

February 06, 2018

Equity Market Update

Indian Indices	Px Last	Change in %		52 Week		PE
		1 Day	1 Month	High	Low	
S&P BSE Sensex	34757	-0.88	1.77	36444	28102	24.51
Nifty 50	10667	-0.87	1.02	11172	8713	25.78
S&P BSE Midcap	16560	-0.09	-8.36	18321	13160	39.41
S&P BSE 100	11036	-0.71	-0.52	11595	8987	24.21
S&P BSE 200	4645	-0.66	-1.41	4894	3771	25.27
Nifty Free Float	19722	-0.20	-8.27	21841	15770	45.79
Midcap 100	9344	-0.70	-2.39	9895	7520	30.66

Sector Indices	Px Last	Change in %		52 Week		PE
		1 Day	1 Month	High	Low	
S&P BSE Auto	25398	0.73	-4.34	27031	21221	28.42
S&P BSE Metal	14928	-0.56	-4.61	16121	10736	27.68
S&P BSE Oil	15671	0.02	-3.03	16727	12848	13.01
S&P BSE Healthcare	14075	0.05	-5.61	15612	12513	32.64
S&P BSE IT	12458	-0.29	11.27	13126	9571	18.77
S&P BSE CD	21308	-0.11	-10.27	24238	12951	44.47
S&P BSE PSU	8756	0.38	-5.31	9657	8013	20.34
S&P BSE FMCG	10706	0.20	-0.07	11047	8717	42.38
S&P BSE CG	19410	-2.65	-2.39	20883	15076	31.51
Nifty Bank	26099	-1.33	1.94	27652	20000	29.40
S&P BSE Realty	2415	-0.36	-7.81	2828	1416	68.36

Global Indices	Px Last	Change in %		52 Week		PE
		1 Day	1 Month	High	Low	
Dow Jones	24346	-4.60	-3.76	26617	20003	25.89
S&P 500	2649	-4.10	-3.43	2873	2285	23.39
Nasdaq	6968	-3.78	-2.37	7506	5649	25.42
FTSE 100	7335	-1.46	-5.04	7793	7097	19.51
CAC 40	5286	-1.48	-3.38	5567	4734	16.24
DAX	12687	-0.76	-4.75	13597	11480	15.37
Nikkei	22682	-2.55	-4.35	24129	18225	17.83
Hang Seng	32245	-1.09	4.64	33484	23150	14.69
Shanghai Comp.	3487	0.73	2.82	3587	3017	16.11

F&O Trends	Px Last	Previous	Change %
Near Futures	10,684.60	10,755.90	-0.66
Near Basis	18.05	-4.75	-480.00
Mid Futures	10,705.70	10,774.10	-0.63
Mid Basis	39.15	13.50	190.00
Near Open Interest (Cr.)	2.19	2.28	-4.14
Mid Open Interest (Cr.)	0.09	0.09	-0.60
Rollover (%)	4.19	3.96	5.83

Volatility	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
CBOE VIX	37.32	115.60	304.77	38.80	8.56
Nifty VIX	16.05	5.26	16.30	18.50	8.76

Fund Flow	Amount in Rs. Crore				
	Nature	Gross Pur.	Gross Sale	Net	YTD
FII's					
Equity		8286.24	6996.34	1289.90	15972.32
Debt		1318.12	585.40	732.72	11325.84
MF¹					
Equity		1448.74	397.88	1050.86	7386.40
Debt		4296.16	4353.58	-57.42	19538.73

¹ As on 30th January 2018

Indian Equity Market

- Indian equity markets slumped amid concerns over inflationary pressure, which may prompt the Monetary Policy Committee to raise interest rates soon. Investors were worried about the finance minister's statement in the Union Budget FY19 regarding increase of government spending for rural areas and support to farmers, while slowing the pace of fiscal consolidation. A cautious stance by the Reserve Bank of India would further increase the probability of interest rate increases in the coming fiscal year.
- Key benchmark indices S&P BSE Sensex and Nifty 50 fell 0.88% and 0.87% to close at 34,757.16 and 10,666.55, respectively. Meanwhile, S&P BSE Mid-Cap and S&P BSE Small-Cap slipped 0.09% and 0.37%, respectively.
- On the BSE sectoral front, majority of the indices closed in the red. S&P BSE Capital Goods was the major loser, down 2.65%, followed by S&P BSE Finance and S&P BSE Bankex, which fell 1.53% and 1.11%, respectively.

