

June 29, 2017

## Equity Market Update

Indian Indices	Px Last	Change in %		52 Week		PE
		1 Day	1 Month	High	Low	
S&P BSE Sensex	30834	-0.40	-0.62	31523	25718	22.53
Nifty 50	9491	-0.21	-1.08	9709	7894	24.15
S&P BSE Midcap	14503	0.23	-0.12	15123	11449	30.69
S&P BSE 100	9811	-0.15	-0.93	10039	8085	22.21
S&P BSE 200	4126	-0.10	-0.66	4224	3379	23.14
Nifty Free Float	17523	0.39	-0.36	18512	13567	30.73
Midcap 100						
Nifty 500	8280	-0.07	-0.63	8496	6712	27.55

Sector Indices	Px Last	Change in %		52 Week		PE
		1 Day	1 Month	High	Low	
S&P BSE Auto	23490	0.11	-1.35	24533	19164	22.63
S&P BSE Metal	11139	1.62	-2.40	12307	8330	27.25
S&P BSE Oil	13197	-0.79	-7.07	14746	9558	11.15
S&P BSE Healthcare	13998	0.12	2.99	16866	13073	27.22
S&P BSE IT	9772	0.30	-6.03	11316	9123	16.31
S&P BSE CD	15676	-1.22	1.81	16827	10502	36.26
S&P BSE PSU	8089	0.08	-7.49	9216	6599	19.34
S&P BSE FMCG	10126	-0.67	1.09	10333	7653	41.36
S&P BSE CG	17031	-0.25	-4.83	18207	13255	29.36
Nifty Bank	23236	0.08	-0.54	23898	17581	26.12
S&P BSE Realty	2033	0.56	2.81	2130	1163	54.23

Global Indices	Px Last	Change in %		52 Week		PE
		1 Day	1 Month	High	Low	
Dow Jones	21455	0.68	1.78	21535	17456	19.90
S&P 500	2441	0.88	1.03	2454	2043	21.44
Nasdaq	6234	1.43	0.39	6342	4732	22.56
FTSE 100	7388	-0.63	-2.12	7599	6140	24.27
CAC 40	5253	-0.11	-1.57	5442	4062	16.13
DAX	12647	-0.19	0.36	12952	9304	14.97
Nikkei	20130	-0.47	2.25	20318	15107	17.35
Hang Seng	25684	-0.61	0.17	26090	20217	13.74
Shanghai Comp.	3173	-0.56	2.03	3301	2915	14.56

F&O Trends	Px Last	Previous	Change %
Near Futures	9,495.60	9,513.00	-0.18
Near Basis	4.35	1.60	171.88
Mid Futures	9,508.75	9,527.40	-0.20
Mid Basis	17.50	16.00	9.38
Near Open Interest (Cr.)	1.04	1.33	-21.33
Mid Open Interest (Cr.)	1.47	1.17	26.35
Rollover (%)	59.60	47.81	24.64

Volatility	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
CBOE VIX	10.03	-9.31	2.24	23.01	9.37
Nifty VIX	11.99	-4.14	10.38	23.09	8.76

Fund Flow	Amount in Rs. Crore				
	Nature	Gross Pur.	Gross Sale	Net	YTD
<b>FIs</b>					
Equity		7896.55	6954.86	941.69	54449.69
Debt		994.89	249.31	745.58	92005.30
<b>MF<sup>1</sup></b>					
Equity		2322.09	2050.53	271.56	38648.68
Debt		8290.07	6426.01	1864.06	197061.27

