

News U Can Use

November 06, 2015

The Week that was...
02nd November to 06th November

Indian Economy

- ❑ Data from Nikkei Survey showed that India's manufacturing sector growth slipped further and touched a 22-month low in October, mainly due to a slower increase in new orders. The Nikkei India Manufacturing PMI, which is a composite monthly indicator of manufacturing performance, fell to 50.7 in October from 51.2 in September. A figure above 50 represents expansion while one below that means contraction.
- ❑ Results from a Nikkei survey showed that India's services sector activity touched an eight-month high in October on the back of a significant rise in new business orders even as growth in manufacturing output eased. The Nikkei Business Activity index climbed to 53.2 in October from 51.3 in September. The seasonally-adjusted Nikkei India Composite PMI Output index, which maps both manufacturing and services sectors, rose to 52.6 in October from 51.5 in September helped by new businesses.
- ❑ Government data showed that infrastructure output grew at its fastest pace in four months on a yearly basis to 3.2% in September from 2.6% in August. This can be attributed to higher production of electricity and fertilizers, which grew by 10.8% and 18.1%, respectively. The overall cumulative growth in the period from April to September stood at 2.3%, which is less than half of 5.1% growth witnessed in the corresponding period of the previous year.

Indian Equity Market

Domestic Equity Market Indices			
Indices	06-Nov-15	1 Week Return	YTD Return
S&P BSE Sensex	26265.24	-1.47%	-4.52%
CNX Nifty Index	7954.3	-1.38%	-3.98%
S&P BSE Mid-Cap	10826.63	-1.35%	3.70%
S&P BSE Small-Cap	11052.33	-2.32%	-1.54%

Source: MFI Explorer

Ratios	S&P BSE Sensex	CNX Nifty	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	20.93	21.57	25.6	54.01
P/B	2.79	3.19	2.37	1.91
Dividend Yield	1.42	1.43	1.41	1.04

Source: BSE, NSE

Value as on Nov 06, 2015

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
02-Nov-15	485	1034	0.47
03-Nov-15	581	921	0.63
04-Nov-15	848	652	1.30
05-Nov-15	640	860	0.74
06-Nov-15	346	1165	0.30

Source: NSE

- Domestic equity markets closed in red as investor sentiments dampened after final reading of a private survey showed that the country's manufacturing activities touched a nearly two-year low in October. Weak cues from Asian markets also hit domestic bourses after China's official manufacturing data contracted for the third straight month in October.
- Investor sentiments dampened further after the Fed Chief gave hints of a possible interest rate hike in December. However, the downside was restricted following encouraging core sector output data for September and after the country's service sector activities touched an eight-month high in October.

Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last Closing	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	18264.3	0.54%	2.69%
S&P BSE Bankex	19496.6	-1.40%	-3.05%
S&P BSE CD	11767.3	-0.89%	1.50%
S&P BSE CG	14535.9	-2.74%	-7.55%
S&P BSE FMCG	7869.56	0.29%	-1.87%
S&P BSE HC	16970.4	-6.07%	-7.25%
S&P BSE IT	11279.6	0.14%	-2.42%
S&P BSE Metal	7153.74	-2.11%	0.12%
S&P BSE Oil & Gas	9108.93	0.47%	0.93%

Source: Reuters *Values as on Nov 06, 2015*

- On the BSE sectoral front, most of the indices closed in red. S&P BSE Healthcare was the major laggard, down 6.07%, followed by S&P BSE Capital Goods (-2.74%) and S&P BSE Metal (-2.11%).
- S&P BSE Healthcare plunged after a major company from the sector witnessed huge selling pressure following a regulatory warning from the U.S. Meanwhile, S&P BSE Bankex fell by 1.40% on concerns over an imminent rate hike by the U.S. Fed.

