

# News U Can Use

*December 04, 2015*

RELIANCE

The Week that was...  
30<sup>th</sup> November to 04<sup>th</sup> December

# Indian Economy

- ❑ India's Gross Domestic Product (GDP) for the second quarter of the current financial year grew at 7.4% compared to 7% in the previous quarter and 8.4% in the same quarter of the previous year. The manufacturing sector grew 9.3% compared to 7.2% in the previous quarter and 7.9% in the year-ago period. The agriculture sector also registered a growth 2.2% compared to 1.9% in the previous quarter and 2.1% in the same period of the previous year.
- ❑ The RBI in its fifth bi-monthly monetary policy review kept the repo rate unchanged at 6.75%. The Cash Reserve Ratio was also kept unchanged at 4%. Consequently, the reverse repo rate under the LAF will remain unchanged at 5.75% and the marginal standing facility rate and the Bank Rate at 7.75%. The Central Bank also kept the growth projection for 2015-16 unchanged at 7.4% and added that the outlook for agriculture is subdued as both rabi and kharif prospects are affected by poor monsoons.
- ❑ India's infrastructure output grew at 3.2% in October compared to the same rate of growth in September. However, growth came down significantly from 9% in the same period of the previous year. Output in the Cement and Fertilizer sectors grew 11.7% and 16.2% compared to a contraction of 1.2% and 7.0%, respectively. However, output in the Coal sector slowed to 6.3% compared to 16.4% in the same period of the previous year. The output in Crude Oil, Natural gas and Refinery products also contracted by 2.1%, 1.8% and 4.4%, respectively.

# Indian Equity Market

Domestic Equity Market Indices			
Indices	04-Dec-15	1 Week Return	YTD Return
S&P BSE Sensex	25638.11	-1.88%	-6.80%
Nifty 50	7781.9	-2.02%	-6.06%
S&P BSE Mid-Cap	10935.11	-0.45%	4.74%
S&P BSE Small-Cap	11557.52	0.10%	2.96%

Source: MFI Explorer

Ratios	S&P BSE Sensex	CNX Nifty	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	20.1	21.04	25.71	54.17
P/B	2.68	3.13	2.35	1.96
Dividend Yield	1.45	1.46	1.41	0.99

Source: BSE, NSE

Value as on Dec 04, 2015

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
30-Nov-15	915	623	1.47
01-Dec-15	882	656	1.34
02-Dec-15	761	774	0.98
03-Dec-15	570	969	0.59
04-Dec-15	532	996	0.53

Source: NSE

- Indian equity markets fell over the week as positive impact of better-than-expected Gross Domestic Product (GDP) data in the second quarter was somewhat offset after the Reserve Bank of India (RBI) maintained status quo in its fifth bi-monthly monetary policy review.
- Lack of any development on the Goods & Service Tax Bill in the ongoing Winter session of the Parliament also weighed on investor sentiments.
- Bourses fell further after the final reading of a private survey showed slowdown in growth of India's service sector in November.

## Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last Closing	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	18480.1	-2.12%	-0.07%
S&P BSE Bankex	19325.4	-2.68%	-1.72%
S&P BSE CD	12112.5	-1.83%	2.44%
S&P BSE CG	14332.6	-1.39%	-2.23%
S&P BSE FMCG	7837.69	-1.56%	-0.85%
S&P BSE HC	16506	0.85%	-7.45%
S&P BSE IT	10694.5	-1.29%	-5.60%
S&P BSE Metal	7280.08	1.91%	0.45%
S&P BSE Oil & Gas	9303.28	-0.23%	1.57%

*Source: Reuters* *Values as on Dec 04, 2015*

- On the BSE sectoral front, most of the indices closed in red, barring S&P BSE Metal (1.91%), S&P BSE Health Care (0.85%) and S&P BSE Realty (0.35%).
- S&P BSE Bankex stood as the major laggard. Banking sector fell after RBI maintained status quo in its fifth bi-monthly monetary policy review. Meanwhile, auto sector also witnessed decline following lower-than-projected sales data for November.