<sup>1</sup> As on 22<sup>nd</sup> June 2017

## Indian Equity Market

- Indian equity markets closed in the red for the third consecutive session as the banking sector continued to remain under pressure on Reserve Bank of India's order for higher provisioning for loans submitted under the insolvency process. Also, investors stayed on the sidelines ahead of Jun's futures & options expiry. Further, concerns of bloated valuations following a record-breaking rally lowered the risk appetite, thereby hurting investor sentiment.
- Key benchmark indices S&P BSE Sensex and Nifty 50 fell 0.40% and 0.21% to close at 30,834.32 and 9,491.25, respectively. S&P BSE Small-Cap and S&P BSE Mid-Cap grew 0.13% and 0.23%, respectively.
- On the BSE sectoral front, indices closed on a mixed note. The highest gainer was S&P BSE Metal, up 1.62%, trailed by S&P BSE Telecom (1.11%), S&P BSE Basic Materials (0.77%), S&P BSE Power (0.64%), S&P BSE Realty (0.56%), and S&P BSE Utilities (0.51%).

## Indian Economy

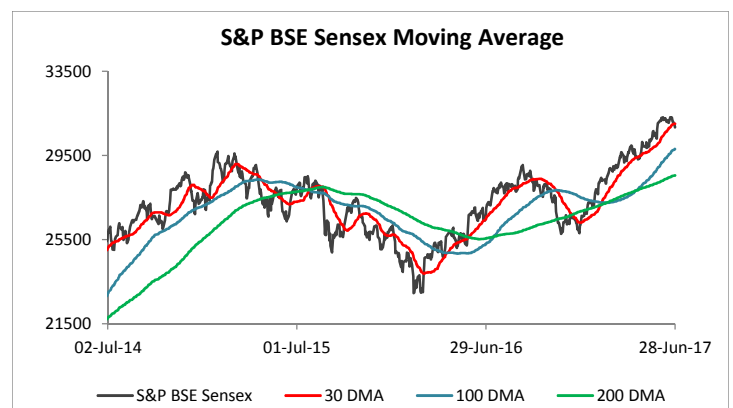
- The government approved the recommendations of the 7th Central Pay Commission on allowances with 34 modifications. The move is expected to benefit 48 lakh central government employees.
- Securities and Exchange Board of India (SEBI) has allowed companies' promoters to sell shares within two weeks from the offer-for-sale (OFS) transaction to their employees, thereby relaxing OFS norms. Currently, promoters are not allowed to buy or sell the company's shares for 12 weeks after the OFS. The modification in the norm is done in order to streamline the process of OFS that aims at encouraging greater participation by employees.
- SEBI proposed relaxation in entry norms for foreign portfolio investors (FPIs) who are willing to invest directly in Indian markets rather than through participatory notes.

## Global Equity Market

- As per the last close, U.S. market closed higher as market participants bought stocks at lower levels following yesterday's weakness.
- As per the last close, European market closed lower as technology stocks fell after a worldwide cyber-attack.
- Asian markets closed lower as investors lost confidence after the U.S. Senate postponed a vote on healthcare bill until after the Jul 4 holiday. Sentiment dented further after the European Union regulators fined a technology major for breaching anti-trust rules, a huge global cyberattack struck IT systems across several business units and regions. Today (As on Jun 29), Asian market opened higher following rise on the Wall Street overnight.

## Indian Derivative Market

- Nifty Jun 2017 Futures were at 9,495.60, a premium of 4.35 above the spot closing of 9,491.25. Turnover on NSE's Futures and Options segment went down from Rs. 8,26,122.80 crore on Jun 27 to Rs. 7,83,852.04 crore on Jun 28.
- The Put-Call ratio stood at 0.84 compared with the previous session's close of 0.88.
- The Nifty Put-Call ratio stood at 1.01 compared with the previous session's close of 0.98.
- India VIX moved down 4.14% to 11.9900 from 12.5075 in the previous trading session.
- The open interest on Nifty Futures stood at 25.84 million as against previous session's close of 25.43 million.