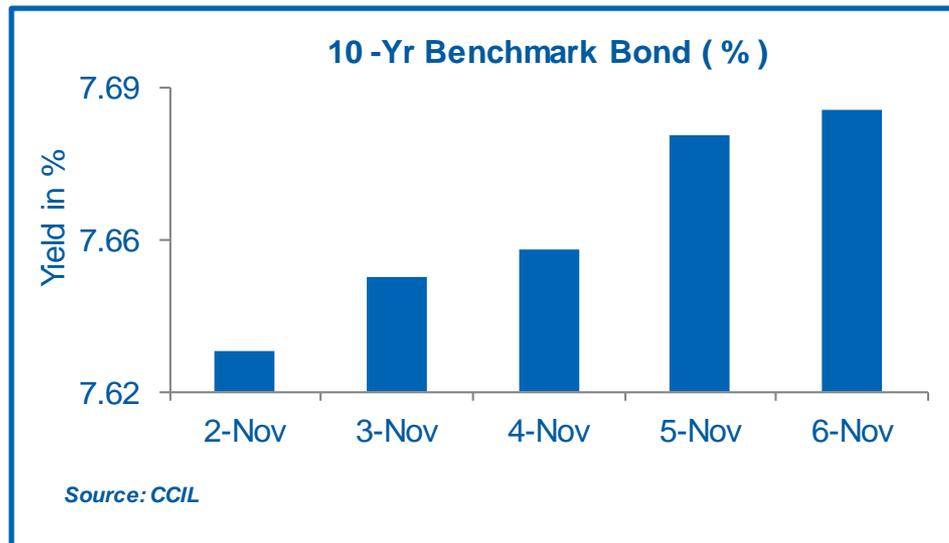
Indian Derivatives Market Review

- Nifty November 2015 Futures were at 7,977.40 points, a premium of 23.10 points against the spot closing of 7,954.30 points. The turnover on NSE's Futures and Options segment fell to Rs. 7.86 lakh crore during the week ended November 6 from Rs. 16.75 lakh crore recorded in the previous week.
- The Put-Call ratio stood at 0.75, compared to the previous week's close of 0.76.
- The Nifty Put-Call ratio stood at 0.83, compared to the previous week's close of 0.86.

Domestic Debt Market

Debt Indicators (Yield %)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	6.49	6.89	6.62	7.33
91 Day T-Bill	7.09	7.11	6.99	7.98
08.27% 2020, (5 Yr GOI)	7.70	7.68	7.63	--
07.72% 2025, (10 Yr GOI)	7.68	7.64	7.53	--

Source: Reuters Values as on Nov 06, 2015



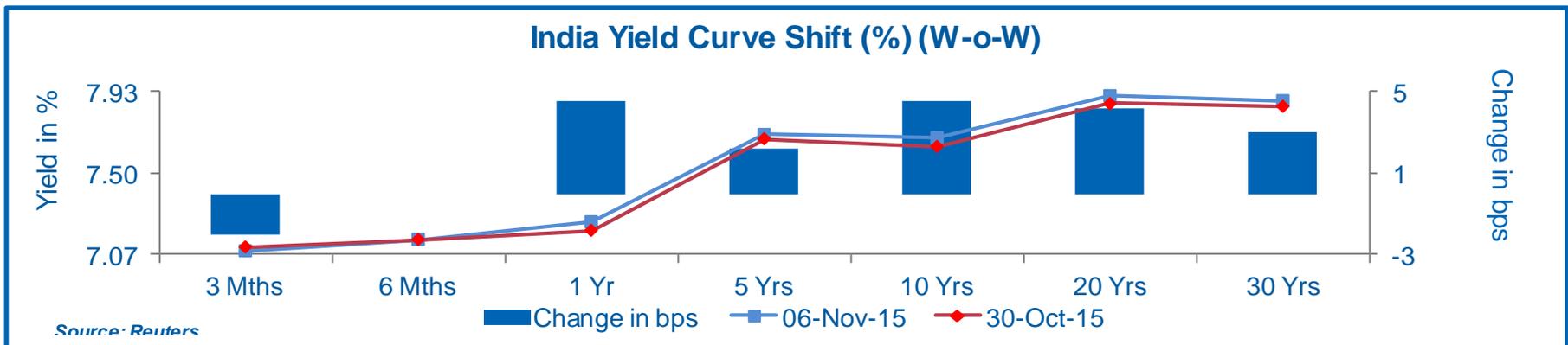
- Bond yields fell initially during the week as investors resorted to value buying.
- However, the trend reversed and bond yields rose ahead of key U.S. jobs data for October, which is expected to provide clarity over interest outlook in the U.S. region. Investors also remained cautious about the outcome of Assembly elections.
- The yield on the 10-year benchmark bond, 7.72% GS 2025, rose by 4 bps to close at 7.68% compared to the previous week's close of 7.64%. During the week, bond yields traded in the range of 7.61% to 7.69%.

Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	7.42	7.78	36
3 Year	7.68	8.08	40
5 Year	7.89	8.19	30
10 Year	7.90	8.19	29

Source: Reuters Values as on Nov 06, 2015

- Yield on Gilt Securities increased across the maturities by up to 4 bps barring 4-year paper that remained unchanged.
- Corporate Bond yields increased across the maturities in the range of 3 bps to 7 bps. The maximum increase was seen on 9 and 10-year maturities and the minimum on 1-year paper.
- Spread between AAA Corporate Bond and Gilt expanded across the maturities in the range of 2 bps to 4 bps, barring 1-year paper that contracted by 1 bps.



Regulatory Updates in India

- ❑ Capital market regulator Securities and Exchange Board of India (SEBI) has expressed concerns over a number of schemes floated by companies for illegal fund raising even after being barred to do so. SEBI cautioned investors and general public against dealing with such entities. SEBI in addition urged investors to report such unauthorized money pooling activities to the market regulator and state authorities along with appropriate details/documents.
- ❑ Capital market regulator Securities and Exchange Board of India (SEBI) said that companies will have to disclose all major regulatory actions and penalties along with details of price information of past issues handled by their merchant bankers in the shortened five-sheet abridged prospectus for public issues. SEBI further added that companies also need to make all important disclosures about its promoters and directors and objectives of the issue.
- ❑ According to SEBI, listed firms need to disclose details about their compliance with various social and governance requirements in a specified format. The business responsibility reports are mandatory for top 100-listed entities based on market capitalization at Bombay Stock Exchange and National Stock Exchange. Besides, listed firms need to make disclosure, within 48 hours of the board meeting, about the number of shareholders who attended such meeting and the mode of voting within the prescribed format. The new norms will come into effect from December 1.

Regulatory Updates in India (contd..)

- According to capital market regulator Securities and Exchange Board of India (SEBI), listed companies issuing Indian Depository Receipt (IDR) will have to make disclosures about details of such shareholding within 15 days at the end of every quarter in a specified format. IDRs are instruments denominated in rupees which allow overseas companies to raise funds from the Indian market. SEBI further added that the procedure for partial two-way fungibility will be applicable for future IDR issuances as well as for the existing listed IDRs. Two-way fungibility implies that the IDRs can be converted into underlying equity shares and the underlying equity shares can be converted into IDRs.
- The Reserve Bank of India has issued operational guidelines for Sovereign Gold Bonds, 2015-16, to be launched by the Prime Minister. Besides Sovereign Gold Bonds, the Prime Minister will also launch Gold Monetization Scheme and the Gold Coin and Bullion Scheme. The bonds will be issued on November 26.
- The Reserve Bank of India (RBI) has allowed domestic entities to conduct foreign currency-rupee swaps with multilateral agencies and allow hedging of loans. These swap transactions would have a minimum tenure of three years. The Central Bank added that the Government needs to be a shareholding member at the multilateral or international financial institutions for the swap to go through.