Indian Economy

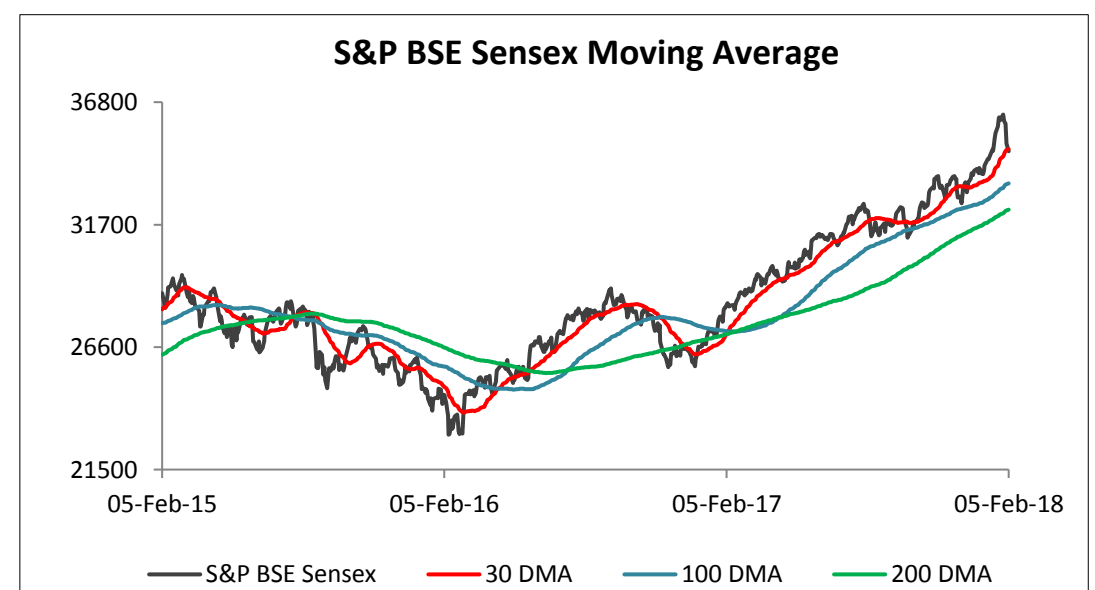
- The Nikkei India Services Purchasing Managers' Index (PMI) Business Activity Index rose to 51.7 in Jan 2018 from 50.9 in Dec 2017. This marked the fastest growth in a three-month period. The upside was driven by a renewed increase in new business. However, though growth rates for activity and employment accelerated since Dec, it remained weaker than their respective long-run survey averages. Meanwhile, the Nikkei India composite PMI output index fell to 52.5 in Jan from 53.0 in Dec.
- The government announced that the proposed long-term capital gains tax on equity holdings will apply on profits made from sale of shares on or after Apr 1, 2018. However, it stated that the acquisition cost for the purpose of computing the capital gains will be the higher of the actual purchase price or the maximum traded price on Jan 31, 2018.

Global Equity Market

- As per the last close, U.S markets plunged as investors continued to react negatively over concern about higher interest rates.
- As per the last close, European market ended lower as losses extended due to concerns of rate hike by the U.S. Federal Reserve after release of upbeat U.S. jobs data.
- Asian markets traded low following loss in the U.S. markets over the weekend. Additionally, strong jobs data in the U.S. exaggerated rate-hike. However, downside was limited due to upbeat China's private sector activity and Japan's service sector activity in Jan 2018. Today (As of Feb 6), Asian markets opened lower following losses in the Wall Street amid a stronger than expected jobs report that sent interest rates higher.

