

News U Can Use

October 30, 2015

The Week that was...
26th October to 30th October

Indian Economy

- ❑ Government data showed that Fiscal deficit reached Rs. 3.79 trillion (\$58.1 billion) during the period from April to September or 68.1% of the full-year target. The deficit amounted to 82.6% in the corresponding period of the previous year. Net tax receipts stood at Rs. 3.7 trillion in the first half of the fiscal year that ends in March 2016, while total spending touched Rs. 9.1 trillion.
- ❑ According to the Department of Disinvestment, the PSU stake sale target for the current fiscal needs to be more than halved to Rs. 30,000 crore. The outlook comes on the back of volatility in stock markets. The Government has budgeted to raise Rs. 69,500 crore through disinvestment in the current fiscal. Of this, Rs. 41,000 crore is to come from minority stake sale in PSUs and the remaining Rs. 28,500 crore from strategic stake sale.
- ❑ The Government of India, in consultation with Reserve Bank of India has decided to issue Sovereign Gold Bonds. The Bonds will be issued on November 26, 2015, for which applications will be accepted from November 05, 2015 to November 20, 2015. The Bonds will be sold through banks and designated post offices. The gold Bonds will be denominated in multiples of gram(s) of gold with a basic unit of 1 gram. The interest rate is fixed at 2.75% per annum payable semi-annually on the initial value of investment.

Indian Equity Market

Domestic Equity Market Indices			
Indices	30-Oct-15	1 Week Return	YTD Return
S&P BSE Sensex	26656.83	-2.96%	-3.09%
CNX Nifty Index	8065.8	-2.77%	-2.63%
S&P BSE Mid-Cap	10974.6	-1.47%	5.12%
S&P BSE Small-Cap	11315.39	-1.77%	0.80%

Source: MFI Explorer

Ratios	S&P BSE Sensex	CNX Nifty	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	21.37	22.06	26.18	59.57
P/B	2.89	3.23	2.47	1.98
Dividend Yield	1.39	1.41	1.38	1.02

Source: BSE, NSE

Value as on Oct 30, 2015

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
26-Oct-15	659	856	0.77
27-Oct-15	504	1026	0.49
28-Oct-15	659	837	0.79
29-Oct-15	618	874	0.71
30-Oct-15	612	873	0.70

Source: NSE

- Indian equity markets fell amid expiry of October F&O during the week. Bourses remained under pressure initially as investors maintained a cautious stance ahead of the outcome of the U.S. Federal Reserve's meeting towards the end of the week.
- Meanwhile, the downturn was restricted by Chinese Central Bank's decision to cut interest rate for the sixth time in a year. Investor sentiments dented later during the week on concerns over foreign fund outflow after the U.S. Fed hinted at the possibility of a rate hike in December. Bourses came under additional selling pressure as weak quarterly earnings results from a number of industry heavy weights weighed on investor sentiments.

Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last Closing	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	18166.2	-1.30%	4.46%
S&P BSE Bankex	19773.9	-3.44%	0.47%
S&P BSE CD	11872.6	0.12%	9.83%
S&P BSE CG	14946.1	-4.40%	-1.09%
S&P BSE FMCG	7847.07	-3.31%	1.23%
S&P BSE HC	18066.4	-1.04%	1.62%
S&P BSE Metal	7307.74	-2.98%	6.94%
S&P BSE Oil & Gas	9065.9	-2.91%	4.27%
S&P BSE Realty	1371.6	-3.68%	-1.79%

Source: Reuters *Values as on Oct 30, 2015*

- ❑ On the BSE sectoral front, barring S&P BSE CD, all the indices closed in red. S&P BSE Capital Goods was the major laggard falling by 4.40% followed by S&P BSE Realty and S&P BSE Bankex which fell 3.68% and 3.44% respectively. Moreover, S&P BSE FMCG and S&P BSE Metal fell 3.31% and 2.98% respectively.
- ❑ Banking sector fell on concerns over decline in asset quality in one of the major private sector banks.