Global News/Economy

- ❑ A report from the U.S. Labor Department showed that non-farm payroll employment jumped by 271,000 jobs in October following a downwardly revised increase of 137,000 jobs in September. The unemployment rate fell to 5.0% in October from 5.1% recorded in September.
- ❑ According to a Commerce Department report, the U.S. trade deficit narrowed to \$40.8 billion in September from a revised \$48.0 billion in August..
- ❑ Survey results published by Caixin and Markit Economics showed that China's manufacturing sector continued to contract in October at the slowest pace in four months. The manufacturing PMI rose to 48.3 in October from 47.2 in September.
- ❑ The Bank of England (BoE) kept its policy rates unchanged at 0.50% and provided a dovish economic outlook, which dampened the prospect of an interest rate hike in the near term. The apex bank has downgraded the country's economic growth forecast. The bank expects inflation to remain below 1% until the second half of next year and is expected to return to the 2% target in around two years, the BoE added.
- ❑ Final data published by Markit showed that Euro zone manufacturing activity growth exceeded initial estimate in October. The PMI for the manufacturing sector rose to 52.3 in October from 52 in September. The reading was above the flash score of 52.

Global Equity Markets

Global Indices			
Indices	Last Closing	1-Week Return	YTD Return
Dow Jones	17910.33	1.40%	0.43%
Nasdaq 100	4707.232	1.26%	11.28%
FTSE 100	6353.83	-0.11%	-2.96%
DAX Index	10988.03	1.27%	12.53%
Nikkei Average	19265.6	0.96%	10.40%
Straits Times	3010.47	0.40%	-10.68%

Source: Reuters Values as on Nov 06, 2015

U.S.

- The U.S. markets rose further after a report from the Institute for Supply Management showed manufacturing activities expanded slightly and upbeat jobs report in October.
- However, gains were restricted after the Fed Chief said that there is a room for interest rate hike in December if economic data supports such a move.

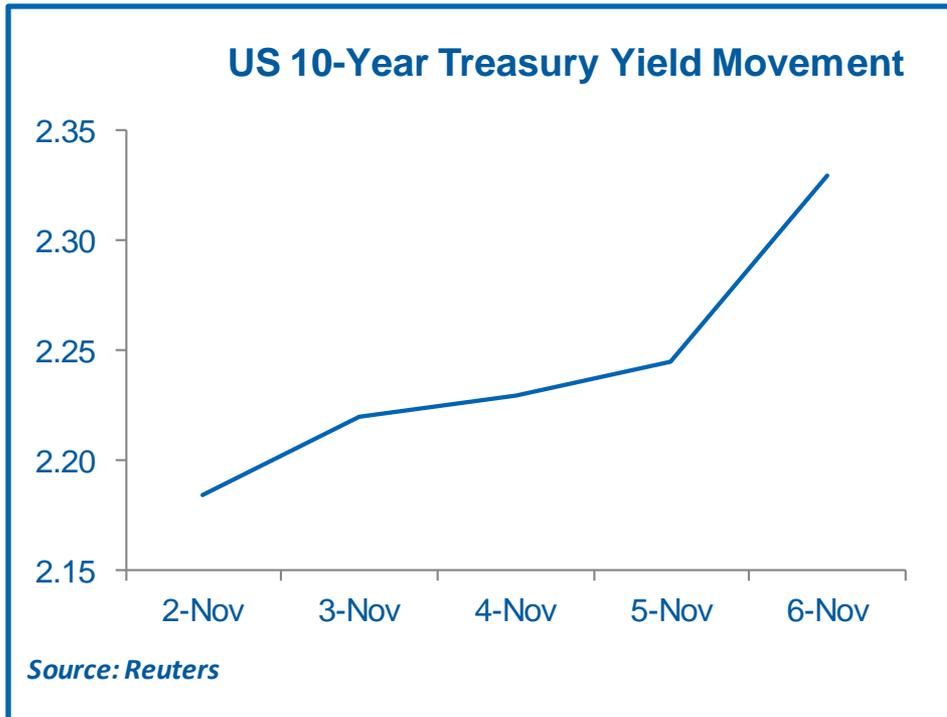
Europe

- European markets rose after Euro zone manufacturing activities expanded in October. Buying interest improved further after the European Central Bank President reiterated that additional stimulus measures may be announced, if required. Bourses gave up some of the gains later as the economic outlook from the Bank of England lowered the possibility of an interest rate hike in the near term.