Indian Derivative Market

- Nifty Feb 2018 Futures were at 10,684.6 points, a premium of 18.05 points above the spot closing of 10,666.55. The turnover on NSE's Futures and Options segment went down from Rs. 7,24,402.25 crore on Feb 2 to Rs. 5,89,594.95 crore on Feb 5.
- The Put-Call ratio stood at 0.73 against previous session's close of 0.79.
- The Nifty Put-Call ratio stood at 1.10 against previous session's close of 1.09.
- India VIX moved up 5.26% to 16.0525 from 15.2500 in the previous trading session.
- Open interest on Nifty Futures stood at 22.86 million as against the previous session's close of 23.79 million.



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Debt Market Update

Policy Rates (%)	05-Feb-18	Wk Ago	Mth Ago	Yr Ago
Reverse Repo	5.75	5.75	5.75	5.75
Repo	6.00	6.00	6.00	6.25
CRR	4.00	4.00	4.00	4.00
SLR	19.50	19.50	19.50	20.50
Bank Rate	6.25	6.25	6.25	6.75

Daily Rates (%)	05-Feb-18	Wk Ago	Mth Ago	Yr Ago
FBIL MIBOR	6.00	6.00	5.98	6.19
CALL	5.86	5.89	5.88	6.00
CBLO	5.80	5.87	4.79	4.53
OIS- 1 Yr	6.58	6.45	6.43	6.19
OIS- 5 Yr	6.94	6.72	6.71	6.31

Liquidity Indicators (in Rs. Cr.)	05-Feb-18	Wk Ago	Mth Ago	Yr Ago
Govt Securities	18,355	30,262	52,738	40,676
Call Money	11,832	15,973	20,079	18,917
CBLO	134,004	151,818	89,455	58,712
LAF	2,540	-12,265	-43,953	-15,714
Treasury Bills	479	460	525	2,618

Top 5 Traded G-Sec	Maturity	Yield %		Change %
		Closing	Previous	
06.79 GS 2027	15-May-27	7.78	7.76	0.34
06.68 GS 2031	17-Sep-31	7.89	7.84	0.56
07.17 GS 2028	08-Jan-28	7.60	7.56	0.57
06.84 GS 2022	19-Dec-22	7.43	7.42	0.07
07.61 GS 2030	09-May-30	7.89	7.89	0.00

Certificate of Deposit (%)	05-Feb-18	Wk Ago	Mth Ago	Yr Ago
3-Month	7.25	7.20	6.77	6.40
6-Month	7.43	7.34	7.02	6.46
9-Month	7.49	7.40	7.06	6.50
12-Month	7.56	7.46	7.10	6.55

Commercial Paper (%)	05-Feb-18	Wk Ago	Mth Ago	Yr Ago
3-Month	7.76	7.79	7.24	7.00
6-Month	7.93	7.94	7.45	7.29
9-Month	8.00	8.01	7.53	7.37
12-Month	8.08	8.09	7.61	7.45

Govt. Borrowing Program	Scheduled (Amt in Rs. Cr.)	Completed	Cut-off YTM
6.84% GS 2022	3,000	0	--
7.17% GS 2028	8,000	0	--

Key Indicators	
GDP (Q2 FY'18)	6.30%
Manufacturing PMI (Jan'18)	52.40
Current Account Deficit (Q2 of FY18, in \$ Billion)	7.20
Fiscal Deficit (FY 2017, as a % of GDP)	3.50%
Credit Growth (Jan 19, 2018)	10.58%
Deposit Growth (Jan 10, 2018)	5.10%