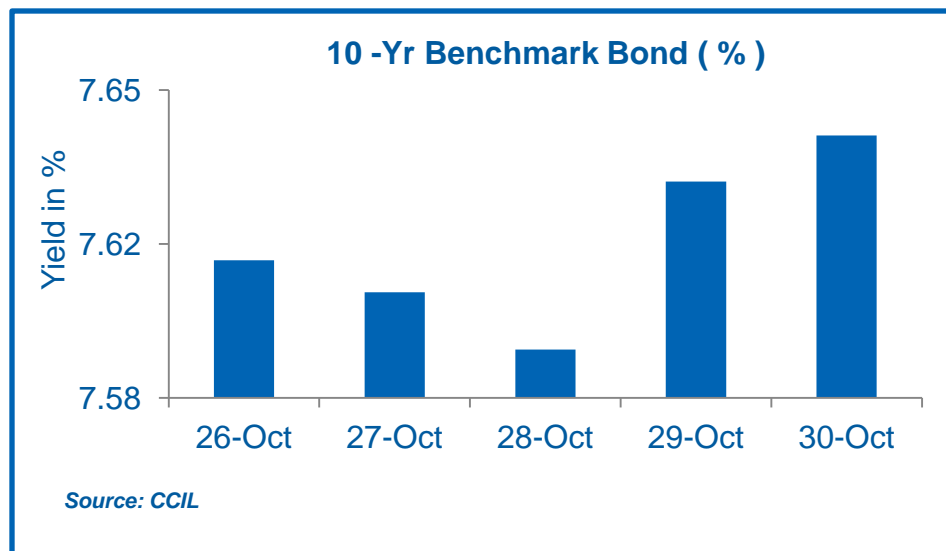
Indian Derivatives Market Review

- ❑ Nifty October 2015 Futures settled during the week at 8,111.75 points. Nifty November 2015 Futures were at 8,094.70 points, a premium of 28.90 points against the spot closing of 8,065.80 points. The turnover on NSE's Futures and Options segment rose to Rs. 16.75 lakh crore during the week ended October 30 from Rs. 8.37 lakh crore recorded in the previous week.
- ❑ The Put-Call ratio stood at 0.76, compared to the previous week's close of 1.03.
- ❑ The Nifty Put-Call ratio stood at 0.86, compared to the previous week's close of 1.06.

Domestic Debt Market

Debt Indicators (Yield %)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	6.89	6.98	6.78	7.51
91 Day T-Bill	7.11	7.10	7.05	7.95
08.27% 2020, (5 Yr GOI)	7.68	7.65	7.63	--
07.72% 2025, (10 Yr GOI)	7.64	7.58	7.54	--

Source: Reuters Values as on Oct 30, 2015



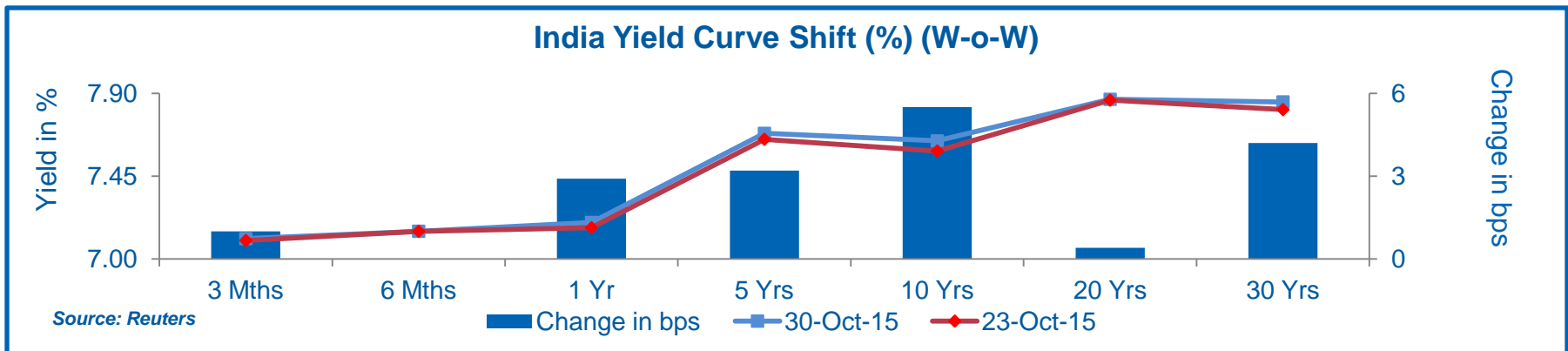
- Bond yields extended the previous week’s rising trend on the back of weakness in the rupee. Yields increased further after the U.S. Federal Reserve indicated that it might increase interest rates at its December meeting, which hit the demand of Government bonds.
- Bond prices further fell after the weekly auction of fresh Government securities.
- The yield on the 10-year benchmark bond, 7.72% GS 2025, rose by 6 bps to close at 7.64% compared to the previous week’s close of 7.58%. During the week, bond yields traded in the range of 7.58% to 7.65%.

Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	7.38	7.75	37
3 Year	7.67	8.03	36
5 Year	7.86	8.14	28
10 Year	7.85	8.12	27

Source: Reuters Values as on Oct 30, 2015

- Yield on Gilt Securities increased in the range of 2 to 5 bps across the maturities barring 2 to 4-year that eased up to 4 bps.
- Corporate Bond yields rose up to 2 bps or closed flat across the maturities.
- Difference in Spread between AAA Corporate Bond and Gilt, over the week, contracted in the range of 2 to 5 bps across the maturities except 2 & 3-year that expanded 3 & 4 bps respectively while 4-year was flat.



Regulatory Updates in India

- ❑ Capital market regulator Securities and Exchange Board of India (SEBI) is considering making it mandatory for all listed companies to have a stated 'Dividend Policy'. The objective of the move is to help investors identify stocks with greater return potential. However, the proposed Distribution Policy would not mean forcing the companies to pay dividend.
- ❑ According to the Central Board of Excise and Customs, importers and exporters using the services of Customs Brokers for formalities under Customs Act, 1962, will have to mandatorily use digital signatures to file documents with effect from January 1, 2016. However, importers or exporters who want to file bill of entry or shipping bill individually have an option for filing declarations or documents without using digital signature.
- ❑ Securities and Exchange Board of India (SEBI) Chief advocated for more transparency and disclosures with regard to exchange-traded funds (ETFs). The SEBI Chief said that more disclosures related to ETFs are required for the benefit of investors.
- ❑ According to the RBI Deputy Governor, the Central Bank is considering developing a bond index and setting up a new trading platform for repos and corporate bonds to deepen the bond market. The Central Bank Deputy Governor also opined that a robust Bankruptcy Code is predominantly required for a vibrant bond market.

Regulatory Updates in India (contd..)

- ❑ SEBI is considering coming out with revised rules for credit rating agencies after it noticed lack of proper disclosures and conflict of interest between rating agencies and issuer companies. SEBI is also planning to tighten investment norms for mutual funds to ensure there is no excessive concentration risk towards a single company or a single sector.
- ❑ SEBI is considering expanding list of companies required to submit annual 'business responsibility report' to the country's top 500 corporates. At present, the business responsibility reports are compulsory for top 100-listed companies based on market capitalization at Bombay Stock Exchange and National Stock Exchange. The objective of the move is to ensure better compliance with corporate governance norms.
- ❑ According to SEBI Chief, the regulator will increase surveillance of mutual fund investments in corporate debt instruments. The comment comes after a mutual fund house suffered significant mark-to-market losses in late August when an auto-parts maker's debt was downgraded by rating agencies.
- ❑ According to Capital market regulator Securities and Exchange Board of India (SEBI) Chief, SEBI will soon issue norms allowing e-commerce platforms to sell mutual fund products, among other measures. SEBI is also planning to implement know-your-client (KYC) procedure online, to simplify the process for mutual fund investors and attract wider number of customers.

Global News/Economy

- ❑ The U.S. Federal Reserve (Fed) kept interest rates unchanged at its monetary policy review. However, the U.S. Central Bank reiterated its assessment that the U.S. economic activity has been expanding at a moderate pace. The Fed also downplayed global economic headwinds and kept open the possibility of tightening the monetary policy at its next meeting in December.
- ❑ The U.S. new home sales dropped 11.5% on a monthly basis to an annual rate of 468,000 in September from a downwardly revised rate of 529,000 (552,000 originally reported) in August.
- ❑ As per the preliminary estimates, Gross Domestic Product (GDP) growth in the U.K. eased in the September quarter. GDP increased by 0.5% (on a quarterly basis), slower than a 0.7% growth seen in the previous quarter. Among the broad sectors, services grew at a faster rate by 0.7% while production was up by 0.3% and farm output by 0.5%.
- ❑ Industrial production in Japan rose by a seasonally adjusted 1.0% on a monthly basis in September, compared to a 1.2% fall in August.
- ❑ The Bank of Japan kept its monetary policy unchanged. The Central Bank decided to maintain its target of raising the monetary base at an annual pace of about ¥ 80 trillion. The bank also maintained its asset purchase program unchanged.

