

February 12, 2018

## Equity Market Update

Indian Indices	Px Last	Change in %		52 Week		PE
		1 Day	1 Month	High	Low	
S&P BSE Sensex	34006	-1.18	-1.27	36444	28102	23.88
Nifty 50	10455	-1.15	-1.71	11172	8713	25.27
S&P BSE Midcap	16635	-0.09	-8.47	18321	13160	38.72
S&P BSE 100	10852	-0.97	-2.90	11595	8987	23.70
S&P BSE 200	4583	-0.83	-3.42	4894	3771	24.81
Nifty Free Float	19872	0.23	-8.39	21841	15770	47.90
Midcap 100	19872	0.23	-8.39	21841	15770	47.90
Nifty 500	9251	-0.77	-4.04	9895	7520	30.45

Sector Indices	Px Last	Change in %		52 Week		PE
		1 Day	1 Month	High	Low	
S&P BSE Auto	25044	-0.95	-5.68	27031	21221	27.83
S&P BSE Metal	15101	1.25	-4.26	16121	10736	27.89
S&P BSE Oil	15542	-0.72	-4.66	16727	12848	12.84
S&P BSE Healthcare	14348	0.02	-4.32	15612	12513	33.74
S&P BSE IT	12117	-0.77	6.39	13126	9571	18.18
S&P BSE CD	21219	0.23	-11.79	24238	13138	44.04
S&P BSE PSU	8715	-0.50	-6.23	9657	8013	20.25
S&P BSE FMCG	10527	-0.41	-2.94	11047	8717	41.52
S&P BSE CG	19240	-0.73	-4.07	20883	15076	31.06
Nifty Bank	25464	-1.76	-0.93	27652	20088	28.67
S&P BSE Realty	2475	0.56	-8.94	2828	1416	68.93

Global Indices	Px Last	Change in %		52 Week		PE
		1 Day	1 Month	High	Low	
Dow Jones	24191	1.38	-4.71	26617	20205	24.30
S&P 500	2620	1.49	-4.79	2873	2311	22.21
Nasdaq	6874	1.44	-4.04	7506	5717	24.63
FTSE 100	7092	-1.09	-8.26	7793	7073	19.18
CAC 40	5079	-1.41	-8.05	5567	4806	15.67
DAX	12107	-1.25	-9.55	13597	11645	14.69
Nikkei	21383	-2.32	-10.35	24129	18225	15.66
Hang Seng	29507	-3.10	-4.85	33484	23439	13.41
Shanghai Comp.	3130	-4.05	-8.32	3587	3017	14.39

F&O Trends	Px Last	Previous	Change %
Near Futures	10,469.70	10,572.30	-0.97
Near Basis	14.75	-4.60	-420.65
Mid Futures	10,489.90	10,591.30	-0.96
Mid Basis	34.90	14.40	142.36
Near Open Interest (Cr.)	2.24	2.09	7.31
Mid Open Interest (Cr.)	0.36	0.37	-0.56
Rollover (%)	14.56	15.51	-6.10

Volatility	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
CBOE VIX	29.06	-13.15	188.29	50.30	8.56
Nifty VIX	19.23	8.20	38.87	24.04	8.76

Fund Flow				
Amount in Rs. Crore				
Nature	Gross Pur.	Gross Sale	Net	YTD
<b>FII</b>				
Equity	4459.97	6685.68	-2225.71	9943.76
Debt	1648.16	1708.44	-60.28	13094.99
<b>MF<sup>1</sup></b>				
Equity	2983.80	2511.29	472.51	10445.69
Debt	4322.42	4018.52	303.90	31805.75

<sup>1</sup> As on 7th February 2018

## Indian Equity Market

- Indian equity retreated after witnessing marginal gain in the previous trading session. Persistence weakness in U.S. markets, amid lingering concerns over imminent rate hike by the U.S. Federal Reserve, weighed on investor sentiment. Inflationary pressure too affected buying interest.
- Key benchmark indices S&P BSE Sensex and Nifty 50 fell 1.18% and 1.15% respectively to close at 34,005.76 and 10,454.95, respectively. S&P BSE Mid-Cap closed flat, whereas S&P BSE Small-Cap rose 0.23%.
- The overall market breadth on BSE was weak with 1,403 scrips declining and 1,369 scrips advancing. A total of 138 scrips remained unchanged.
- On the BSE sectoral front, majority of the indices closed in the red. S&P BSE Bankex was the major loser down 1.75%, followed by S&P BSE Finance and S&P BSE Telecom, which fell 1.54% and 1.15%, respectively.

