

Indices				
Global	June 3	June 2	Absolute Change	% Change
DJIA	16722	16744	-21	-0.13
Nasdaq	4234	4237	-3	-0.07
FTSE	6836	6864	-28	-0.41
Nikkei	15034	14936	98	0.66
Hang Seng	23291	Closed	209*	0.91*
India	June 3	June 2	Absolute Change	% Change
S&P BSE Sensex	24859	24685	174	0.70
CNX Nifty	7416	7363	53	0.72
CNX 100	7366	7311	55	0.75
CNX Bank Index	15258	15287	-30	-0.19
SGX Nifty	7408	7384	24	0.33
S&P BSE Power	2250	2218	32	1.44
S&P BSE SmallCap	9306	9197	109	1.18
S&P BSE Healthcare	10170	10221	-51	-0.50

*Data with respect to May 30

Date	P/E, Dividend Yield		Sensex		Nifty	
	P/E	Div. Yield	P/E	Div. Yield	P/E	Div. Yield
June 3	18.30	1.41	20.46	1.30		
Month Ago	17.41	1.48	18.72	1.42		
Year Ago	17.39	1.55	17.81	1.40		

Nifty – Top Out performers	% Change
Tata Steel	6.88
Sesa Sterlite	6.41
Coal India	5.37
Nifty – Top Under performers	% Change
Dr Reddy's Labs	-3.17
HCL Tech	-2.49
Gail	-2.34

Advance Decline Ratio		
	BSE	NSE
Advances	1905	981
Declines	1111	572
Unchanged	90	61

FII / Mutual Fund data			
(Rs Cr)	June 2	MTD	YTD
FIIs	NA	NA	48615.60*
Mutual Funds	-120.00	-120.00	-10462.80

*Data as on May 30

Economic Indicators			
YoY (%)	Current	Quarter Ago	Year Ago
Monthly Inflation	5.20% (Apr-14)	5.11% (Jan-14)	4.77% (Apr-13)
IIP	-0.50% (Mar-14)	-0.16% (Dec-13)	3.50% (Mar-13)
GDP	4.60% (Jan-Mar 14)	4.60% (Oct-Dec 13)	4.40% (Jan-Mar 13)

GLOBAL INDICES

- **Dow Jones** fell slightly on Tuesday as investors exercised caution ahead of the European Central Bank meeting and monthly domestic jobs report.
- **At 9.00 am in the morning**, Asian markets were trading lower with Nikkei trading 0.04% lower and Hang Seng 0.53% down.
- **Nikkei** ended higher on Tuesday due to weaker yen and encouraging manufacturing data from US.
- **Hang Seng** index rose sharply on Tuesday following upbeat Chinese manufacturing activity data.
- **FTSE** index closed lower on Tuesday following downbeat domestic construction data.

INDIAN EQUITY MARKET

- **At 9.00 am in the morning**, the SGX Nifty was trading 0.09% higher.
- Indian stock indices ended higher on Tuesday, closing at record high, following gains in metal, capital goods and oil and gas packs.
- Metal stocks were among the prominent gainers on Nifty bolstered by upbeat Chinese manufacturing data; with Tata Steel (the top Nifty gainer), Sesa Sterlite and Hindalco, rising 3.4-6.9%.
- Oil and gas shares continued to rally for the second consecutive session with BPCL and ONGC, adding 3.3% and 4.3%, respectively.
- Meanwhile, banking stocks remained under pressure as investors booked profit after the central bank slashed SLR by 50bps but also limited access to export credit refinance, cutting liquidity provided under the export credit refinance facility to 32% from 50%.
- Banks such as IndusInd Bank, Kotak Mahindra, Bank of Baroda, PNB and ICICI Bank ended down 0.4-2.0%.
- Profit booking weighed on defensive counters; with Lupin, ITC, Wipro, HUL, HCL Tech and Dr Reddy's Lab (the top Nifty decliner) falling 0.7-3.2%.

DOMESTIC NEWS

- Highlights of the RBI's Second Bi-monthly Monetary Policy Statement, 2014-15:
 - The repo rate under the liquidity adjustment facility (LAF) unchanged at 8.0%
 - Consequently, the reverse repo rate under the LAF unchanged at 7.0% and the marginal standing facility (MSF) rate and the bank rate at 9.0%.
 - The cash reserve ratio (CRR) unchanged at 4.0%.
 - The statutory liquidity ratio (SLR) reduced by 50 basis points (bps) from 23.0% to 22.5% of their net demand and time liabilities (NDTL) with effect from the fortnight beginning June 14, 2014.
 - The liquidity provided under the export credit refinance (ECR) facility reduced from 50% of eligible export credit outstanding to 32% with immediate effect.
 - A special term repo facility of 0.25% of NDTL introduced to compensate fully for the reduction in access to liquidity under the ECR facility with immediate effect.
 - The 7-day and 14-day term repos of up to 0.75% of NDTL to be continued to provide liquidity.
- RBI expects GDP growth of 5-6% in FY15.
- RBI allows foreign portfolio investors to participate in the domestic exchange traded currency derivatives market to the extent of their underlying exposures plus an additional \$10 mn.
- RBI enhances the eligibility limit for foreign exchange remittances under the Liberalised Remittance Scheme (LRS) to \$125,000 from \$75,000.
- RBI allows banks to distribute the additional provisioning on unhedged foreign currency exposure equally in the current fiscal year instead of providing the entire amount in the June quarter
- RBI allows all residents and non-residents except citizens of Pakistan and Bangladesh to take out Indian currency notes up to Rs 25,000 while leaving the country.
- National Highway Authority of India (NHAI) to put all information related to private public partnership (PPP) projects taken up by them in the public domain.
- Infosys wins a \$100mn repeat outsourcing contract from Microsoft.
- Lemon Tree Hotel Company plans to invest around Rs 4500 cr to add 5200 room across India in the next four years.
- Idea Cellular is planning to raise Rs 3750 cr by selling shares to institutions.
- French distilled beverages firm Pernod Ricard plans to borrow Rs 900 cr.

