

News U Can Use

July 24, 2015

The Week that was...
20th July to 24th July

Indian Economy

- ❑ Foreign Direct Investment (FDI) in India grew by 40% to \$7.45 billion during the period from April to May 2015, compared to \$5.31 billion in the same period last year. Computer Software and Hardware received the maximum FDI of \$2.27 billion, followed by Automobile (\$1 billion), Trading (\$664 million), Services (\$488 million) and Power (\$155 million).
- ❑ Goods and Services Tax (GST) bill won majority support of the Rajya Sabha Select Committee. The Select Committee approved almost all the provisions and also agreed to demands of one party for a five-year compensation to states. The committee suggested changes in clauses relating to compensation and levy of 1% additional tax by the states on inter-state supply of goods.
- ❑ Non-performing Assets (NPA) at public sector banks (PSB) rose to Rs. 2.67 lakh crore at the end of March 2015 from Rs. 2.16 lakh crore a year ago, the Minister of State for Finance said. During the similar period, Gross NPA ratio of the public PSBs increased to 5.43% compared to 4.72%, he said.
- ❑ The Finance Minister is considering transferring some stake in disinvestment-bound PSUs to a separate company to insulate it from market volatility. The objective of the move is to help protect value of Government shareholding from volatility in share prices resulting from external factors. The Government may get around Rs. 27,000 crore at current market prices by selling minority stakes in the concerned oil PSUs.

Indian Equity Market

Domestic Equity Market Indices			
Indices	24-Jul-15	1 Week Return	YTD Return
S&P BSE Sensex	28112.3	-1.23%	2.20%
CNX Nifty Index	8521.55	-1.03%	2.87%
S&P BSE Mid-Cap	11148	-0.64%	6.78%
S&P BSE Small-Cap	11668.1	-0.41%	3.95%

Source: MFI Explorer

Ratios	S&P BSE Sensex	CNX Nifty	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	22.45	23.65	23.56	46.64
P/B	3.06	3.48	2.63	2.1
Dividend Yield	1.31	1.43	1.32	1.01

Source: BSE, NSE

Value as on July 24, 2015

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
20-Jul-15	797	718	1.11
21-Jul-15	356	1172	0.30
22-Jul-15	1027	485	2.12
23-Jul-15	768	736	1.04
24-Jul-15	573	947	0.61

Source: NSE

- Indian equity markets remained under pressure following weak corporate earning numbers from blue chip companies across different sectors.
- Lack of any advancement in reforms such as Goods & Service Tax in the ongoing monsoon session of Parliament further weighed on investor sentiments.
- Weak global cues also hit the bourses after encouraging data on the U.S. initial jobless claims for the previous week renewed concerns over an imminent rate hike by the U.S. Fed. However, losses were restricted on hopes of a rate cut by the Central Bank at its upcoming Monetary Policy Review.

Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last Closing	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Bankex	21374.1	-2.46%	1.56%
S&P BSE CD	11310.7	1.32%	7.38%
S&P BSE CG	18134.9	-3.10%	4.30%
S&P BSE HC	16836.8	-5.73%	2.81%
S&P BSE IT	11004.9	3.06%	3.05%
S&P BSE Metal	8771.92	-2.52%	-6.19%
S&P BSE Oil & Gas	10154.9	0.74%	2.69%
S&P BSE Realty	1352.2	-4.20%	-4.22%
S&P BSE Teck	6200.8	2.15%	3.02%

Source: Reuters *Values as on July 24, 2015*

- On the BSE sectoral front, majority of the indices closed in red. S&P BSE Healthcare was the major laggard, down 5.73%, followed by S&P BSE Realty, which fell 4.20%.
- Meanwhile, S&P BSE IT was the top gainer, up 3.06%, followed by S&P BSE TEck and S&P BSE Consumer Durables, which rose 2.15% and 1.32%, respectively. IT stocks rose after one of the industry majors reported better-than-expected results for the April-June quarter.