Global Equity Markets

Global Indices			
Indices	Last Closing	1-Week Return	YTD Return
Dow Jones	17663.54	0.10%	-0.95%
Nasdaq 100	4648.83	0.54%	9.90%
FTSE 100	6361.09	-1.29%	-2.85%
DAX Index	10850.14	0.52%	11.12%
Nikkei Average	19083.10	1.37%	9.35%
Straits Times	2998.35	-2.28%	-11.04%

Source: Reuters Values as on Oct 30, 2015

Europe

- European markets remained subdued as weak third quarter corporate earnings results from some companies dampened investor sentiments. Sentiments dampened further on the back of weak economic data from the region.

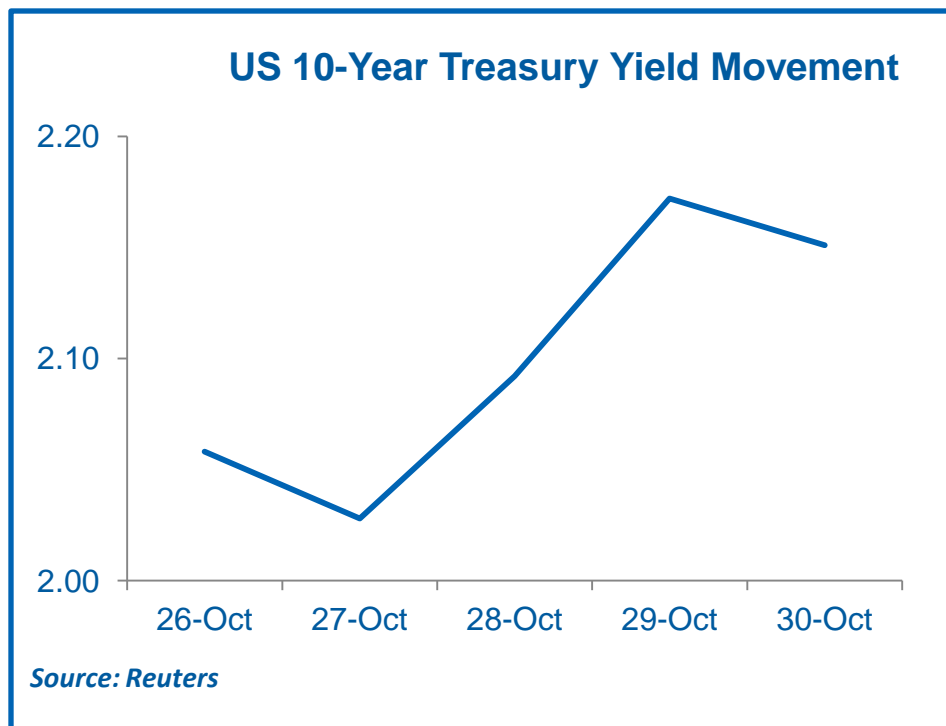
Asia

- Asian markets ended on a mixed note over the week on concerns of slowing global growth and the possibility of a rate hike by the U.S. Federal Reserve in December. However, Japanese market managed to gain over the week as the industrial production in Japan rose 1% from the previous month in September. The Bank of Japan's decision to keep the interest rate unchanged in its policy review, further helped the sentiment.

U.S.