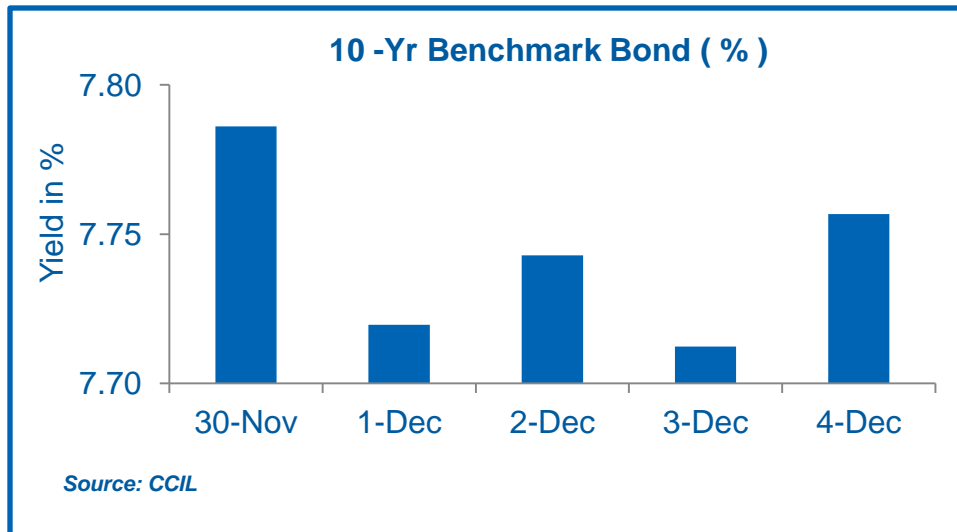
## Indian Derivatives Market Review

- Nifty December 2015 Futures were at 7,820.50 points, a premium of 38.60 points against the spot closing of 7,781.90 points. The turnover on NSE's Futures and Options segment fell to Rs. 6.87 lakh crore during the week ended December 4 from Rs. 13.64 lakh crore recorded in the previous week.
- The Put-Call ratio stood at 0.72 compared to the previous week's close of 0.87.
- The Nifty Put-Call ratio stood at 0.79 compared to the previous week's close of 0.91.

# Domestic Debt Market

Debt Indicators (Yield %)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	6.56	6.75	6.68	7.08
91 Day T-Bill	7.15	7.15	7.10	7.65
08.27% 2020 , (5 Yr GOI)	7.76	7.82	7.68	8.04
07.72% 2025, (10 Yr GOI)	7.76	7.77	7.65	7.80

Source: Reuters Values as on Dec 04, 2015



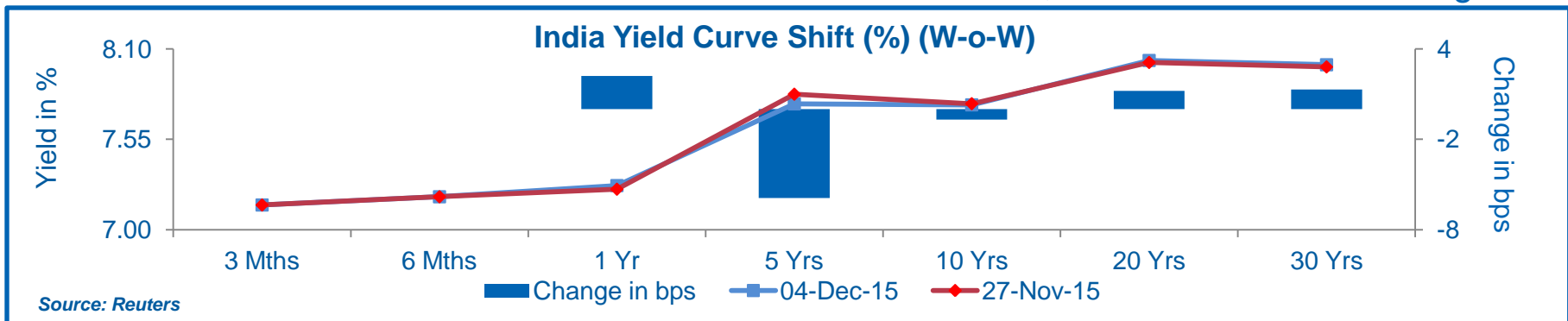
- Despite an eventful week, bond yields changed little, moving in a range. Yields rose ahead of the Reserve Bank of India (RBI) monetary policy review, U.S. jobs data and European Central Bank's policy meeting. However, the trend reversed after the RBI reiterated that will continue with its accommodative policy to boost growth within the space available under Government's inflation target.
- The yield on the 10-year benchmark bond, 7.72% GS 2025, eased by 1 bps to close at 7.76% compared to the previous week's close of 7.77%.

# Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	7.44	7.81	38
3 Year	7.68	8.06	38
5 Year	7.96	8.26	30
10 Year	8.00	8.27	27

Source: Reuters Values as on Dec 04, 2015

- Yield on Gilt Securities fell across 2- to 10-year maturities in the range of 1 bps to 7 bps barring 1-, 12-, 15-, 19- and 30-year maturities that increased by up to 2 bps.
- Corporate Bond yields increased across maturities by up to 2 bps barring 1- and 3-year maturities that fell by 1 bps and 2 bps, respectively.
- Difference in Spread between AAA Corporate Bond and Gilt, over the week, expanded across maturities in the range of 2 bps to 8 bps barring 1- and 15-year maturities, which remained unchanged.



# Regulatory Updates in India

- According to SEBI, companies will have to provide an exit option to shareholders if the money raised through a public issue is not utilized for the reason stated in the offer document. SEBI has also eased rules for listing of stock exchanges, allowed interoperability between multiple clearing corporations, and permitted an electronic platform for primary debt issuances.
- According to SEBI, unlisted companies raising funds through securities without having a public offer document will be exempt from penal action if they provide a refund option along with 15% interest rate at the time of issuance. The relaxation will be applicable to entities that have raised funds by issuing securities to more than 49 persons, but up to 200 individuals in a financial year. The objective of the move is to restrict cases where entities have illegally raised funds from the public.
- SEBI has proposed new norms for issuance and listing of green bonds. The objective of the move is to help generate low-cost funds for renewable energy ventures. In addition, SEBI has proposed issue draft papers for revival of public issuance of convertible securities by listed entities.
- The Government has exempted inputs used in ship manufacturing and repair from customs and central excise duties. The move is a part of the Government's 'Make in India' initiative and is expected to provide support to the domestic shipbuilding industry. The exemption will be effective from November 24, 2015.



## Regulatory Updates in India (contd..)

- SEBI has asked market intermediaries to put in place mechanism whereby their existing systems automatically generate details about changes in shareholding of listed entities. The system-driven disclosures regime, which will be effective from January 1, 2016, would be used initially for generating information pertaining to acquisition and disposal of shares in a listed company by its promoters.
- Fair trade regulator Competition Commission of India (CCI) has introduced electronic filing facility to make it simpler for entities to submit information. The e-filing system is expected to help CCI handle submissions related to mergers and acquisitions in lesser time.
- According to the Minister of State for Urban Development, the Central Government has released more than Rs 1,000 crore to 13 states as first installment under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT). The objective of the move is to ensure water supply and sewer connections to all households in 500 cities.
- The Union Cabinet approved signing of a protocol between India and Japan for amending the Double Taxation Avoidance Convention to facilitate tax-related exchange of information.

## Global News/Economy

- ❑ Data from the U.S. Labour Department showed that the U.S. economy created 211,000 jobs in November. Job growth in September and October was also upwardly revised to 145,000 jobs and 298,000 jobs, respectively. However, the unemployment rate remained at 5.0%.
- ❑ Data from the U.S. Commerce Department showed that the U.S. trade deficit unexpectedly widened to \$43.9 billion in October from a revised \$42.5 billion in September.
- ❑ Data from payroll processor ADP showed that private sector employment in U.S. rose by 217,000 jobs in November after climbing by an upwardly revised 196,000 jobs in October.
- ❑ The European Central Bank (ECB) in its monetary policy review lowered deposit rate by 10 bps to -0.30% from -0.2%. This implies that banks will be charged even more to store cash at the ECB. However, the interest rate on the main refinancing operations and the interest rate on the marginal lending facility were kept unchanged at 0.05% and 0.30%, respectively.
- ❑ The International Monetary Fund has added Chinese renminbi as the fifth currency in its Special Drawing Rights basket, giving the yuan international status. The yuan will have 10.92% weight in the basket. The yuan will be included into the basket from October 1, 2016.
- ❑ Latest survey from Nikkei showed that the manufacturing sector in Japan continued to expand in November as the manufacturing PMI rose to 52.6 in November from 52.4 in October.

