

**RELIANCE**

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# Markets for You

03 Aug 2018

## Indices Performance

Global Indices	02-Aug	Prev_Day	Abs. Change	% Change <sup>#</sup>
Dow Jones	25,326	25,334	-8	-0.03
Nasdaq	7,803	7,707	95	1.24
FTSE	7,576	7,653	-77	-1.01
Nikkei	22,513	22,747	-234	-1.03
Hang Seng	27,715	28,341	-626	-2.21
Indian Indices	02-Aug	Prev_Day	Abs. Change	% Change <sup>#</sup>
S&P BSE Sensex	37,165	37,522	-356	-0.95
Nifty 50	11,245	11,346	-102	-0.89
Nifty 100	11,536	11,630	-94	-0.81
Nifty Bank	27,356	27,597	-241	-0.87
SGX Nifty	11,278	11,359	-81	-0.71
S&P BSE Power	1,981	1,972	9	0.44
S&P BSE Small Cap	16,640	16,628	12	0.07
S&P BSE HC	14,511	14,363	148	1.03

## P/E Dividend Yield

Date	Sensex		Nifty	
	P/E	Div. Yield	P/E	Div. Yield
2-Aug	23.84	1.18	27.89	1.20
Month Ago	22.40	1.27	25.76	1.23
Year Ago	24.50	1.20	25.63	0.95

## Nifty 50 Top 3 Gainers

Company	02-Aug	Prev_Day	% Change <sup>#</sup>
Aurobindo Pharma	615	600	2.52
Lupin	865	844	2.45
Dr.Reddy	2228	2176	2.40

## Nifty 50 Top 3 Losers

Company	02-Aug	Prev_Day	% Change <sup>#</sup>
Bharti Airtel	373	385	-2.99
Kotak Bank	1280	1313	-2.48
Ambuja Cem	229	234	-2.22

## Advance Decline Ratio

	BSE	NSE
Advances	1328	869
Declines	1341	963
Unchanged	155	82

## Institutional Flows (Equity)

Description (Cr)	Inflow/Outflow	YTD
FII Flows*	-276	-3153
MF Flows**	-199	74115

\*2<sup>nd</sup> Aug 2018; \*\*20<sup>th</sup> Jul 2018

## Economic Indicator

YoY(%)	Current	Quarter Ago	Year Ago
CPI	5.00% (Jun-18)	4.28% (Mar-18)	1.46% (Jun-17)
IIP	3.20% (May-18)	6.90% (Feb-18)	2.90% (May-17)
GDP	7.70% (Mar-18)	7.00% (Dec-17)	6.10% (Mar-17)

Since May-17, MOSPI has revised base year of IIP &amp; WPI from 2004-05 to 2011-12, and for CPI from 2010 to 2012

## Global Indices

- Intensified trade dispute between the U.S. and China sent Asian stocks south. U.S. President ordered his administration to consider increasing the proposed tariff on \$200 billion Chinese imports to 25% from 10% thought of earlier. China called U.S.' move 'blackmail' and warned of counter measures. Also, the U.S. Federal Reserve hinting it would keep increasing interest rates in 2018 made investors anxious. Today (as of Aug 3), Asian markets opened slightly higher after technology stocks rallied on the Wall Street overnight. Both Nikkei and Hang Seng rose 0.14% and 0.03%, respectively (as at 8 a.m. IST).
- As per the last close, European markets declined as trade concerns continue to hurt negative investor sentiments. Market fell further after the Bank of England announced a rate hike as policymakers were more concerned about above target inflation than Brexit uncertainties.
- As per the last close, U.S markets closed mostly higher on rally in technology stocks. However, gains were limited on trade concerns after U.S. President's administration confirmed reports it is considering increasing the rate of tariffs on Chinese imports.