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## Debt Market Update

Policy Rates (%)	28-Jun-17	Wk Ago	Mth Ago	Yr Ago
Reverse Repo	6.00	6.00	6.00	6.00
Repo	6.25	6.25	6.25	6.50
CRR	4.00	4.00	4.00	4.00
SLR	20.00	20.50	20.50	21.25
Bank Rate	6.50	6.50	6.50	7.00

Daily Rates (%)	28-Jun-17	Wk Ago	Mth Ago	Yr Ago
FBIL MIBOR	6.25	6.25	6.19	6.42
CALL	6.05	6.10	6.03	6.27
CBLO	6.19	6.23	5.00	6.26
OIS- 1 Yr	6.23	6.20	6.41	6.55
OIS- 5 Yr	6.26	6.20	6.55	6.64

Liquidity Indicators (in Rs. Cr.)	28-Jun-17	Wk Ago	Mth Ago	Yr Ago
Govt Securities	52,734	78,555	52,225	70,133
Call Money	8,645	14,032	15,966	13,077
CBLO	116,431	105,867	66,438	79,818
LAF	2,052	-2,534	-45,045	-23,885
Treasury Bills	15,031	10,227	2,171	3,313

Top 5 Traded G-Sec	Maturity	Yield %		Change %
		Closing	Previous	
06.79 GS 2029	26-Dec-29	6.79	6.74	0.82
06.79 GS 2027	15-May-27	6.50	6.46	0.54
06.97 GS 2026	06-Sep-26	6.69	6.64	0.72
07.61 GS 2030	09-May-30	6.92	6.87	0.76
06.84 GS 2022	19-Dec-22	6.58	6.54	0.56

Certificate of Deposit (%)	28-Jun-17	Wk Ago	Mth Ago	Yr Ago
3-Month	6.35	6.35	6.40	6.84
6-Month	6.52	6.49	6.64	7.15
9-Month	6.60	6.57	6.76	7.30
12-Month	6.69	6.66	6.87	7.46

Commercial Paper (%)	28-Jun-17	Wk Ago	Mth Ago	Yr Ago
3-Month	6.69	6.71	6.70	7.79
6-Month	6.92	6.91	6.96	8.06
9-Month	7.05	7.04	7.11	8.17
12-Month	7.19	7.18	7.26	8.28

Govt. Borrowing Program	Scheduled (Amt in Rs. Cr.)	Completed	Cut-off YTM
091-Day T-Bills	8,000	8,000	6.27%
182-Day T-Bills	6,000	6,000	6.33%

Key Indicators	
GDP (Q4 FY'17)	6.10%
Manufacturing PMI (May'17)	51.60
Current Account Deficit (Q4 of FY17, in \$ Billion)	-3.40
Fiscal Deficit (FY2017, as a % of GDP)	3.51%
Credit Growth (June 09, 2017)	6.03%
Deposit Growth (June 09, 2017)	11.19%

## Indian Debt Market

- Bond yields rose for the fourth straight day as rise in global bond yields dampened the demand for emerging market debt.
- Yield on the 10-year benchmark paper (6.79% GS 2027) increased 4 bps to close at 6.50% from the previous close 6.46%. During the session, bond yields traded in the range of 6.47% and 6.50%.
- Banks' borrowings under the repo window of the Liquidity Adjustment Facility (LAF) stood at Rs. 2,052 crore (gross) on Jun 28, down from Rs. 2,145 crore (gross) borrowing on Jun 27. Sale of securities under Reserve Bank of India's (RBI) reverse repo window stood at Rs. 18,342 crore on Jun 27.
- Banks borrowed Rs. 100 crore under the central bank's Marginal Standing Facility on Jun 27, compared with a Rs. 250 crore borrowing on Jun 23.
- RBI conducted the auction of 91- and 182-days Treasury Bills for the notified amount of Rs. 8,000 crore and Rs. 6,000 crore, respectively. The cut-off for 91- and 182-days T-Bill stood at Rs. 98.46 (6.27%) and Rs. 96.94 (6.33%), respectively.
- RBI conducted a 28-day variable rate reverse repo auction for a notified amount of Rs. 10,000 crore for which no bids were received.