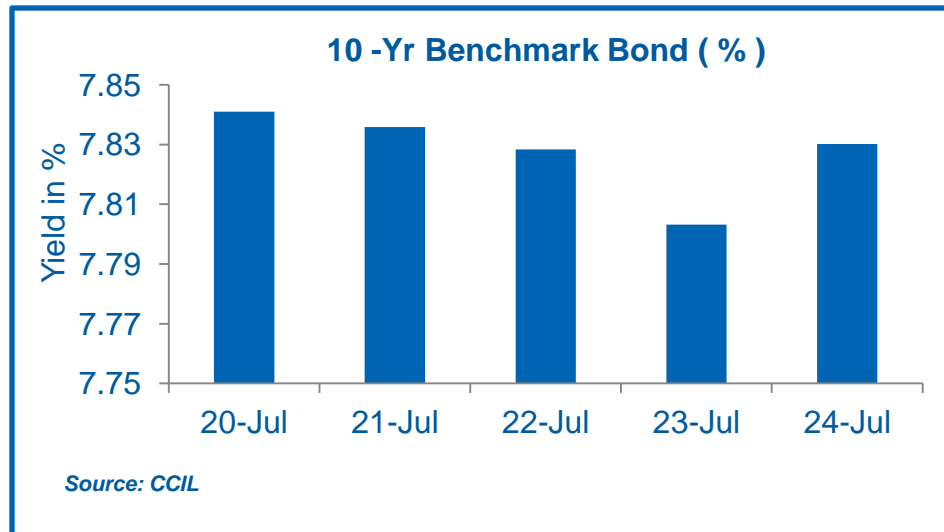
Indian Derivatives Market Review

- Nifty July 2015 Futures were at 8,534.35 points, a premium of 12.80 points against the spot closing of 8,521.55 points. The turnover on NSE Futures and Options segment rose to Rs. 13.13 lakh crore during the week ended July 24 from Rs. 9.95 lakh crore in the previous week.
- The Put-Call ratio stood at 0.83 compared to the previous week's close of 1.18.
- The Nifty Put-Call ratio stood at 1.06 compared to the previous week's close of 1.22.

Domestic Debt Market

Debt Indicators (Yield %)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	7.12	7.06	7.05	7.86
91 Day T-Bill	7.47	7.53	7.62	8.16
08.27% 2020 , (5 Yr GOI)	8.00	7.99	8.00	--
07.72% 2025, (10 Yr GOI)	7.83	7.83	7.80	--

Source: Reuters Values as on July 24, 2015



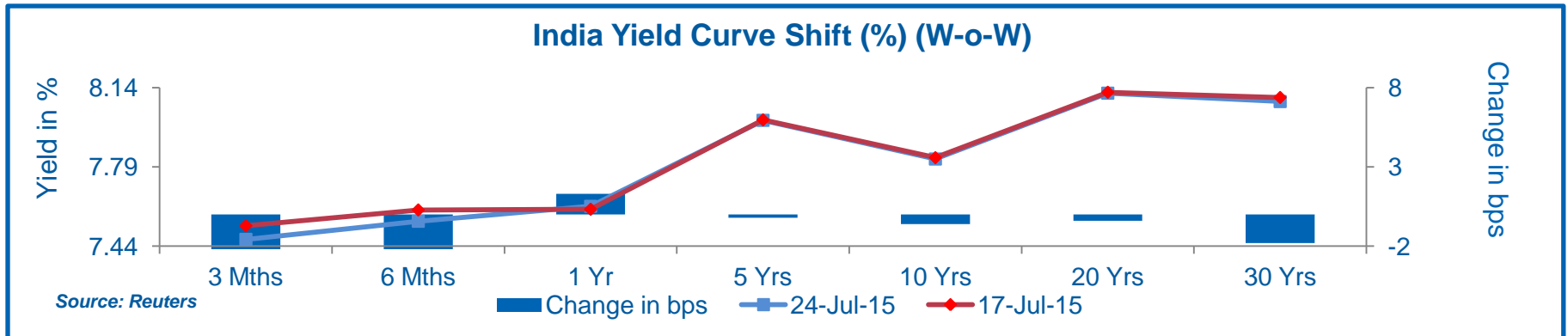
- After moving in the range of 7.80% to 7.84%, the yield on the 10-year benchmark bond 7.72% GS 2025 closed flat at 7.83%.
- Bond markets remained flat amid lack of fresh trigger. Concerns over more Open Market Operations to sell debt and check excess liquidity in the market was eased after the Reserve Bank of India (RBI) refrained from announcing the same.
- Bond markets got some support as investors bought debt amid fall in international crude oil prices. The trend reversed as fresh supply of Government Securities at a weekly auction led to selling by market participants.

Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	7.75	8.22	47.20
3 Year	8.04	8.32	27.70
5 Year	8.18	8.50	32.50
10 Year	8.02	8.50	48.50

Source: Reuters Values as on July 24, 2015

- Yield on Gilt Securities moved up to 2 bps across the maturities barring 7 and 8-year that declined 4 & 6 bps respectively.
- Corporate Bond yields declined by up to 4 bps except 4-year paper that closed unchanged.
- Spread between AAA Corporate Bond and Gilt contracted by up to 6 bps across the maturities. Meanwhile, 7 and 8-year papers expanded by up to 2 bps and 3-year paper remained flat.



Regulatory Updates in India

- According to the Chairman of the Securities and Exchange Board of India (SEBI), the merger process of the Forward Markets Commission with SEBI will be completed by September this year. The SEBI Chief further added that the capital market regulator would work on commodity derivatives.
- SEBI has directed Alternative Investment Funds (AIFs) to disclose the entire disciplinary history of sponsors, managers, directors, partners, promoters and associates in their placement memorandum. As on March 31, 2015 there were around 135 AIFs registered with SEBI.
- Capital market regulator SEBI has suggested a new code on the lines of the Stewardship Code of the U.K. The objective of the move is to push institutional investors into greater engagement in governance matters of listed firms.
- According to Securities and Exchange Board of India (SEBI) Chairman, many startup companies have initiated plans to get listed and the final rules for their listing would be notified within 7-10 days. He promised an easier set of compliance requirements and other regulations for startups to get listed.
- Bombay Stock Exchange and National Stock Exchange have extended the deadline for brokers to submit necessary details for putting in place the new risk-based supervision model. The bourses had initiated a process of putting in place a new risk-based model for supervision of market entities, including brokers, taking forward the new model proposed by SEBI in this regard.

Regulatory Updates in India (contd..)

- According to the capital market regulator Securities and Exchange Board of India (SEBI) Chief, State Governments need to play a pivotal role to control and monitor the spread of chit fund and ponzi firms. SEBI Chief said that state-level coordination committees comprising representatives of Reserve Bank of India, chief secretaries and SEBI would be formed to contain the ponzi scheme menace. The SEBI Chairman further added that a total of 20 states have enacted laws to contain and monitor chit funds and informed that collections or fund raising exceeding Rs. 100 crore will be monitored by SEBI while collections less than Rs. 100 crore will be monitored by State Governments.
- According to the Chief Economic Advisor, the Reserve Bank of India (RBI) and the Indian Government are on the same page on the proposed monetary policy framework. The Chief Economic Advisor further added that both the Central Bank and the Government are committed to lower inflation.

Global News/Economy

- ❑ The U.S. Labour Department in its report showed that initial jobless claims for the week ended July 18 fell by 26,000 to 255,000, from the previous week's unrevised level of 281,000. This was the lowest level in over forty years.
- ❑ Data from the National Association of Realtors showed that existing home sales in the U.S. climbed 3.2% to an annual rate of 5.49 million in June from a downwardly revised 5.32 million in May.
- ❑ The Parliament of Greece passed legislation on a second batch of reforms which is needed to help unlock a huge international bailout for the country. The legislation includes changes to the civil justice system, a bank deposit protection scheme and measures that will help shore up liquidity of Greece's banks.
- ❑ The U.K. retail sales declined unexpectedly in June. Retail sales declined 0.2% from the previous month following a 0.3% rise in May. This was the first drop in three months.
- ❑ According to the minutes of the Bank of England's meeting held earlier this month, policymakers collectively decided to keep the policy rates unchanged. The Monetary Policy Committee voted 9-0 to retain its key rate at a record low 0.50% and asset purchase program at 375 billion pound.
- ❑ Flash survey data from Markit Economics showed that the composite Purchasing Managers' Index (PMI) of Euro zone fell to 53.7 in July from June's four-year high of 54.2. The PMI for the service sector dropped to 53.8 in July from 54.4 in June. At the same time, the manufacturing PMI fell to 52.2 in July from 52.5 in June.