Asia

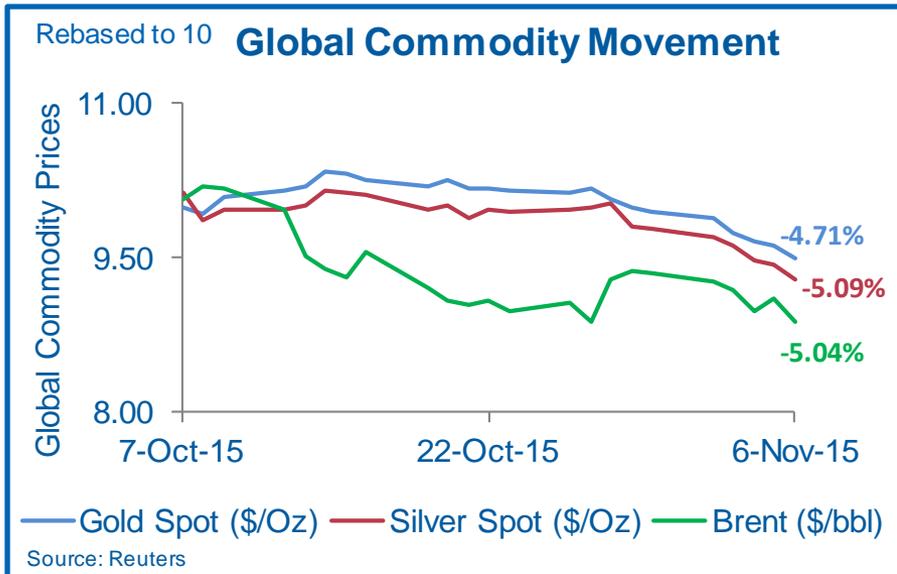
- Asian markets gained, tracking positive cues from the U.S. and European markets. Besides, concerns over China's economic slowdown eased after a private survey showed that activity in the country's services sector accelerated in October.

Global Debt (U.S.)



- The 10-year U.S. Treasury bond yields rose for the third consecutive week and surged by 18 bps to close at 2.33%, compared to the previous week's close of 2.15%.
- The U.S. Treasury prices fell amid possibility that the U.S. Federal Reserve (Fed) might increase interest rates in December. Upbeat U.S. service sector and jobs data for October also weighed on Treasury prices.
- The downtrend continued after the Fed Chief in her testimony opined that the U.S. economy was performing well. This indicated that the Central Bank is well on track to raise interest rates in December.

Commodities Market



Performance of various commodities		
Commodities	Last Closing	1-Week Ago
Brent Crude(\$/Barrel)	45.58	48
Gold (\$/Oz)	1088.26	1142
Gold (Rs/10 gm)	25854	26461
Silver (\$/Oz)	14.73	15.52
Silver (Rs/Kg)	35348	36285

Source: Reuters Values as on Nov 06, 2015

Gold

- Gold prices fell over the week as concerns over a possible rate hike by the U.S. Fed in December weighed on investor sentiments. Besides, fresh signs of weakness in the Chinese economy hit the demand outlook of the bullion.