Indian Debt Market

- Bond yields rose as investors were cautious ahead of the Monetary Policy Committee's policy review meeting that is scheduled on Feb 6 and Feb 7.
- Yield on the 10-year benchmark paper (7.17% GS 2028) rose 4 bps to close at 7.60% as against previous session's close of 7.56%. During the session, bond yields traded in the range of 7.57% and 7.62%.
- Yield on the old 10-year benchmark paper (6.79% GS 2027) rose 2 bps to close at 7.78% as against previous session's close of 7.76%. During the session, bond yields traded in the range of 7.75% and 7.81%.
- Banks' borrowings under the repo window of the Liquidity Adjustment Facility (LAF) stood at Rs. 2,540 crore (gross) on Feb 5 compared with Rs. 2,907 crore on Feb 2. Sale of securities under Reserve Bank of India's (RBI) reverse repo window stood at Rs. 57,465 crore on Feb 2.
- Banks borrowed Rs. 70 crore under the central bank's Marginal Standing Facility on Feb 2 as against borrowing of Rs. 202 crore on Jan 31.
- RBI conducted a 11-day variable rate reverse repo auction for a notified amount of Rs. 25,000 crore for which Rs. 2,875 crore was allotted at a cut-off rate of 5.99%.
- RBI conducted a 7-day variable rate reverse repo auction for a notified amount of Rs. 40,000 crore for which Rs. 18,590 crore was allotted at a cut-off rate of 5.99%.

Spread Analysis

- Yields on gilt securities fell by 4 bps for 1- year paper and stood unchanged for 5-year paper. Yield on all other papers rose by up to 5 bps.
- Corporate bond yields rose across the curve in the range of 1 to 3 bps, barring 4-year maturity that stood unchanged.
- Spread between AAA corporate bond and gilt contracted in the range of 1 to 3 bps for 4-, 6-, 8-, 10- and 15-year papers, while it rose by up to 7 for 1-, 5- and 9-year papers.

Govt. Borrowing Program FYTD

Description	Scheduled	Completed	% Completed
	(Amt in Rs. Cr.)		
Week: Jan 29-Feb 02	11,000	0	0.00%
Month: Feb 2017	30,000	0	0.00%
Q4: Jan'18-Mar'18	93,000	52,000	55.91%

Maturity Bucket Wise Govt. Borrowing

Description	Scheduled Q4'18	Completed Q4'18
5 to 9 Yrs	20.43%	78.95%
10 to 14 Yrs	52.69%	67.35%
Long Dated (above 14 Yrs)	26.88%	16.00%

Upcoming Issuances

Name	Tenure	Amt in Rs. Cr.
Treasury Bills	91-Days	7,000
Treasury Bills	182-Days	3,000
Treasury Bills	364-Days	4,000

Corporate Bond Spread Matrix (in bps)

Period	AAA	AA+	AA
1 Yr	98.60	112.60	132.60
3 Yr	52.10	74.10	96.10
5 Yr	33.10	53.10	77.10
10 Yr	34.80	51.80	80.80

Key Indicators	Current	Previous
WPI (Dec'17)	3.58%	3.93%
CPI (Dec'17)	5.21%	4.88%
IIP (Nov'17)	8.40%	2.00%
Trade Deficit(In \$ billion-Dec 17)	-14.88	-13.83

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Commodity Market Update

International Commodities	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
Gold (\$/oz)	1339	0.47	1.47	1358	1198
Silver (\$/oz)	17	0.88	-2.82	19	16
NYMEX Crude(\$/bbl)	64	-2.02	4.43	66	42
Brent Crude(\$/bbl)	67	0.36	-1.65	71	43
Baltic Dry Index	1082	-1.19	-21.08	1743	685
RJ/CRB Index	198	0.49	2.31	201	167

Indian Commodities	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
Gold (10 gm)	30,267	-0.61	2.80	30,551	27,719
Silver (1 kg)	38,710	-1.25	0.17	43,398	35,660
Crude Oil (1 bbl)	4,194	0.19	6.69	4,194	2,748
Natural Gas (1 mmbtu)	182	0.39	-0.11	223	167
Aluminium (1 kg)	143	0.00	2.15	144	120
Copper (1 kg)	450	0.06	-1.25	468	134
Nickel (1 kg)	884	0.00	11.58	884	561
Lead (1 kg)	172	0.00	4.72	172	131
Zinc (1 kg)	229	0.00	6.51	229	157
Mentha Oil (1 kg)	1,768	-4.51	-9.28	2,158	993
Cotton (1 bales)	19,420	-0.82	-1.72	21,120	18,060