# Global Equity Markets

Global Indices			
Indices	04-Dec-15	1-Week Return	YTD Return
Dow Jones	17847.63	0.28%	0.08%
Nasdaq 100	4716.12	0.76%	11.49%
FTSE 100	6238.29	-2.15%	-4.73%
DAX Index	10752.1	-4.80%	10.11%
Nikkei Average	19504.48	-1.91%	11.77%
Straits Times	2879.05	0.70%	-14.58%

*Source: Reuters Values as on Dec 04, 2015*

## U.S.

- U.S. markets remained under pressure initially amid uncertainty ahead of the release of key economic U.S. data. However, the trend reversed after U.S. jobs report for November came better than market expectations. Upbeat U.S. jobs data increased expectations that the U.S. Federal Reserve will increase interest rates in its upcoming monetary policy review due on December 15 and December 16.

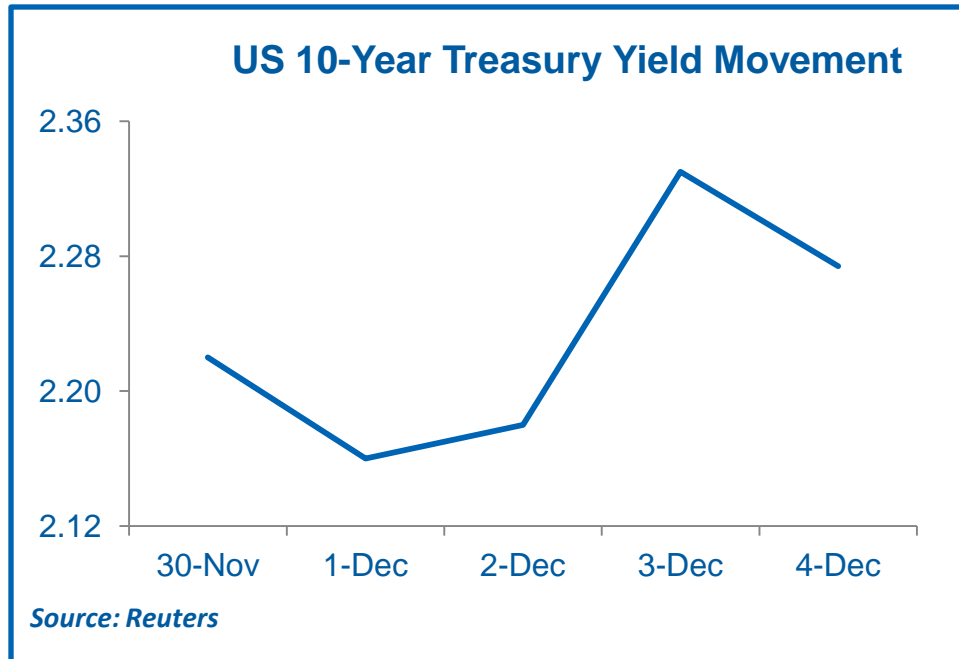
## Europe

- European markets fell during the week as the stimulus measures announced by the European Central Bank fell short of market expectations. Expectations among investors over the past few weeks had been for a more aggressive package of stimulus measures than what the ECB put forth.