Global Equity Markets

Global Indices			
Indices	24-July-15	1-Week Return	YTD Return
Dow Jones	17568.5	-2.86%	-1.43%
Nasdaq 100	4557.38	-2.24%	7.58%
FTSE 100	6579.81	-2.88%	0.21%
DAX Index	11347.5	-2.79%	16.21%
Nikkei Average	20650.9	4.40%	18.62%
Straits Times	3353.45	2.24%	-0.51%

Source: Reuters Values as on July 24, 2015

Europe

- European markets fell during the week on the back of poor economic data and weak global cues. Unexpected fall in the U.K. retail sales in June also weighed on market sentiments as it reflected lower second quarter economic growth. Sentiments dampened further after flash survey data from Markit Economics of Euro zone indicated that economic growth slowed slightly in July.

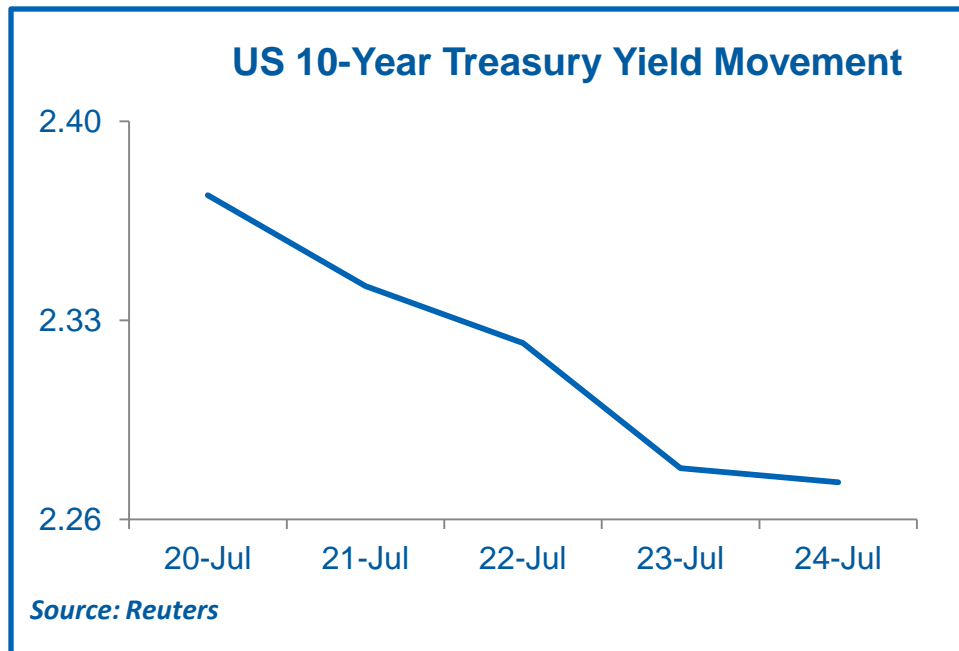
Asia

- Asian markets fell over the week due to lower commodity prices and weak earnings reports from some of the U.S. bluechip companies. Meanwhile, possibility of a rate hike by the Federal Reserve also made investors cautious. Sentiments dampened further after the flash Caixin/Markit China Manufacturing PMI contracted for the fifth straight month.

U.S.