## Indian Equity Market

- Indian equity markets declined for the second consecutive day as investors preferred to cash in on the recent gains. Monetary Policy Committee raising key policy rates on Aug 1, 2018, continued to dampen sentiment. Weaker global cues also weighed on the market following escalating trade tensions between the U.S. and China and U.S. Federal Reserve hinting at raising interest rates soon.
- Key benchmark indices S&P BSE Sensex and Nifty 50 fell 0.95% and 0.89% to close at 37,165.16 and 11,244.70, respectively. S&P BSE Mid-Cap and S&P BSE Small-Cap gained 0.09% and 0.07% respectively.
- The overall market breadth on BSE was weak with 1341 scrips declining and 1328 scrips advancing. A total of 155 scrips remained unchanged.
- On the BSE sectoral front, the indices witnessed a weak trend as most of the sectoral indices moved down barring S&P BSE HC (1.03%), S&P BSE Utilities (0.6%), S&P BSE Power (0.44%), S&P BSE Metal (0.27%) and S&P BSE CD (0.24%). Meanwhile, S&P BSE Telecom (-1.47%) stood as the major loser followed by S&P BSE Realty (-1.45%), S&P BSE Auto (-1.26%) and S&P BSE Energy (-1.05%).

## Domestic News

- The Monetary Policy Committee (MPC), in its third policy meet of 2018-19, has extended the Marginal Standing Facility (MSF) and Liquidity Adjustment Facility (LAF) to scheduled state co-operative banks. MSF has been extended to scheduled primary (urban) co-operative banks. This is being done to improve the transmission of monetary policy to money market rates.
- Primary (urban) co-operative banks have been permitted by the Monetary Policy Committee (MPC) to undertake eligible transactions for acquisition or sale of non-SLR investment in secondary market with mutual funds, pension/provident funds, and insurance companies. This is in addition to undertaking eligible transactions with scheduled commercial banks and primary dealers. This comes in the wake of bringing further efficiency in price discovery mechanism and as a step towards harmonization of regulations for urban and rural co-operative banks.
- MPC has decided that for the creation of eligible priority sector assets, all scheduled commercial banks may co-originate loans with non-banking financial companies - non-deposit taking- systemically important (NBFC-ND-SIs). However, the scheduled commercial banks would exclude regional rural banks and small finance banks. Besides, entailing joint contribution of credit by both lenders at the facility level, the co-origination arrangement should involve sharing of risks and rewards between the banks and the NBFCs. The decision comes in the wake of providing a competitive edge for credit to the priority sector.
- Coal India Limited announced that it has produced 177.43 million tonnes (MT) of coal in the first four months of FY19, registering a growth of 14% from 155.53 MT of coal produced in the year-ago period. In Jul 2018, the company produced 40.56 MT coal, against 36.69 MT a year ago.
- Oil and Natural Gas Corporation Limited recorded a standalone profit of Rs. 6,143 crore for the quarter ended Jun 2018, up 4% from Rs. 5,915 crore in the previous quarter, helped by higher domestic gas prices.

FII Derivative Trade Statistics			
	02-Aug		
(Rs Cr)	Buy	Sell	Open Int.
Index Futures	3853.59	2645.31	22508.23
Index Options	89152.00	89258.36	54353.45
Stock Futures	13300.30	13258.68	81231.56
Stock Options	6989.77	6968.43	6830.51
Total	113295.66	112130.78	164923.75

Derivative Statistics- Nifty Options			
	02-Aug	Prev_Day	Change
Put Call Ratio (OI)	1.65	1.72	-0.07
Put Call Ratio(Vol)	1.04	1.07	-0.03