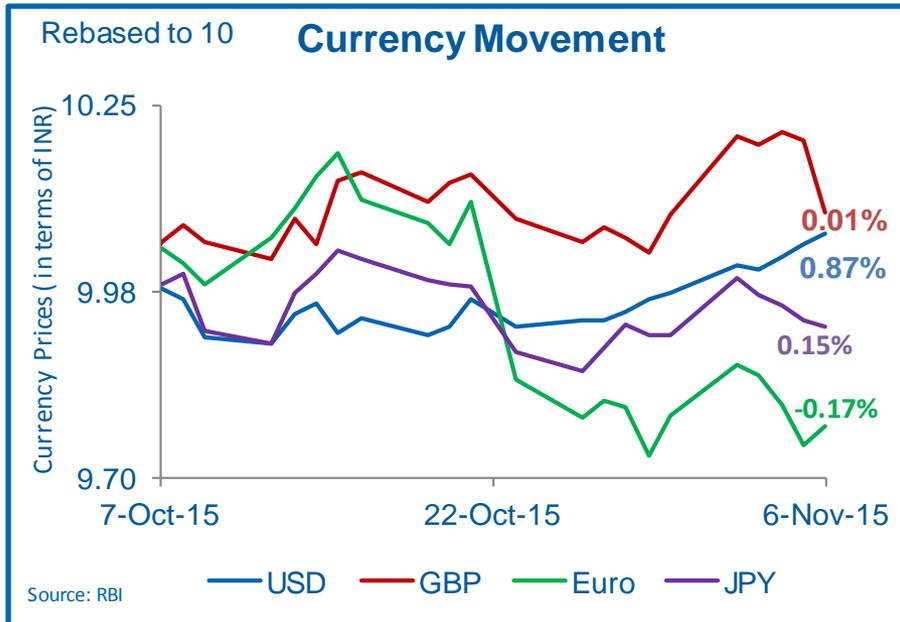
Crude

- Brent crude prices fell on persistent worries about future demand outlook from China. Oil prices witnessed more pressure due to concerns about oversupply after Gulf oil producers delayed some field maintenance until next year to keep production high.

Baltic Dry Index

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

Currencies Markets



Movement of Rupee vs Other Currencies		
Currency	Last Closing	1-Wk Ago
US Dollar	65.79	65.22
Pound Sterling	99.95	99.93
EURO	71.55	71.67
JPY(per 100 Yen)	54.00	53.92

Source: RBI Figures in INR, Values as on Nov 06, 2015

Rupee

- The rupee weakened against the dollar, tracking losses in domestic equity markets. Weak Chinese manufacturing data for October and dollar demand from importers also weighed on the rupee.

Euro

- The euro plunged against the dollar after the U.S. jobs data for October came better than market expectations. The dollar rose further after the U.S. Federal Reserve Chief's testimony increased the possibility of a rate hike in December.

Pound

- The pound plummeted against the dollar after the Bank of England kept interest rates on hold at its monetary policy review.

Yen

- The yen weakened against the dollar after the U.S. Federal Reserve Chief's testimony increased the possibility of a rate hike in December.

The Week that was...
02nd November to 06th November

The Week that was (Nov 2 – Nov 6)

Day	Event	Present Value	Previous Value
Monday, November 02, 2015	China Caixin Manufacturing PMI (Oct)Preliminary	48.3	47.2
	Euro Zone Markit Manufacturing PMI (Oct)	52.3	52
	U.S. ISM Manufacturing PMI (Oct)	50.1	50.2
Tuesday, November 03, 2015	U.S. Factory Orders (MoM) (Sep)	-1.00%	-2.10%
	U.K. PMI Construction (Oct)	58.8	59.9
Wednesday, November 04, 2015	Japan Markit Services PMI (Oct)	52.2	51.4
	China Caixin China Services PMI (Oct)	52.0	50.5
	Euro Zone Markit PMI Composite (Oct)	53.9	54.0
	U.S. ADP Employment Change (Oct)	182K	190K
Thursday, November 05, 2015	Euro Zone Retail Sales (MoM) (Sep)	-0.10%	0.00%
	U.S. Initial Jobless Claims (Oct 30)	276K	260K
	U.S. Nonfarm Productivity (Q3)Preliminary	1.60%	3.50%
Friday, November 06, 2015	U.S. Nonfarm Payrolls (Oct)	271K	137K
	U.S. Unemployment Rate (Oct)	5.00%	5.10%
	U.K. Industrial Production (M-o-M) (Sep)	-0.20%	0.90%