MF Schemes Category-wise Performance (%)

Category-Equity	1 Week	1 Month	6 Month	1 Year	3 Year	5 Year
Large Cap	-4.05	-1.87	3.80	18.98	8.35	14.57
Small/Mid Cap	-5.21	-7.89	7.83	24.57	15.21	24.57
Diversified	-4.24	-3.23	5.34	21.06	9.83	16.36
Balanced	-3.19	-2.52	4.44	16.02	9.20	15.10
Banking	-5.06	-2.07	0.49	22.92	11.81	15.27
FMCG	-2.24	-2.41	14.10	31.52	14.01	17.38
Pharma	-4.58	-4.58	3.08	-2.21	0.92	15.04
Technology	-2.53	8.34	23.61	32.26	6.97	18.20
Infrastructure	-5.39	-7.43	8.56	24.81	11.89	17.09
Gold Funds	0.00	2.59	5.24	2.42	1.61	-1.38
Nifty 50	-4.17	1.02	5.96	21.90	6.97	12.35
S&P BSE Sensex	-4.21	1.77	7.52	22.94	6.40	12.06
S&P BSE 500	-4.76	-2.28	6.58	23.55	9.70	14.35
S&P BSE Midcap	-6.50	-8.36	7.27	24.50	16.00	19.25
CRISIL Balanced	-3.11	-1.28	3.75	16.19	9.70	13.17

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	6.21	6.21	6.18	6.29	7.31
Ultrashort Bond	3.38	4.40	5.18	5.95	7.60
Short-T Bond	-5.51	-0.11	2.54	4.68	7.88
Long-T Bond	-14.04	-5.10	0.25	3.55	7.98
Long T Govt Sec	-37.03	-22.01	-7.29	-0.42	7.91
Crisil Liquid	7.27	6.48	6.42	6.67	6.79
Crisil ST Bond	-5.18	-1.68	2.83	5.08	7.19
Crisil Composite	-26.79	-13.38	-2.23	2.45	6.96
NSE G-Sec Comp	--	--	--	--	--

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

NFO Update

- UTI Mutual Fund has launched UTI - Focussed Equity Fund - Series VI (1150 days) - Regular Plan (G), a close ended diversified equity scheme. NFO period is from 22 January to 05 February 2018. The fund manager of the scheme are Vetri Murugan Subramaniam / Sachin Trivedi / Sharwan Kumar Goya.

Commodity Market

- Gold prices inched up as investors turned cautious ahead of political decision on U.S. spending bills and debt-ceiling issues due on Feb 8. However, strong U.S. employment data and expectations of a rise in inflation target limited the upside. Gold prices were last seen trading at \$1,333.63 per ounce, compared with the previous close of \$1,332.92 per ounce.
- Brent crude prices fell as the number of oil drilling rigs climbed for the second week in a row. This raised concerns of supply glut. Investors also remained cautious ahead of the weekly information on U.S. stockpiles of crude and refined products. Oil prices were last seen trading at \$66.59 per barrel, compared with the previous close of \$67.13 per barrel.

International Market Update

- A report from the Commerce Department showed that U.S. factory orders surpassed market expectations and surged 1.7% in Dec 2017 and came in line with the upwardly revised gain witnessed in Nov 2017 (1.3% originally reported). The increase partly reflects gains in durable goods orders that grew 2.8% in Dec as against a gain of 1.7% in Nov. Meanwhile, orders for non-durable goods grew 0.7% in Dec as against a gain of 1.6% in Nov.
- According to a report from the University of Michigan, U.S. consumer sentiment index for Jan 2018 was upwardly revised to 95.7 as against preliminary reading of 94.4. Also, it surpassed market expectations. Meanwhile, current economic conditions index fell to 110.5 in Jan from 113.8 in Dec.