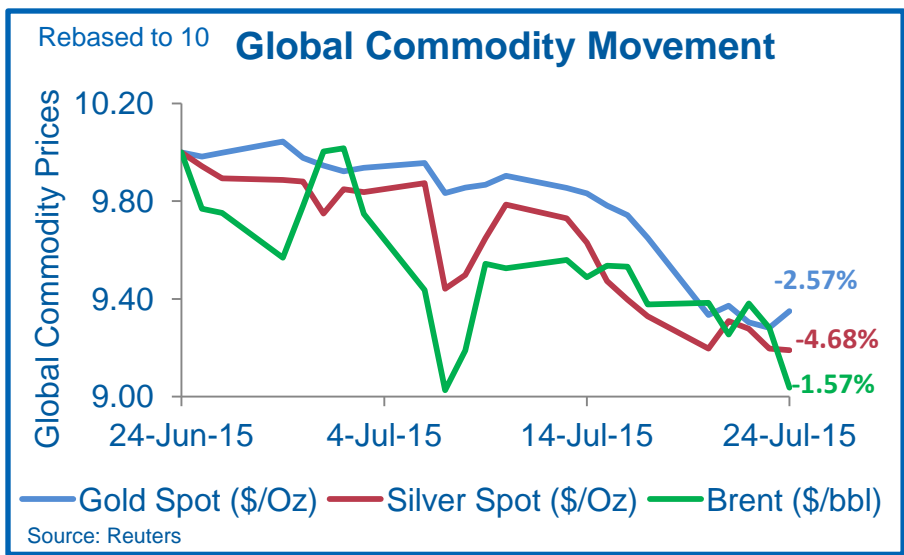
- The U.S. markets fell over the week after major blue-chip companies reported lower-than-expected earnings numbers for the second quarter. Meanwhile possibility that the Federal Reserve might raise interest rates sooner than expected also weighed on market sentiments. Positive U.S. initial weekly jobless claim data further increased such worries.

Global Debt (U.S.)



- The yield on the 10-year U.S. Treasury bond fell by 8 bps during the week to close at 2.27% compared to the previous week's close of 2.35%. The paper moved in the range of 2.27% to 2.37%.
- Initially, the U.S. Treasury prices fell on the back of hawkish comments from a top Federal Reserve (Fed) official. However, prices started increasing following weak quarterly results of some major U.S. companies. Fall in equity markets and commodities prices also supported bond markets.
- Growing expectations of a short-term interest rate hike by the Fed boosted long-term Treasury prices. Weaker-than-expected U.S. new home sales report improved the safe-haven appeal of the U.S. debt.

Commodities Market



Gold

- Gold prices fell initially following sudden selling of the metal across Shanghai and New York markets. Besides, concerns over interest rate hike by the U.S. Federal Reserve towards the end of the year weighed on the bullion prices.

Crude

- Brent crude prices fell on concerns over supply glut after the U.S. crude oil inventories unexpectedly increased. Worries over excess supply of refined products in the commodity market overshadowed fall in exports from Saudi Arabia in May and slower U.S. rig activity.