## Spread Analysis

- Yields on gilt securities increased across the maturities by up to 8 bps. The maximum increase was witnessed on 19-year paper.
- Corporate bond yields increased across the maturities by up to 4 bps. The maximum increase was witnessed on 5-year paper.
- Spread between AAA corporate bond and gilt contracted across the maturities in the range of 2 bps to 4 bps, barring 5-year paper that expanded 1 bps. Spread on 1-, 4-, and 15-year maturities closed steady.

## Govt. Borrowing Program FYTD

Description	Scheduled	Completed	% Completed
	(Amt in Rs. Cr.)		
Week: June 27-30	15,000	0	0.00%
Month: June 2017	60,000	45,000	75.00%
H1: Apr'17-Sep'17	372,000	164,784	44.30%

## Maturity Bucket Wise Govt. Borrowing

Description	Scheduled H1'18	Completed H1'18
5 to 9 Yrs	22.58%	40.48%
10 to 14 Yrs	44.09%	47.43%
Long Dated (above 14 Yrs)	33.33%	42.74%

## Upcoming Issuances

Name	Tenure	Amt in Rs. Cr.
GOI FRB 2024	8 Yrs	3,000
6.79 GS 2027	10 Yrs	8,000
7.73 GS 2034	19 Yrs	2,000
7.06 GS 2046	30 Yrs	2,000

## Corporate Bond Spread Matrix (in bps)

Period	AAA	AA+	AA
1 Yr	44.90	65.90	86.90
3 Yr	53.30	71.30	96.30
5 Yr	46.40	60.40	86.40
10 Yr	71.60	83.60	120.60

Key Indicators	Current	Previous
WPI (May'17)	2.17%	3.85%
CPI (May'17)	2.18%	2.99%
IIP (Apr'17)	3.10%	2.70%
Trade Deficit(In \$ billion-May 17)	-13.84	-13.25

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

Refer disclaimer at the end of the report

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## Commodity Market Update

International Commodities	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
Gold (\$/oz)	1249	0.15	-1.41	1366	1128
Silver (\$/oz)	17	0.66	-3.34	21	16
NYMEX Crude(\$/bbl)	45	1.11	-9.77	54	39
Brent Crude(\$/bbl)	46	0.71	-7.90	56	40
Baltic Dry Index	929	2.88	1.86	1338	631
RJ/CRB Index	171	0.57	-6.06	195	167

Indian Commodities	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
Gold (10 gm)	28,797	0.21	0.05	31,529	27,172
Silver (1 kg)	38,864	0.85	-1.95	48,049	37,744
Crude Oil (1 bbl)	2,852	1.86	-9.58	3,688	2,638
Natural Gas (1 mmbtu)	196	0.20	-4.67	693	171
Aluminium (1 kg)	122	1.46	-3.37	129	103
Copper (1 kg)	376	0.70	1.83	3,082	112
Nickel (1 kg)	589	0.86	1.24	803	561
Lead (1 kg)	146	0.90	8.30	169	117
Zinc (1 kg)	176	0.34	4.10	200	139
Mentha Oil (1 kg)	1,008	-0.39	-5.23	1,169	905
Cotton (1 bales)	20,230	0.00	-1.27	23,720	18,240

