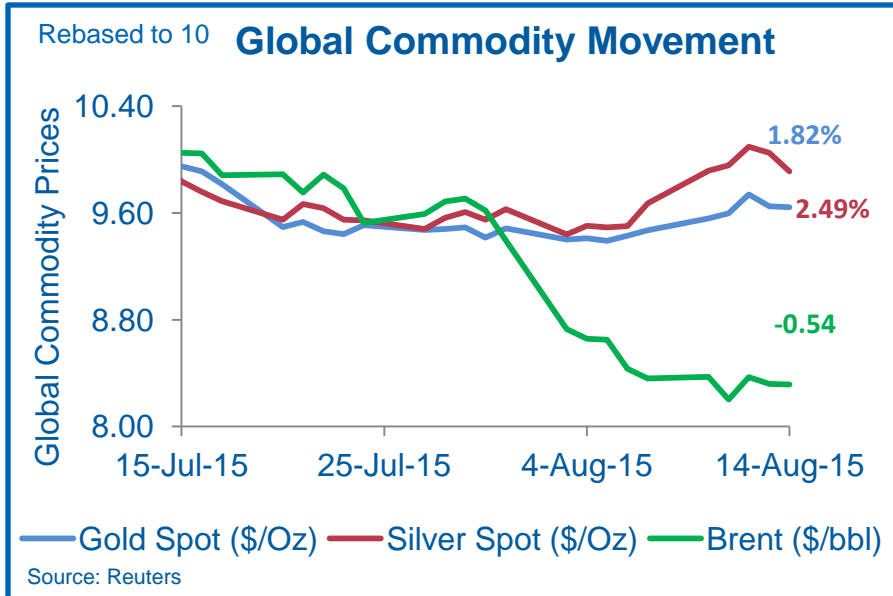
- The U.S. equity markets gained over the week as merger and acquisition activities in the corporate space boosted investor sentiments. Positive U.S. retail sales data for July also provided additional support. However, gains were restricted amid concerns over the Chinese economy after the People's Bank of China unexpectedly devalued its yuan and uncertainty over the interest outlook in the U.S. region.

Global Debt (U.S.)



- The yield on the 10-year U.S. Treasury bond inched up by 2 bps during the week to close at 2.20% compared to the previous week's close of 2.18%.
- Initially, the U.S. Treasury prices fell on the back of a rally in U.S. equity markets and on hopes that the Chinese Government will adopt new stimulus measures to boost its slowing economy. However, the trend reversed after the People's Bank of China devalued the yuan to boost its export competitiveness, which raised concerns over the growth prospects of the U.S. economy. Treasury prices fell again after the Chinese Central Bank assured investors that there was no basis for continued depreciation of the yuan.

Commodities Market



Performance of various commodities		
Commodities	Last Closing	1-Week Ago
Brent Crude(\$/Barrel)	47.48	47.74
Gold (\$/Oz)	1113.7	1093.8
Gold (Rs/10 gm)	25690	24668
Silver (\$/Oz)	15.205	14.835
Silver (Rs/Kg)	35833	33695

Source: Reuters Values as on Aug 14 2015

Gold

- Gold prices rose after devaluation of the Chinese currency raised worries over a currency war and also impacted the global equities. The bullion got further support as investors remained optimistic ahead of the publication of a series of U.S. economic data.

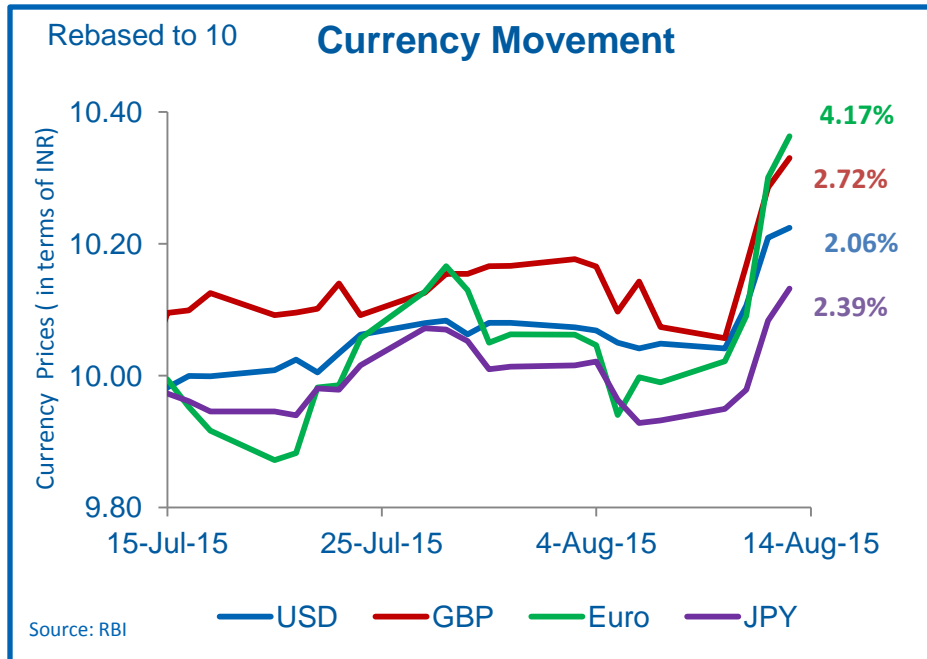
Crude

- Brent crude prices fell during the week as China's unexpected move to devalue its currency triggered the possibility of a new round of currency wars. Disappointing Chinese industrial output data for July and worries over an imminent rate hike by the U.S. Fed hit oil prices.