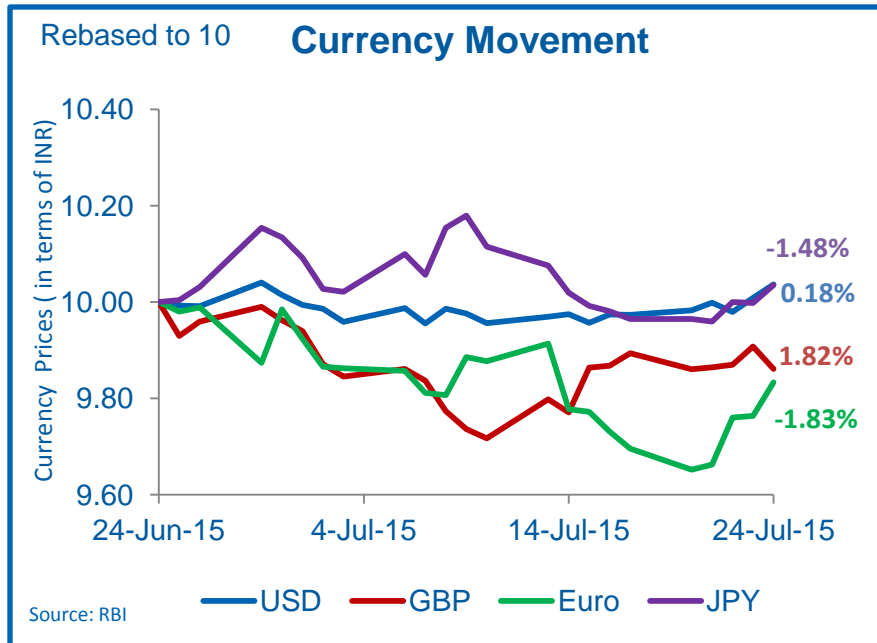
Baltic Dry Index

- The Baltic Dry Index rose during the week due to improvement in capesize and panamax activities.

Performance of various commodities		
Commodities	Last Closing	1-Week Ago
Brent Crude(\$/Barrel)	54.38	56.43
Gold (\$/Oz)	1098.35	1133.6
Gold (Rs/10 gm)	24599	25693
Silver (\$/Oz)	14.64	14.86
Silver (Rs/Kg)	33322	34207

Source: Reuters Values as on July 24, 2015

Currencies Markets



Movement of Rupee vs Other Currencies		
Currency	Last Closing	1-Wk Ago
US Dollar	63.89	63.49
Pound Sterling	99.10	99.43
EURO	70.12	69.14
JPY(per 100 Yen)	51.56	51.20

Source: RBI Figures in INR , Values as on July 24, 2015

Rupee

- The rupee fell against the dollar, tracking other Asian currencies and month-end dollar buying by state-run banks.

Euro

- The euro strengthened against the dollar as concerns over Greece eased. The euro rose further after Greek Parliament approved a second set of reforms.

Pound

- The pound weakened after retail sales in the U.K. fell unexpectedly in June. Drop in the U.S. jobless claims further hit the pound.

Yen

- The yen gained against the dollar after the Bank of Japan's Governor made positive remarks on inflation. However, gains were capped, tracking rise in bond yields and fall in jobless claims in the U.S.

The Week that was...
20th July to 24th July

The Week that was (July 20 – July 24)

Date	Events	Present Value	Previous Value
Monday, July 20	❑ China House Price Index (Jun)	-4.90%	-5.70%
	❑ Germany Producer Price Index (MoM) (Jun)	-0.10%	0.00%
Tuesday, July 21	❑ China FDI - Foreign Direct Investment (YTD) (YoY) (Jun)	8.00%	7.80%
	❑ U.K. Public Sector Net Borrowing (Jun)	£8.584B	£8.352B
Wednesday, July 22	❑ Japan All Industry Activity Index (MoM) (May)	-0.50%	0.10%
	❑ U.S. Housing Price Index (MoM) (May)	0.40%	0.40%
	❑ U.S. Existing Home Sales (MoM) (Jun)	5.49M	5.32M
Thursday, July 23	❑ U.K. Retail Sales (MoM) (Jun)	-0.20%	0.30%
	❑ U.S. Initial Jobless Claims (Jul 17)	255K	281K
	❑ U.S. CB Leading Indicator (MoM) (Jun)	0.60%	0.80%
Friday, July 24	❑ China Caixin Manufacturing PMI (Jul)Preliminary	48.2	49.4
	❑ Germany Markit PMI Composite (Jul)Preliminary	53.4	53.7
	❑ Euro Zone Markit PMI Composite (Jul)Preliminary	53.7	54.2
	❑ U.S. Markit Manufacturing PMI (Jul)Preliminary	53.8	53.6