## Asia

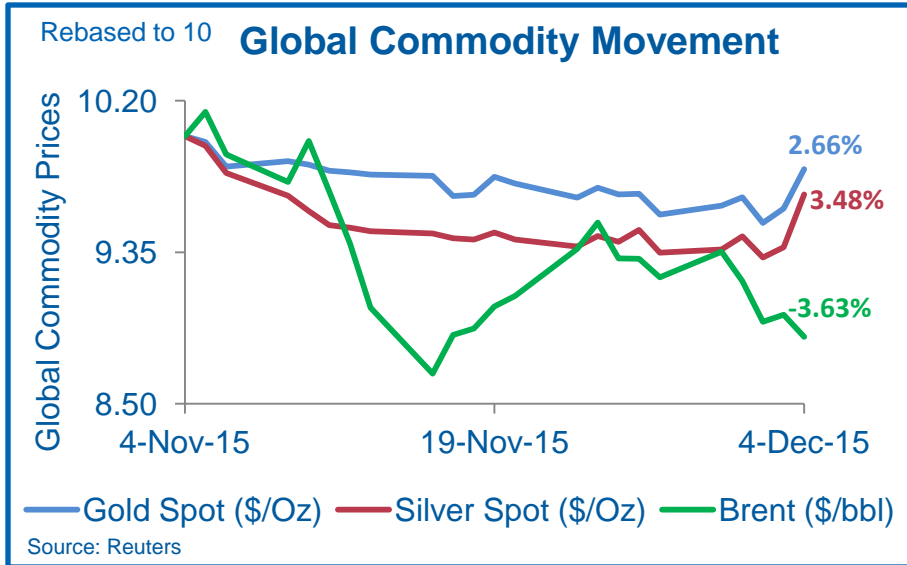
- Majority of the Asian markets rose following encouraging economic data from Japan as manufacturing activity expanded in November. Moreover, investors set aside official data showing contraction in Chinese manufacturing sector and took positive cues from data showing growth in the service sector of the nation.

# Global Debt (U.S.)



- The 10-year U.S. Treasury bond yield increased by 5 bps to close at 2.28%, compared to the previous week's close of 2.23%.
- The U.S. Treasury prices increased after ISM manufacturing activity contracted in November to its lowest level in six years.
- However, the trend reversed after comments from the U.S. Federal Reserve Chair increased the possibility of a rate hike in December.
- Treasury prices fell further after the latest round of stimulus from the European Central Bank disappointed investors. Upbeat U.S. jobs data for November further weighed on U.S. Treasury Prices.

# Commodities Market



Performance of various commodities		
Commodities	Last Closing	1-Week Ago
Brent Crude(\$/Barrel)	40.88	42.42
Gold (\$/Oz)	1086.61	1058.41
Gold (Rs/10 gm)	25143	25263
Silver (\$/Oz)	14.549	14.06
Silver (Rs/Kg)	33754	33899

Source: Reuters Values as on Dec 04, 2015

## Gold

- During the week, gold prices hit the lowest level in nearly six years on growing concerns over interest rate hike by the U.S. Federal Reserve in December. However, the trend reversed as investors resorted to short covering after U.S. jobs report for November came better than expected.

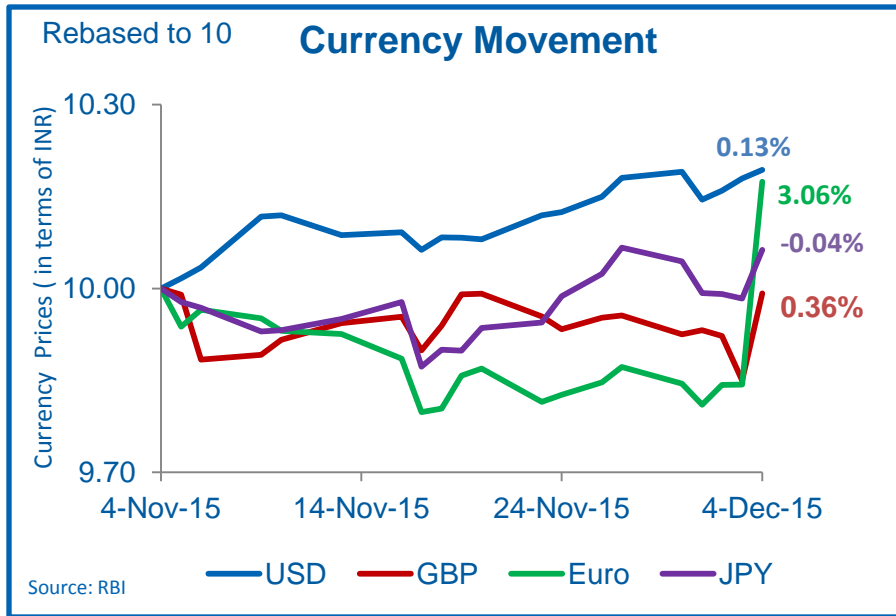
## Crude

- Brent crude prices fell after the Organization of the Petroleum Exporting Countries announced to roll over its policy of maintaining crude production in order to retain market share.

## Baltic Dry Index

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

# Currencies Markets



## Rupee

- The rupee weakened against the dollar on following dollar demand from banks and importers and losses in the domestic equity market.