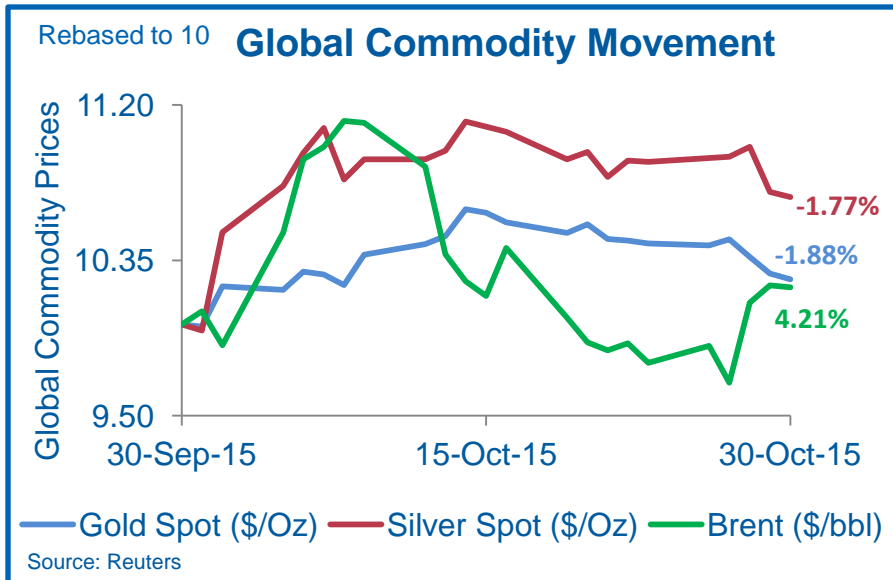
- U.S. market closed in green over the week. Initially, market remained subdued after a series of weak economic data weighed on the investor sentiment. Later, it managed to recover after the U.S. Fed decided to keep interest rates on hold in its monetary policy review.
- Meanwhile, slower growth of the U.S. economy in the third quarter capped the gains.

Global Debt (U.S.)



- The 10-year U.S. Treasury bond yield rose for the second consecutive week to close at 2.15%, higher by 7 bps from the previous week's close of 2.08%.
- Initially, U.S. Treasury prices increased following disappointing data on new home sales and fall in durable goods orders for September in the U.S. region.
- However, treasury prices reversed and witnessed a sharp fall as the U.S. Federal Reserve left the option alive for an interest rate increase at its December meeting. Prices fell further after U.S. GDP expanded on solid consumer spending in the September quarter, which reinforced rate hike expectations.

Commodities Market



Performance of various commodities		
Commodities	Last Closing	1-Week Ago
Brent Crude(\$/Barrel)	47.99	46.05
Gold (\$/Oz)	1142.00	1163.86
Gold (Rs/10 gm)	26461.00	26764.00
Silver (\$/Oz)	15.52	15.80
Silver (Rs/Kg)	36285.00	36787.00

Source: Reuters Values as on Oct 30, 2015

Gold

- Gold prices remained under pressure as U.S. Fed, in its latest monetary policy review meeting, hinted at a rate hike in December and the dollar hit a 2-1/2-month high during the week.

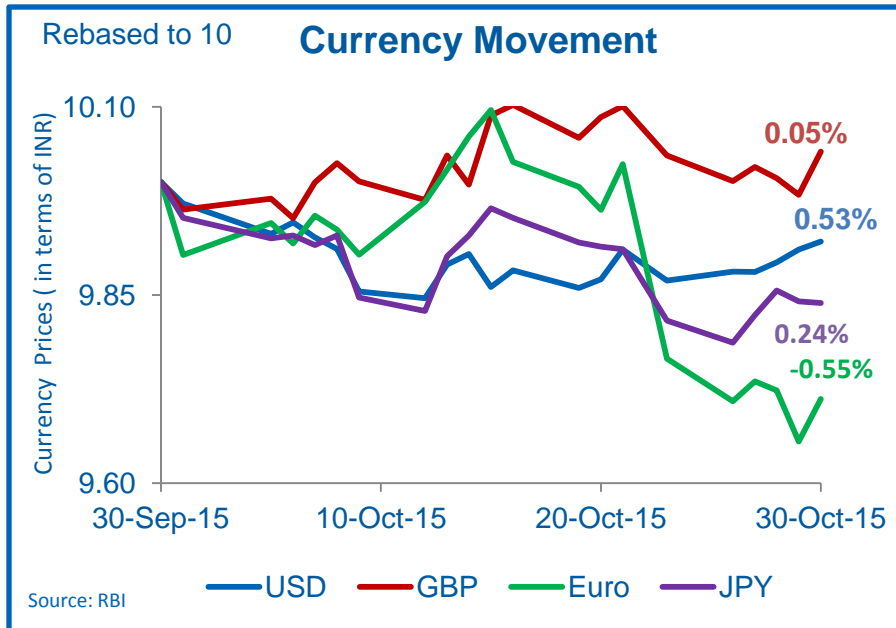
Crude

- Brent Crude prices rose during the week as concerns over weak demand eased after official data showed that oil supplies in the U.S. rose lower-than-expected in the preceding week. However, concerns over global supply glut restricted the gains.