Debt Watch				
	02-Aug	Wk. Ago	Mth. Ago	Year Ago
Call Rate	6.34%	6.20%	6.12%	6.05%
CBLO	6.38%	6.23%	6.10%	6.18%
Repo	6.50%	6.25%	6.25%	6.00%
Reverse Repo	6.25%	6.00%	6.00%	5.75%
91 Day T-Bill	6.76%	6.70%	6.42%	6.14%
364 Day T-Bill	7.25%	7.24%	7.11%	6.23%
10 Year Gilt	7.72%	7.76%	7.91%	6.46%
G-Sec Vol. (Rs.Cr)	51915	36463	13776	64866
FBIL MIBOR	6.46%	6.39%	6.25%	6.25%
3 Month CP Rate	7.65%	7.80%	7.40%	6.60%
5 Year Corp Bond	8.59%	8.71%	8.81%	7.39%
1 Month CD Rate	6.72%	6.73%	6.60%	6.16%
3 Month CD Rate	7.18%	7.18%	6.82%	6.21%
1 Year CD Rate	7.95%	8.01%	8.11%	6.49%

Currency Market			
Currency	02-Aug	Prev_Day	Change
USD/INR	68.36	68.61	-0.25
GBP/INR	89.52	89.93	-0.41
EURO/INR	79.57	80.12	-0.54
JPY/INR	0.61	0.61	0.00

Commodity Prices				
Commodity	02-Aug	Wk Ago	Mth. Ago	Year Ago
NYMEX Crude(\$/bl)	68.90	71.34	73.84	49.55
Brent Crude(\$/bl)	73.59	75.15	76.05	52.53
Gold(\$/oz)	1208	1222	1242	1266
Gold(Rs./10 gm)	29577	29869	30348	28467

Source: Thomson Reuters Eikon

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#### Derivatives Market

- Nifty August 2018 Futures closed at 11,282.30, a premium of 37.60 points, above the spot closing of 11,244.70. The turnover on NSE's Futures and Options segment increased to Rs. 14,44,021.12 on Aug 02 compared with Rs. 9,15,343.18 on Aug 01.
- The Put-Call ratio stood at 0.81 against previous session's close of 0.94.
- The Nifty Put-Call ratio stood at 1.65 compared with the previous session's close of 1.72.
- India VIX improved 0.45% to 12.5875 from 12.5300 in the previous trading session.
- Open interest on Nifty Futures stood at 26.64 million as against the previous session's close at 27.01 million.

#### Indian Debt Market

- Bond yields rose as market participants booked profits to benefit from the recent bond rally after the Monetary Policy Committee increases key policy repo rate as expected but decided to maintain neutral stance on its monetary policy
- Yield on the 10-year benchmark paper (7.17% GS 2028) went up 2 bps to close at 7.72% as against its previous close of 7.70%. During the session, bond yields traded in the range of 7.68% and 7.73%.
- Banks' borrowings under the repo window of the Liquidity Adjustment Facility (LAF) stood at Rs. 4,896 crore (gross) on Aug 2, compared with Rs. 7,756 crore (gross) borrowed on Aug 01. Sale of securities under the Reserve Bank of India's (RBI) reverse repo window stood at Rs. 46,595 crore on Aug 01.

#### Currency Market Update

- The rupee declined against the greenback due to dollar demand from corporates and importers. Further, losses in the domestic equity market on renewed trade war fears between the U.S and China strengthened the greenback
- The euro depreciated against the greenback as renewed U.S-China trade tension due to fresh tariff plans weighed on the market sentiment.

#### Commodity Market Update

- Gold prices saw marginally improvement on the back of renewed tensions over U.S.- China trade.
- Brent crude declined as investors continued to take weak cues from higher than expected U.S. crude oil stockpile in the week to Jul 27.

#### International News

- The U.S. Federal Reserve kept its interest rates on hold in its monetary policy review on Aug 1, 2018. However, it kept the door open for a rate hike in Sep as it stuck with its plan of gradually raising interest rates while maintaining its upbeat outlook on the U.S. economy and its labour market. The U.S. Federal Reserve is scheduled to hold its next monetary policy meeting in late Sep 2018.
- Data from the U.S. Labour Department showed that initial jobless claims for the week ended Jul 28 inched up by 1,000 to 218,000 from the previous week's unrevised level of 217,000.
- The Bank of England in its monetary policy review increased its key benchmark rate by 25 bps to 0.75%. The benchmark rate thus went up to its highest level since 2009.

Thank you for  
your time.