### MF Schemes Category-wise Performance (%)

Category-Equity	1 Week	1 Month	6 Month	1 Year	3 Year	5 Year
Large Cap	-1.75	-1.02	18.67	18.53	11.17	15.65
Small/Mid Cap	-2.75	0.28	24.24	27.65	20.35	25.47
Diversified	-1.87	-0.45	19.78	20.82	13.15	17.27
Balanced	-1.40	0.14	15.10	17.66	12.50	16.05
Banking	-2.27	0.41	30.81	33.89	17.29	18.54
FMCG	-1.46	-0.15	27.19	20.13	18.21	16.80
Pharma	-0.68	3.86	-2.34	-6.69	9.79	17.54
Technology	-1.38	-2.30	1.12	-4.07	5.58	14.20
Infrastructure	-2.59	-1.92	22.57	26.23	12.32	15.70
Gold Funds	0.21	-0.78	3.10	-9.73	-0.23	-1.79
Nifty 50	-1.48	-1.08	18.13	16.77	8.11	13.00
S&P BSE Sensex	-1.44	-0.62	17.64	16.25	7.09	12.65
S&P BSE 500	-1.88	-0.56	20.89	21.08	10.67	14.91
S&P BSE Midcap	-2.34	-0.12	23.27	26.56	16.33	19.07
CRISIL Balanced	-1.04	-0.23	13.12	15.13	9.33	12.05

Less than 1 yr return are absolute and greater than 1 yr returns are CAGR

Category-Debt	1 Week	1 Month	6 Month	1 Year	SI
Liquid	6.29	6.22	6.13	6.51	7.35
Ultrashort Bond	4.67	7.53	6.50	7.46	7.72
Short-T Bond	-1.36	10.70	7.06	8.95	8.15
Long-T Bond	-7.26	13.81	7.79	10.44	8.70
Long T Govt Sec	-23.29	21.60	8.54	13.56	8.65
Crisil Liquid	6.40	6.62	6.63	6.88	6.80
Crisil ST Bond	-0.96	9.66	7.55	8.94	7.32
Crisil Composite	-11.46	15.92	8.48	11.64	7.22
NSE G-Sec Comp	--	--	--	--	--

Less than 1 yr return are simple annualised and greater than 1 yr returns are CAGR

## Commodity Market

- Gold prices rose following weakness in the greenback after a U.S. Senate vote on a healthcare bill was pushed to next month. This dampened investor risk sentiment as market participants remained skeptical about the U.S. President's ability to pass economic stimulus measures. Gold prices were last seen trading at \$1,251.61 per ounce compared with the previous close of \$1,246.97 per ounce.
- Brent crude prices fell after report by the American Petroleum Institute showed that U.S. crude inventories rose by 851,000 barrels in the week to Jun 23. Oil prices were last seen trading at \$45.93 per barrel, down 0.50% compared with the previous close of \$46.16 per barrel.

## International Market Update

- According to the Conference Board, U.S. consumer confidence index surpassed market expectations and grew to 118.9 in Jun 2017 from a downwardly revised score of 117.6 in May 2017. The upside reflects improvement in consumers' assessment of current conditions with present situation index surging to 146.3 in Jun from 140.6 in May.
- Deputy governor of the Bank of England has stated that this is not the correct time to adjust interest rates. According to the deputy governor, the 2% inflation target is not a "comfortable place", and tracking the evolution of the inflation level would be necessary.
- A report from Destatis showed that Germany's import price inflation grew 4.1% on YoY basis in May 2017 slower than 6.1% in Apr 2017. Excluding energy, imports prices grew 3.0% on YoY basis. Import prices fell 1% on MoM basis in May.

## Mutual Fund & Insurance Update

- Reliance AIF Asset Management Co. Ltd. has decided to raise its first equity-focused alternative investment fund (AIF), called Reliance Equity Opportunities AIF-Scheme 1, of up to Rs.1,000 crore.
- Mutual funds bought equity worth Rs. 2322.09 crore as against sale of Rs. 2050.53 crore as on Jun 22, 2017. This led to a net buy of Rs. 271.56 crore compared with a net buy of Rs. 131.80 crore on Jun 21, 2017.
- In the debt space, mutual funds bought to the tune of Rs. 8290.07 crore as against sale of Rs. 6426.01 crore as on Jun 22, 2017. This meant a net purchase of Rs. 1864.06 crore compared with a net sale of Rs. 229.09 crore on Jun 21, 2017.