The Week Ahead...
July 27 to July 31

The Week Ahead

Day	Event
Monday, July 27	<ul style="list-style-type: none"> <input type="checkbox"/> U.S. Durable Goods Orders (Jun) <input type="checkbox"/> Germany Import Price Index (MoM) (Jun) <input type="checkbox"/> Germany IFO - Business Climate (Jul)
Tuesday, July 28	<ul style="list-style-type: none"> <input type="checkbox"/> U.S. Markit Services PMI (Jul) Preliminary <input type="checkbox"/> U.S. Consumer Confidence (Jul)
Wednesday, July 29	<ul style="list-style-type: none"> <input type="checkbox"/> Germany Gfk Consumer Confidence Survey (Aug) <input type="checkbox"/> U.S. Pending Home Sales (MoM) (Jun) <input type="checkbox"/> U.S. Federal Reserve Interest Rate Decision
Thursday, July 30	<ul style="list-style-type: none"> <input type="checkbox"/> U.S. Gross Domestic Product Annualized (Q2) Preliminary <input type="checkbox"/> Germany Unemployment Rate s.a. (Jul) <input type="checkbox"/> Germany Consumer Price Index (YoY) (Jul) Preliminary <input type="checkbox"/> U.S. Initial Jobless Claims (Jul 24)
Friday, July 31	<ul style="list-style-type: none"> <input type="checkbox"/> U.S. Reuters/Michigan Consumer Sentiment Index (Jun) <input type="checkbox"/> Euro Zone Consumer Price Index (YoY) (Jul) Preliminary <input type="checkbox"/> Euro Zone Unemployment Rate (Jul)

Disclaimer

The views expressed herein constitute only the opinions and do not constitute any guidelines or recommendation on any course of action to be followed by the reader. This information is meant for general reading purposes only and is not meant to serve as a professional guide for the readers. Certain factual and statistical (both historical and projected) industry and market data and other information was obtained by RCAM from independent, third-party sources that it deems to be reliable, some of which have been cited above. However, RCAM has not independently verified any of such data or other information, or the reasonableness of the assumptions upon which such data and other information was based, and there can be no assurance as to the accuracy of such data and other information. Further, many of the statements and assertions contained in these materials reflect the belief of RCAM, which belief may be based in whole or in part on such data and other information. The Sponsor, the Investment Manager, the Trustee or any of their respective directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information. Whilst no action has been solicited based upon the information provided herein, due care has been taken to ensure that the facts are accurate and opinions given are fair and reasonable. This information is not intended to be an offer or solicitation for the purchase or sale of any financial product or instrument. Recipients of this information should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice, verify the contents and arrive at an informed investment decision before making any investments. None of the Sponsor, the Investment Manager, the Trustee, their respective directors, employees, affiliates or representatives shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way from the information contained in this material. The Sponsor, the Investment Manager, the Trustee, any of their respective directors, employees including the fund managers, affiliates, representatives including persons involved in the preparation or issuance of this material may from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) / specific economic sectors mentioned herein.

Statutory Details: Reliance Mutual Fund has been constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882. Sponsor: Reliance Capital Limited. **Trustee:** Reliance Capital Trustee Company Limited. **Investment Manager:** Reliance Capital Asset Management Limited (Registered Office of Trustee & Investment Manager: 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Koparkhairne, Navi Mumbai - 400 710, Maharashtra). The Sponsor, the Trustee and the Investment Manager are incorporated under the Companies Act 1956. The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution of Rs.1 lakh towards the setting up of the Mutual Fund and such other accretions and additions to the corpus. **Mutual fund investments are subject to market risks. Please read the Scheme Information Document and Statement of Additional Information carefully before investing.**

All information contained in this document has been obtained by ICRA Online Limited from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA Online Limited or its affiliates or group companies and its respective directors, officers, or employees in particular, makes no representation or warranty, express or implied, as to the accuracy, suitability, reliability, timelines or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and ICRA Online Limited, or its affiliates or group companies and its respective directors, officers, or employees shall not be liable for any losses or injury, liability or damage of any kind incurred from and arising out of any use of this document or its contents in any manner, whatsoever. Opinions expressed in this document are not the opinions of our holding company, ICRA Limited (ICRA), and should not be construed as any indication of credit rating or grading of ICRA for any instruments that have been issued or are to be issued by any entity.

RELIANCE

Thank you

RELIANCE