## Euro

- Euro surged against the dollar after the European Central Bank (ECB) cut its interest rate on deposits by 10 bps, lower than what some expected.

## Pound

- Sterling rose against the dollar after the European Central Bank cut its interest rate on deposits, which was lower than market expectations.

## Yen

- Yen rose against the dollar following contraction in U.S. manufacturing activity in November and ECB's move to cut deposit rates.

Movement of Rupee vs Other Currencies		
Currency	Last Closing	1-Wk Ago
US Dollar	66.84	66.75
Pound Sterling	101.04	100.68
EURO	73.05	70.88
JPY(per 100 Yen)	54.51	54.53

Source: RBI Figures in INR , Values as on Dec 04, 2015

The Week that was...  
30<sup>th</sup> November to 04<sup>th</sup> December

# The Week that was (Nov 30 – Dec 04)

Date	Events	Present Value	Previous Value
Monday, Nov 30	☐ India Core Sector Output (Y-o-Y) (Oct)	3.20%	3.20%
	☐ India Federal Fiscal Deficit, INR (Oct)	4,112.46B	3,785.63B
	☐ U.S. Pending Home Sales (Y-o-Y) (Oct)	3.90%	3.00%
Tuesday, Dec 01	☐ Reserve Bank of India Monetary Policy Review	6.75%	6.75%
	☐ U.S. ISM Manufacturing PMI (Nov)	48.6	50.1
	☐ Euro Zone Markit Manufacturing PMI (Nov)	52.8	52.8
	☐ Euro Zone Unemployment Rate (Oct)	10.70%	10.80%
Wednesday, Dec 02	☐ U.S. ADP Employment Change (Nov)	217K	196K
	☐ Euro Zone Consumer Price Index (Y-o-Y) (Nov) Preliminary	0.10%	0.10%
	☐ U.S. Nonfarm Productiity (Q3)	2.20%	1.60%
Thursday, Dec 03	☐ China Caixin China Services PMI (Nov)	51.2	52
	☐ Euro Zone Markit PMI Composite (Nov)	54.2	54.4
	☐ European Central Bank Interest Rate Decision	0.05%	0.05%
Friday, Dec 04	☐ U.S. Nonfarm Payrolls (Nov)	211K	298K
	☐ Germany Factory Orders s.a. (MoM) (Oct)	1.80%	-0.70%
	☐ U.S. Unemployment Rate (Nov)	5%	5%



The Week Ahead...  
December 07 to December 11

# The Week Ahead

Day	Event
Monday, Dec 07	<ul style="list-style-type: none"> <li><input type="checkbox"/> Germany Industrial Production s.a. (MoM) (Oct)</li> <li><input type="checkbox"/> Japan Gross Domestic Product Annualized (Q3)</li> <li><input type="checkbox"/> U.K. Halifax House Prices (MoM) (Nov)</li> </ul>
Tuesday, Dec 08	<ul style="list-style-type: none"> <li><input type="checkbox"/> China Trade Balance (Nov)</li> <li><input type="checkbox"/> U.K. BRC Retail Sales Monitor - All (YoY) (Nov)</li> <li><input type="checkbox"/> Euro Zone Gross Domestic Product s.a. (YoY) (Q3)</li> <li><input type="checkbox"/> U.K. NIESR GDP Estimate (3M) (Nov)</li> </ul>
Wednesday, Dec 09	<ul style="list-style-type: none"> <li><input type="checkbox"/> China Consumer Price Index (MoM) (Nov)</li> <li><input type="checkbox"/> China Producer Price Index (YoY) (Nov)</li> <li><input type="checkbox"/> U.S. Wholesale Inventories (Oct)</li> </ul>
Thursday, Dec 10	<ul style="list-style-type: none"> <li><input type="checkbox"/> Bank of England Interest rate Decision</li> <li><input type="checkbox"/> U.K. Total Trade Balance (Oct)</li> <li><input type="checkbox"/> U.S. Initial Jobless Claims (Dec 4)</li> </ul>
Friday, Dec 11	<ul style="list-style-type: none"> <li><input type="checkbox"/> U.S. Retail Sales (MoM) (Nov)</li> <li><input type="checkbox"/> U.S. Producer Price Index (YoY) (Nov)</li> </ul>

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