## Dividend Update

- Kotak Mahindra Mutual Fund has declared Jun 29, 2017, as the record date for declaration of dividend under the dividend option of Kotak Tax Saver (Regular Plan and Direct Plan).
- Reliance Mutual Fund has declared Jul 3, 2017, as the record date for declaration of dividend under the dividend option of Reliance Interval Fund - Quarterly Interval Fund - Series I - Dividend Option, Reliance Interval Fund - Quarterly Interval Fund - Series I - Institutional Plan - Dividend Option, Reliance Interval Fund - Quarterly Interval Fund - Series I - Direct Plan - Dividend Option and Reliance Fixed Horizon Fund - XXVI - Series 32 - Dividend Payout Option.

## NFO Update

- ICICI Prudential Mutual Fund has extended the NFO period of ICICI Prudential Fixed Maturity Plan - Series 81 - 1141 Days Plan N till Jun 29, 2017.

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## Currency Market Update

### Currency Spot

Currency	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
USD/INR	64.55	0.04	0.17	68.87	63.92
EUR/INR	73.38	0.39	1.73	76.25	67.92
YEN(100)/INR	57.43	0.09	-0.84	67.36	56.22
SGD/INR	46.66	0.42	-0.04	50.28	45.58
EUR/USD	1.14	0.34	1.73	1.14	1.03
GBP/USD	1.29	0.86	0.95	1.35	1.15
JPY/USD	0.01	0.05	-0.86	0.01	0.01
SGD/USD	0.72	0.35	-0.04	0.69	0.75

### Currency Futures (MCX-SX)

Currency	Closing	Chg % 1 Day	Open Interest	Chg % 1 Day
USD/INR	64.52	-0.02	130,025	-2.56
EUR/INR	73.34	0.95	106	-34.57
GBP/INR	82.67	0.46	523	-21.23
JPY/INR	57.47	-0.48	332	-22.97

RBI Reference rate	Current	Previous	Chg % 1 Day
USD	64.53	64.46	0.11
GBP	82.66	82.08	0.71
EURO	73.38	72.19	1.64
100 Yen	57.44	57.71	-0.47

## Currency Update

- The Indian rupee inched down against the greenback following losses in the domestic equity market. Month-end dollar demand from oil importers also weighed on the domestic currency. The rupee ended at 64.55 per dollar, down 0.04% compared with the previous close of 64.53.
- The euro inched up against the greenback on growing possibility that the European Central Bank (ECB) may start tightening its monetary stimulus program. However, gains were capped after ECB suggested that financial markets had misinterpreted comments from ECB governor regarding rise in inflation. Euro was trading at \$1.1339, up 0.02% compared with the previous close of \$1.1337.

## Global Economy

- According to report from the European Central Bank, eurozone's broad monetary aggregate M3 came in line with market expectations and grew 5% on YoY basis in May 2017 as against a gain of 4.9% in Apr 2017.
- According to a report from Nationwide Building Society, U.K. house prices came in better than market expectations and increased in Jun 2017 after declining for three months in a row. House prices went up 1.1% on MoM basis after experiencing a decline of 0.2% in May 2017. Meanwhile, on an annual basis, house prices grew 3.1% in Jun from 2.1% in May, thereby marking a three-month high.
- The Bank of England plans to raise capital requirement of lenders amid consumer credit growth. With effect from Jun 2018, Financial Policy Committee would lift the countercyclical capital buffer to 0.5% from 0%. The bank expects to increase the rate again to 1% at its meeting in Nov 2018 in case there is no material change in the outlook.

## Events Calendar

Event	Date	Event	Date
Nikkei India Manufacturing PMI (May)	01-Jun-17	Consumer Price Index (May)	12-Jun-17
Nikkei India Service PMI (May)	05-Jun-17	Wholesale Price Index (May)	14-Jun-17
Second Bi-monthly Monetary Policy Statement for 2017-18	07-Jun-17	Forex Reserves	30-Jun-17
Index of Industrial Production (Apr)	12-Jun-17	Index of Eight Core Industries (May)	30-Jun-17

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