Reliance Mutual Fund

Markets for You

05 December 2016

Indices Performance

Global Indices	02-Dec	Prev_Day	Abs. Change	% Change#
Dow Jones	19,170	19,192	-22	-0.11
Nasdaq	5,256	5,251	5	0.09
FTSE	6,731	6,753	-22	-0.33
Nikkei	18,426	18,513	-87	-0.47
Hang Seng	22,565	22,878	-313	-1.37
Indian Indices	**02-Dec**	**Prev_Day**	**Abs. Change**	**% Change#**
S&P BSE Sensex	26,231	26,560	-329	-1.24
Nifty 50	8,087	8,193	-106	-1.30
Nifty 100	8,316	8,426	-110	-1.30
Nifty Bank	18,248	18,428	-181	-0.98
SGX Nifty	8,130	8,197	-67	-0.82
S&P BSE Power	1,988	1,997	-9	-0.46
S&P BSE Small Cap	12,083	12,250	-167	-1.37
S&P BSE HC	15,624	15,788	-163	-1.03

P/E Dividend Yield

	Sensex		Nifty	
Date	**P/E**	**Div. Yield**	**P/E**	**Div. Yield**
2-Dec	20.47	1.49	21.25	1.37
Month Ago	20.81	1.42	23.01	1.30
Year Ago	20.55	1.42	21.44	1.44

Nifty 50 Top 3 Gainers

Company	02-Dec	Prev_Day	% Change#
Eicher Motors	22756	22202	2.50
Idea Cellular	73	73	0.89
Tata Power	73	73	0.82

Nifty 50 Top 3 Losers

Company	02-Dec	Prev_Day	% Change#
Asian Paints	905	939	-3.65
Maruti	5068	5252	-3.50
Tata Motors	433	448	-3.41

Advance Decline Ratio

	BSE	NSE
Advances	871	351
Declines	1794	1262
Unchanged	126	66

Institutional Flows (Equity)

Description (Cr)	Inflow/Outflow	YTD
FII Flows*	-401	27981
MF Flows**	451	38827

*2nd Dec 2016; **30th Nov 2016

Economic Indicator

YoY(%)	Current	Quarter Ago	Year Ago
WPI	3.39% (Oct-16)	3.72% (Jul-16)	-3.70% (Oct-15)
IIP	0.70% (Sep-16)	2.20% (June-16)	3.70% (Sep-15)
GDP	7.30 (Sep-16)	7.10 (Jun-16)	7.60 (Sep -15)

Global Indices

• Most of the Asian markets dropped ahead of the U.S. jobs data report and referendum on constitutional reform in Italy. Fall in the overnight U.S. market and strong yen further weighed on sentiment. However, rise in Japan's gross domestic product data and improved monetary base in Nov capped Nikkei's downside. Today (As on Dec 05), Asian market opened lower due to fall in euro as the Prime Minister of Italy decided to resign after he got defeated in a referendum over constitutional reforms. Both Nikkei Average and Hang Seng traded down 0.59% and 0.15%, respectively (as at 8.00 a.m IST).

• As per the last close, European market closed lower as investors remained cautious ahead of Italian constitutional referendum and elections in Austria. However, upbeat U.S. jobs data for the month of Nov 2016 limited the fall.

• As per the last close, the U.S. market closed almost flat as investors were reluctant to make any significant moves ahead of an Italian referendum of an overhaul of the country's legislature which was scheduled on Dec 04.

Indian Equity Market

• Indian equity market closed in the red ahead of the U.S. monthly jobs data, which may provide additional cues on the U.S. Federal Reserve's stance on interest rate hike. The Reserve Bank of India's bi-monthly policy review, scheduled on Dec 7, kept investors on the edge. Market participants were also concerned about Italy's upcoming constitutional referendum.

• Key benchmark indices S&P BSE Sensex and Nifty 50 slipped 1.24% and 1.30% to close at 26,230.66 points and 8,086.80 points, respectively. S&P BSE Mid-Cap and S&P BSE Small-Cap dropped 1.26% and 1.37%, respectively.

• The market breadth on BSE was weak with 1,794 scrips declining and 871 scrips advancing. A total of 126 scrips remained unchanged.

• On the BSE sectoral front, all the indices closed in the red. S&P BSE Consumer Durables was the major laggard, down 2.32%, followed by S&P BSE Industrials and S&P BSE FMCG, which slipped 1.85% and 1.62%, respectively. S&P BSE Auto and S&P BSE Capital Goods slipped 1.61% and 1.51%, respectively. Auto stocks fell after majority of the auto manufacturers reported decline in monthly domestic sales for Nov amid intense cash crunch.

Domestic News

• According to a major domestic credit rating agency, India's gross domestic product is forecasted to grow 6.9% in the current fiscal (FY16-17), 100 bps lower than 7.9% growth projected earlier, because cash crunch due to demonetization will impact private consumption demand (contributes 55% of GDP) directly. The rating agency said that it will take at least couple of months for the situation to normalise. The impact will be felt on consumer inflation and hence it is projected to lower at 4.7% as compared with its earlier estimate of 5% for FY16-17.

• As recommended by the Reserve Bank of India (RBI), the Indian government has decided to revise the ceiling for issue of securities under the Market Stabilisation Scheme (MSS) from Rs. 30,000 crore to Rs. 6 lakh crore in FY16-17 to facilitate liquidity management operations. MSS issuance is likely to set the stage for withdrawal of incremental cash reserve ratio.

• According to government data, number of farmers covered under the new crop insurance scheme has increased about 5.5% YoY to around 3.26 crore during 2016 kharif sowing season. In terms of area covered, the increase has been 12% YoY to 3.80 crore hectare. Moreover, the sum assured saw 100% YoY jump to Rs. 1,37,535 crore.