FII Derivative Trade Statistics – June 2

(Rs Cr)	Buy	Sell	Open Interest
Index Futures	NA	NA	NA
Index Options	NA	NA	NA
Stock Futures	NA	NA	NA
Stock Options	NA	NA	NA
Total	NA	NA	NA

Derivative Statistics- Nifty Options

	June 3	June 2	Change
Put Call Ratio (Open Interest)	0.74	0.73	0.01
Put Call Ratio (Volume)	0.84	0.80	0.04

Debt Watch	June 3	Week Ago	Month Ago	Year Ago
Call Rate	8.25%	7.30%	7.50%	7.30%
CBLO	8.73%	8.73%	8.73%	7.23%
Repo	8.00%	8.00%	8.00%	7.25%
Reverse Repo	7.00%	7.00%	7.00%	6.25%
91 D T-Bill	8.50%	8.59%	8.78%	7.30%
364 D T- Bill	8.55%	8.68%	8.92%	7.27%
10 Yr Gilt	8.60%	8.67%	8.81%	7.46%
G-sec Volume (Rs Cr)	65965	56830	32170	32030
1-mth CP rate	8.64%	8.48%	8.99%	8.39%
3-mth CP rate	8.77%	8.90%	9.36%	8.44%
5 yr Corp Bond	9.15%	9.27%	9.46%	8.12%
1-mth CD rate	8.50%	8.29%	8.73%	8.14%
3-mth CD rate	8.61%	8.70%	9.08%	8.14%
1 yr CD rate	8.95%	9.00%	9.20%	8.33%

Currencies Vs INR

	June 3	June 2	Change
USD	59.39	59.15	-0.23
GBP	99.17	99.02	-0.15
Euro	80.56	80.63	0.06
100 Yen	57.88	58.01	0.13

Commodity Prices	June 3	Week Ago	Month Ago	Year Ago
NYMEX Crude Oil (\$/bbl)	102.66	104.11	99.76	93.45
London Brent Crude Oil (\$/bbl)	108.82	110.02	108.59	102.06
Gold (oz/\$)	1243	1276	1281	1403
Gold (Rs per 10 gms)	26770	27530	29770	27100

DERIVATIVES MARKET

- Nifty June (near future) rose against the spot index with a 5.55 point premium; it however witnessed 0.65 mn decrease in open interest.
- Put Call Ratio (open interest) rose marginally from 0.73 on June 2 to 0.74 on June 3.
- Nifty 8000 June Call strike continued to witness the highest open interest.
- Nifty 7000 June Put strike continued to witness the highest open interest.
- India VIX (volatility index based on the Nifty 50 Index Option prices) fell from 16.50 on June 2 to 15.80 on June 3.

INDIAN DEBT MARKET

- The interbank call rate ended higher at 8.20-8.25% on Tuesday as compared with 7.05-7.10% on Monday as demand to cover mandatory reserve needs surged towards the end of the session.
- However, the overnight borrowing rates hovered around the repo rate of 8.00% for most part of the session as liquidity condition is comfortable in the banking system.
- Banks borrowed Rs 7,120 cr through the RBI's repo window on Tuesday as against net borrowing of Rs 9,612 cr on Monday from both LAF tenders.
- Gilt prices rose sharply on Tuesday as market participants cheered a shift in the RBI's policy stance to dovish, while taking in stride a cut in banks' Statutory Liquidity Ratio.
- In its second bi-monthly policy review, the central bank left the repo rate unchanged, and said that faster-than-anticipated disinflation may give some headroom to ease the policy stance.
- Intraday, prices briefly fell when the central bank announced a cut in the SLR, but quickly bounced back as investors turned their attention to the comforting guidance.
- The 10-year benchmark 8.83%, 2023 bond ended at 8.60% yield on Tuesday as against 8.66% on Monday.

Currency Overview

- The rupee ended at a two-week low against the US dollar on dollar purchases by corporate and on short covering.
- Intraday, rupee was largely unchanged following RBI's bi-monthly monetary policy.

Commodity Overview

- Crude oil prices rose 19 cents to settle at \$102.66 a barrel on the NYMEX.
- Gold prices ended lower due to upbeat US economic data and weak demand for physical gold in China.

INTERNATIONAL NEWS

- US factory orders rose 0.7% in April following a revised 1.5% gain in March.
- US auto sales rose 11% to just over 1.6mn units in May.
- Eurozone consumer price inflation rose by a seasonally adjusted 0.5% in May, down from 0.7% in April.
- Eurozone unemployment rate fell to 11.7% in April from 11.8% in March.
- UK's Markit/CIPS PMI for the construction sector dropped to 60 in May, from 60.8 in April.
- UK Nationwide House Prices in May rose by 0.7%, compared with a 1.2% rise in April; however house price growth picked up to an annual pace of 11.1% in May.
- China's final reading of HSBC's manufacturing PMI came in at 49.4, down from a preliminary reading of 49.7.
- Singapore manufacturing PMI fell to 50.8 in May, from 51.1 in the preceding month.

Source: CRISIL Research

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