Baltic Dry Index

- The Baltic Dry Index fell during the week due to sluggish capesize and panamax activities.

Currencies Markets



Movement of Rupee vs Other Currencies		
Currency	Last Closing	1-Wk Ago
US Dollar	65.12	63.81
Pound Sterling	101.62	98.93
EURO	72.56	69.66
JPY(per 100 Yen)	52.35	51.13

Source: RBI *Figures in INR , Values as on Aug 14, 2015*

Rupee

- The rupee registered its biggest weekly fall against the dollar since April 24, 2015 after the People’s Bank of China devalued the yuan to boost its export competitiveness. Upbeat U.S. jobs data for July also weighed on market sentiments

Euro

- The euro strengthened against the dollar after Greece’s debt situation improved. The trend continued after the Chinese Central Bank devalued the yuan.

Pound

- The pound rose against the dollar amid uncertainty over interest outlook in the U.S. region.

Yen

- The yen rose against the dollar as the safe-haven appeal of the Japanese currency improved following devaluation of the yuan.

The Week that was...
10th August to 14th August

The Week that was (Aug 10 – Aug 14)

Date	Events	Present Value	Previous Value
Monday, Aug 10	❑ Euro Zone Sentix Investor Confidence (Aug)	18.4	18.5
	❑ Germany ZEW Survey - Economic Sentiment (Aug)	25.0	29.7
	❑ Euro Zone ZEW Survey - Economic Sentiment (Aug)	47.6	42.7
Tuesday, Aug 11	❑ China Retail Sales (YoY) (Jul)	10.50%	10.60%
	❑ China Industrial Production (YoY) (Jul)	6.00%	6.80%
	❑ Euro Zone Industrial Production s.a. (MoM) (Jun)	-0.40%	-0.40%
	❑ India Industrial Output (Jun)	3.80%	2.70%
Wednesday, Aug 12	❑ China Industrial Production (YoY) (Jun)	6.80%	6.10%
	❑ China Retail Sales (Y-o-Y) (Jun)	10.60%	10.10%
	❑ China Gross Domestic Product (Y-o-Y) (Q2)	7.00%	7.00%
Thursday, Aug 13	❑ U.S. Initial Jobless Claims (Aug 7)	274K	269K
	❑ U.S. Retail Sales (MoM) (Jul)	0.60%	-0.30%
	❑ Germany Consumer Price Index (MoM) (Jul)	0.20%	0.20%
Friday, Aug 14	❑ Euro Zone Consumer Price Index (MoM) (Jul)	-0.60%	0.00%
	❑ Euro Zone Gross Domestic Product s.a. (YoY) (Q2) Preliminary	1.20%	1.00%
	❑ U.S. Industrial Production (MoM) (Jul)	0.60%	0.30%

The Week Ahead...
August 17 to August 21

The Week Ahead

Day	Event
Monday, Aug 17	<ul style="list-style-type: none"> <input type="checkbox"/> Euro Zone Trade Balance s.a. (Jun) <input type="checkbox"/> U.S. NY Empire State Manufacturing Index (Aug) <input type="checkbox"/> U.S. NAHB Housing Market Index (Aug)
Tuesday, Aug 18	<ul style="list-style-type: none"> <input type="checkbox"/> U.K. Consumer Price Index (MoM) (Jul) <input type="checkbox"/> U.S. Housing Starts (MoM) (Jul) <input type="checkbox"/> U.K. Retail Price Index (MoM) (Jul)
Wednesday, Aug 19	<ul style="list-style-type: none"> <input type="checkbox"/> U.S. Consumer Price Index (YoY) (Jul) <input type="checkbox"/> Japan All Industry Activity Index (MoM) (Jun)
Thursday, Aug 20	<ul style="list-style-type: none"> <input type="checkbox"/> U.S. Initial Jobless Claims (Aug 14) <input type="checkbox"/> U.S. Initial Jobless Claims (Jul 17) <input type="checkbox"/> U.S. CB Leading Indicator (MoM) (Jun)
Friday, Aug 21	<ul style="list-style-type: none"> <input type="checkbox"/> Euro Zone Consumer Confidence (Aug)Preliminary <input type="checkbox"/> U.K. Public Sector Net Borrowing (Jul)

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