Mutual Fund & Insurance Update

- Mutual funds bought equity worth Rs. 1,448.74 crore as against sale of Rs. 397.88 crore as on Jan 30, 2018. This led to a net purchase of Rs. 1,050.86 crore compared with a net purchase of Rs. 1,332.16 crore on Jan 29, 2018.
- In the debt space, mutual funds bought to the tune of Rs. 4,296.16 crore as against sale of Rs. 4,353.58 crore as on Jan 30, 2018. This meant a net sale of Rs. 57.42 crore compared with a net purchase of Rs. 784.09 crore on Jan 29, 2018.
- According to the Niti Aayog vice chairman, the National Health Protection Scheme (NHPS) will be a "game-changer" and revenue from the 1% additional cess would be enough to meet the funding needs.

Dividend Update

- IDFC Mutual Fund has announced Feb 9 as the record date for declaration of dividend under the dividend option of IDFC Balanced Fund and IDFC Tax Advantage (ELSS) Fund. The rate of dividend for IDFC Balanced Fund are Re. 0.20 (regular) and Re.0.2047 (direct). The rate of dividend for IDFC Tax Advantage (ELSS) Fund are Re. 0.6774 (regular) and Re.0.8178 (direct).

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Currency Market Update

Currency Spot

Currency	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
USD/INR	64.06	0.01	1.10	67.44	63.24
EUR/INR	79.31	-0.73	4.12	80.21	67.92
YEN(100)/INR	58.77	0.93	4.96	60.27	55.87
SGD/INR	48.51	-0.16	1.66	48.93	45.58
EUR/USD	1.24	-0.75	2.82	1.25	1.05
GBP/USD	1.40	-1.15	2.87	1.43	1.21
JPY/USD	0.01	0.92	3.64	0.01	0.01
SGD/USD	0.76	-0.17	0.35	0.70	0.77

Currency Futures (MCX-SX)

Currency	Closing	Chg % 1 Day	Open Interest	Chg % 1 Day
USD/INR	64.24	-0.02	115,300	4.63
EUR/INR	80.14	-0.17	2,209	-0.32
GBP/INR	90.70	-0.80	909	0.11
JPY/INR	58.54	-0.15	44	0.00

RBI Reference rate	Current	Previous	Chg % 1 Day
USD	64.03	64.08	-0.08
GBP	90.40	91.34	-1.02
EURO	79.73	80.03	-0.38
100 Yen	58.22	58.36	-0.24

Currency Update

- The Indian rupee stood steady against the U.S. dollar as greenback sales by exporters offset the impact of upbeat U.S. non-farm payrolls data for Jan 2018 that increased dollar demand and buoyed treasury yields. The rupee stood steady at 64.06, same as previous session.
- The euro fell against the U.S. dollar as stronger than expected U.S. jobs data for Jan 2018 continued to support the greenback. Euro fell 0.13% and was trading at \$1.2444, up from the previous close of 1.2460.

Global Economy

- A report from the Eurostat showed that volume of euro zone's retail trade missed market expectations and fell 1.1% MoM in Dec 2017 as against a gain of 2% in Nov 2017. Sales volume of food, drinks and tobacco fell 0.7% on month and non-food product sales fell 1.2% in Dec. Retail sales growth eased to 1.9% in Dec on a yearly basis from 3.9% in Nov.
- A report from the IHS Markit showed that China's Caixin composite PMI grew to 53.7 in Jan 2018 from 53.0 in Dec 2017. Meanwhile, the services PMI came in at 54.7 in Jan compared with 53.9 in Dec.
- According to IHS Markit, Japan's services PMI grew to 51.9 (seasonally adjusted) in Jan 2018 as against 51.1 in Dec 2017. The Nikkei composite output index also surged to 52.8 in Jan as against 52.2 in Dec.

Events Calendar

Event	Date	Event	Date
Nikkei Manufacturing PMI (January)	01-Feb-18	Industrial Production YoY (December)	10-Feb-18
Union Budget FY19	01-Feb-18	CPI Inflation Rate YoY (January)	13-Feb-18
Nikkei Services PMI (January)	05-Feb-18	WPI Inflation YoY (January)	14-Feb-18
RBI Interest Rate Decision	07-Feb-18	GDP Growth Rate YoY (December Quarter of 2017)	28-Feb-18

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