The Week Ahead...
November 09 to November 13

The Week Ahead

Day	Event
Monday, November 09	<ul style="list-style-type: none"> <input type="checkbox"/> Germany Trade Balance s.a. (Sep) <input type="checkbox"/> Euro Zone Sentix Investor Confidence (Nov)
Tuesday, November 10	<ul style="list-style-type: none"> <input type="checkbox"/> China Consumer Price Index (MoM) (Oct) <input type="checkbox"/> China Producer Price Index (YoY) (Oct) <input type="checkbox"/> U.S. Wholesale Inventories (Sep)
Wednesday, November 11	<ul style="list-style-type: none"> <input type="checkbox"/> China Retail Sales (YoY) (Oct) <input type="checkbox"/> China Industrial Production (YoY) (Oct) <input type="checkbox"/> U.K. ILO Unemployment Rate (3M) (Sep)
Thursday, November 12	<ul style="list-style-type: none"> <input type="checkbox"/> Germany Consumer Price Index (MoM) (Oct) <input type="checkbox"/> Euro Zone Industrial Production s.a. (MoM) (Sep) <input type="checkbox"/> India Index of Industrial Production (Sep)
Friday, November 13	<ul style="list-style-type: none"> <input type="checkbox"/> Euro Zone Gross Domestic Product s.a. (QoQ) (Q3) Preliminary <input type="checkbox"/> Germany Gross Domestic Product s.a (QoQ) (Q3) Preliminary <input type="checkbox"/> U.S. Retail Sales (MoM) (Oct) <input type="checkbox"/> U.S. Producer Price Index (MoM) (Oct)

Disclaimer

The views expressed herein constitute only the opinions and do not constitute any guidelines or recommendation on any course of action to be followed by the reader. This information is meant for general reading purposes only and is not meant to serve as a professional guide for the readers. Certain factual and statistical (both historical and projected) industry and market data and other information was obtained by RCAM from independent, third-party sources that it deems to be reliable, some of which have been cited above. However, RCAM has not independently verified any of such data or other information, or the reasonableness of the assumptions upon which such data and other information was based, and there can be no assurance as to the accuracy of such data and other information. Further, many of the statements and assertions contained in these materials reflect the belief of RCAM, which belief may be based in whole or in part on such data and other information. The Sponsor, the Investment Manager, the Trustee or any of their respective directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information. Whilst no action has been solicited based upon the information provided herein, due care has been taken to ensure that the facts are accurate and opinions given are fair and reasonable. This information is not intended to be an offer or solicitation for the purchase or sale of any financial product or instrument. Recipients of this information should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice, verify the contents and arrive at an informed investment decision before making any investments. None of the Sponsor, the Investment Manager, the Trustee, their respective directors, employees, affiliates or representatives shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way from the information contained in this material. The Sponsor, the Investment Manager, the Trustee, any of their respective directors, employees including the fund managers, affiliates, representatives including persons involved in the preparation or issuance of this material may from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) / specific economic sectors mentioned herein.

Statutory Details: Reliance Mutual Fund has been constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882. Sponsor: Reliance Capital Limited. **Trustee:** Reliance Capital Trustee Company Limited. **Investment Manager:** Reliance Capital Asset Management Limited (Registered Office of Trustee & Investment Manager: 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Koparkhairne, Navi Mumbai - 400 710, Maharashtra). The Sponsor, the Trustee and the Investment Manager are incorporated under the Companies Act 1956. The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution of Rs.1 lakh towards the setting up of the Mutual Fund and such other accretions and additions to the corpus. **Mutual fund investments are subject to market risks. Please read the Scheme Information Document and Statement of Additional Information carefully before investing.**

All information contained in this document has been obtained by ICRA Online Limited from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA Online Limited or its affiliates or group companies and its respective directors, officers, or employees in particular, makes no representation or warranty, express or implied, as to the accuracy, suitability, reliability, timelines or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and ICRA Online Limited, or its affiliates or group companies and its respective directors, officers, or employees shall not be liable for any losses or injury, liability or damage of any kind incurred from and arising out of any use of this document or its contents in any manner, whatsoever. Opinions expressed in this document are not the opinions of our holding company, ICRA Limited (ICRA), and should not be construed as any indication of credit rating or grading of ICRA for any instruments that have been issued or are to be issued by any entity.

RELIANCE

Thank you

RELIANCE