• According to Economic and Social Survey of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)'s report, India's economy could grow at 7.6% in 2017 following regained investment momentum and rise in manufacturing base on the back of structural reforms. The structural reforms are also expected to benefit private investment in India.

• Bajaj Auto's total sales dropped 13% YoY to 2,69,948 units in Nov 2016 from3,09,673 units in the same month last year. Motor cycles sales declined 12% and exports declined 16% during the month under review.

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FII Derivative Trade Statistics 02-Dec

(Rs Cr)	Buy	Sell	Open Int.
Index Futures	1619.35	911.79	11432.86
Index Options	36427.53	35703.07	59284.45
Stock Futures	6470.45	6166.85	51848.95
Stock Options	2942.76	2889.26	3569.18
Total	47460.09	45670.97	126135.44

Derivative Statistics- Nifty Options

	02-Dec	Prev_Day	Change
Put Call Ratio (OI)	1.03	1.06	-0.03
Put Call Ratio(Vol)	0.96	1.01	-0.05

Debt Watch

	02-Dec	Wk. Ago	Mth. Ago	Year Ago
Call Rate	6.08%	5.98%	6.13%	6.65%
CBLO	6.06%	5.57%	6.17%	6.54%
Repo	6.25%	6.25%	6.25%	6.75%
Reverse Repo	5.75%	5.75%	5.75%	5.75%
91 Day T-Bill	5.90%	5.75%	6.36%	7.14%
364 Day T-Bill	5.70%	5.85%	6.43%	7.19%
10 Year Gilt	6.24%	6.23%	6.82%	7.74%
G-Sec Vol. (Rs.Cr)	91129	129100	46783	36055
1 Month CP Rate	6.46%	6.33%	6.83%	7.59%
3 Month CP Rate	6.47%	6.31%	7.00%	7.79%
5 Year Corp Bond	6.81%	6.74%	7.39%	8.25%
1 Month CD Rate	6.07%	6.09%	6.43%	7.26%
3 Month CD Rate	6.04%	5.94%	6.62%	7.34%
1 Year CD Rate	6.37%	6.32%	6.94%	7.64%

Currency Market

Currency	02-Dec	Prev_Day	Change
USD/INR	68.37	68.37	0.00
GBP/INR	86.28	85.70	0.58
EURO/INR	73.04	72.63	0.41
JPY/INR	0.60	0.60	0.00

Commodity Prices

Commodity	02-Dec	Wk Ago	Mth. Ago	Year Ago
NYMEX Crude($/bl)	51.70	46.72	45.32	39.93
Brent Crude($/bl)	51.90	45.47	43.66	41.27
Gold($/oz)	1177	1183	1297	1053
Gold(Rs./10 gm)	28401	28820	30551	25164

Source: ICRON Research

Derivatives Market

- Nifty Dec 2016 Futures were at 8,108.90 points, a premium of 22.10 points, over the spot closing of 8,086.80 points. The turnover on NSE's Futures and Options segment went down from Rs. 4,86,217.45 crore on Dec 1 to Rs. 2,47,626.20 crore on Dec 2.
- The Put-Call ratio stood at 0.87, compared with the previous session's close of 0.88.
- The Nifty Put-Call ratio stood at 1.03, compared with the previous session's close of 1.06.
- The open interest on Nifty Futures stood at 17.04 million compared with the previous session's close of 17.33 million.

Indian Debt Market

- After falling in the last two consecutive days, bond yields rose on government's move to hike the limit of short term debt securities that can be issued under the Market Stabilisation Scheme (MSS) to reduce excess liquidity in the banking the sector post the demonetisation drive.
- Yield on the new 10-year benchmark bond (6.97% GS 2026) rose 3 bps to close at 6.24% compared with the previous close of 6.21%. During the session, bond yields moved in the region of 6.21% to 6.27%.
- Yield on the existing 10-year benchmark bond (7.59% GS 2026) increased 3 bps to close at 6.37% compared with the previous closing of 6.34%. During the session, bond yields moved in the region of 6.34% to 6.40%.
- Banks' borrowings under the repo window of the Liquidity Adjustment Facility stood at Rs. 2,741 crore (gross) on Dec 2, compared with gross borrowing of Rs. 3,811 crore on Dec 1. Sale of securities under RBI's reverse repo window stood at Rs. 25,648 crore on Dec 1.

Currency Market Update

- The rupee gained against the greenback after the Reserve Bank of India decided to elevate the ceiling for issue of securities under the Market Stabilisation Scheme (MSS) to curb excess liquidity in the banking sector stemming from demonetisation. The rupee rose 0.22% to close at 68.19 from the previous close of 68.34.
- The euro weakened against the greenback after non-farm payroll employment in the U.S. grew more than expected in Nov. The euro was trading at $1.0626, down 0.32% compared with the previous close of $1.0660.

Commodity Market Update

- Gold prices dropped on expectations that the U.S. employment report due later in the day could raise the economy's confidence, strengthening the case for interest rate hike in the
- Brent crude prices snapped as investors were still doubtful over the prospective success of the latest crude output deal.

International News

- Data from the U.S. Labor Department showed that non-farm payroll employment added 178,000 jobs in Nov 2016 following a downwardly revised increase of 142,000 jobs (originally reported 161,000 jobs) in Oct 2016. The unemployment rate fell to 4.6% in Nov from 4.9% in Oct.
- Data from the Bank of Japan showed that the monetary base in Japan grew 21.5% in Nov 2016 following a 22.1% spike in Oct 2016. Banknotes in circulation grew 4.7% on a yearly basis, while coins in circulation grew 1.0%.