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	65.22	64.88
Pound Sterling	99.93	99.89
EURO	71.67	72.06
JPY(per 100 Yen)	53.92	53.79

Source: RBI Figures in INR , Values as on Oct 30, 2015

Rupee

- The rupee declined against the dollar on concerns over foreign fund outflows after the U.S. Federal Reserve (Fed) gave indication of raising interest rates at its December meeting.

Euro

- Euro eased against the dollar as indication of U.S. Fed rate hike in December slightly outweighed the improvement in Euro zone core inflation in October.

Pound

- Sterling strengthened against the dollar as the outcome of U.S. Fed meeting boosted expectations that interest rates in U.K. may increase faster than previous forecast.

Yen

- Yen rose against the dollar after the Bank of Japan left monetary policy unchanged and disappointing U.S. new homes sales data.

The Week that was...
26th October to 30th October

The Week that was (Oct 5 – Oct 9)

Day	Event	Present Value	Previous Value
Monday, October 26, 2015	U.S. New Home Sales Change (MoM) (Sep)	-11.50%	5.20%
	U.S. Dallas Fed Manufacturing Business Index (Oct)	-12.7	-9.5
	U.K. BBA Mortgage Approvals (Sep)	44.489K	46.567K
Tuesday, October 27, 2015	U.K. Gross Domestic Product (YoY) (Q3)Preliminary	2.30%	2.40%
	U.S. Markit PMI Composite (Oct)Preliminary	54.5	55.0
	U.S. Consumer Confidence (Oct)	97.6	102.6
Wednesday, October 28, 2015	Germany Gfk Consumer Confidence Surey (No)	9.4	9.6
	U.S. Federal Resere Interest Rate decision	0.25%	0.25%
	Japan Industrial Production (YoY) (Sep)Preliminary	-0.90%	-0.40%
Thursday, October 29, 2015	Germany Unemployment Rate s.a. (Oct)	6.40%	6.40%
	U.S. Gross Domestic Product (Annualized) (Q3)	1.5%	3.9%
	U.S. Initial Jobless Claims (Oct 23)	260K	260K
Friday, October 30, 2015	Bank of Japan Interest Rate Decision	0.10%	0.10%
	Euro Zone Unemployment Rate (Sep)	10.80%	10.90%
	Euro Zone Consumer Price Index (YoY) (Oct)Preliminary	0.00%	-0.10%
	U.S. Reuters/Michigan Consumer Sentiment Index (Oct)	90.0	92.1

The Week Ahead...
November 02 to November 06

The Week Ahead

Day	Event
Monday, November 02	<ul style="list-style-type: none"> <input type="checkbox"/> China Caixin Manufacturing PMI (Oct) Preliminary <input type="checkbox"/> Euro Zone Markit Manufacturing PMI (Oct) <input type="checkbox"/> U.S. ISM Manufacturing PMI (Oct) <input type="checkbox"/> U.K. Markit Manufacturing PMI (Oct) <input type="checkbox"/> Bank of England Monetary Policy Statement
Tuesday, November 03	<ul style="list-style-type: none"> <input type="checkbox"/> U.S. Factory Orders (M-o-M) (Sep) <input type="checkbox"/> U.K. PMI Construction (Oct)
Wednesday, November 04	<ul style="list-style-type: none"> <input type="checkbox"/> Japan Markit Services PMI (Oct) <input type="checkbox"/> Euro Zone Markit PMI Composite (Oct) <input type="checkbox"/> U.S. Markit PMI Composite (Oct)
Thursday, November 05	<ul style="list-style-type: none"> <input type="checkbox"/> Euro Zone Retail Sales (M-o-M) (Sep) <input type="checkbox"/> U.S. Initial Jobless Claims (Oct 30)
Friday, November 06	<ul style="list-style-type: none"> <input type="checkbox"/> U.S. Nonfarm Payrolls (Oct) <input type="checkbox"/> U.S. Unemployment Rate (Oct) <input type="checkbox"/> Germany Industrial Production s.a. (M-o-M) (Sep)

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