## Indian Economy

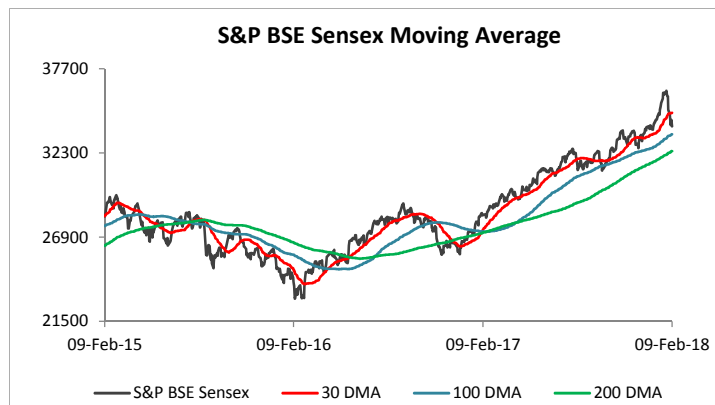
- A major credit rating agency has upgraded its outlook on the two major public sector banks to positive from stable. This comes on the back of capital infusion from the government. Meanwhile, it affirmed the long-term local and foreign currency bank deposit ratings of both the lenders at Ba3.
- A dozen state-run banks have been directed by the Reserve Bank of India (RBI) to retire high-cost debt such as additional tier I capital. These banks are under regulatory watch for mounting bad loans. The direction comes as a part of the austerity drive that seeks to restore commercial viability for the stressed lenders. These banks that would receive an injection of federal funds would now have to retire high-cost debt well before their maturity.

## Global Equity Market

- As per the last close, U.S. market ended almost higher amid bargain hunting and likely on reports that lawmakers managed to end a brief government shutdown with funding of government until Mar 23.
- As per the last close, European market ended lower amid continued global weakness.
- Asian markets closed in the red on renewed worries over rising inflation and higher interest rates. Fall in crude oil prices, stronger yen, concerns of tighter liquidity conditions in China ahead of Chinese New Year and earlier-than-expected rate hike possibility by the Bank of England further dented sentiment. Today (As of Feb 12), Asian markets opened on a mixed note while crude oil prices rose after falling in the last six consecutive sessions.

## Indian Derivative Market

- Nifty Feb 2018 Futures were at 10,469.7 points, a premium of 14.75 points above the spot closing of 10,454.95. The turnover on NSE's Futures and Options segment went down from Rs. 14,26,958.16 crore on Feb 8 to Rs. 5,28,108.82 crore on Feb 9.
- The Put-Call ratio stood at 0.81 against previous session's close of 0.79.
- The Nifty Put-Call ratio remained unchanged at 1.09 against previous session's close.
- India VIX moved up 8.20% to 19.2300 from 17.7725 in the previous trading session.
- Open interest on Nifty Futures stood at 26.21 million as against the previous session's close of 24.69 million.



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## Debt Market Update

Policy Rates (%)	09-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 (%)	09-Feb-18	Wk Ago	Mth Ago	Yr Ago
FBIL MIBOR	6.00	5.98	6.00	6.25
CALL	5.89	5.92	5.87	6.08
CBLO	5.90	4.59	5.84	6.16
OIS- 1 Yr	6.45	6.59	6.44	6.40
OIS- 5 Yr	6.80	6.92	6.73	6.63

Liquidity Indicators (in Rs. Cr.)	09-Feb-18	Wk Ago	Mth Ago	Yr Ago
Govt Securities	46,487	29,446	34,213	53,576
Call Money	15,450	21,000	16,025	13,164
CBLO	129,518	86,260	129,485	101,891
LAF	2,530	-54,558	-10,858	-1,403
Treasury Bills	1,050	3,418	1,678	2,493

Top 5 Traded G-Sec	Maturity	Yield %		Change %
		Closing	Previous	
06.68 GS 2031	17-Sep-31	7.76	7.72	0.55
07.17 GS 2028	08-Jan-28	7.49	7.47	0.31
06.79 GS 2027	15-May-27	7.66	7.60	0.73
07.68 GS 2023	15-Dec-23	7.53	7.54	-0.09
06.84 GS 2022	19-Dec-22	7.32	7.30	0.25

Certificate of Deposit (%)	09-Feb-18	Wk Ago	Mth Ago	Yr Ago
3-Month	7.24	7.25	6.78	6.54
6-Month	7.39	7.45	6.97	6.61
9-Month	7.44	7.50	7.04	6.64
12-Month	7.50	7.55	7.10	6.68

Commercial Paper (%)	09-Feb-18	Wk Ago	Mth Ago	Yr Ago
3-Month	7.79	7.76	7.34	7.16
6-Month	7.94	7.93	7.50	7.35
9-Month	8.00	7.97	7.57	7.44
12-Month	8.08	8.03	7.65	7.54

Govt. Borrowing Program	Scheduled (Amt in Rs. Cr.)	Completed	Cut-off YTM
GOI FRB 2024	3,000	3,000	7.07%
7.17% GS 2028	8,000	8,000	7.48%

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 19, 2018)	5.10%

## Indian Debt Market

- Bond yields rose as market participants remained cautious ahead of the consumer inflation data and on a possibility of another weekly government auction next week.
- Yield on the 10-year benchmark paper (7.17% GS 2028) rose 2 bps to close at 7.49% as against previous session's close of 7.47%. During the session, bond yields traded in the range of 7.4% and 7.52%.
- Banks' borrowings under the repo window of the Liquidity Adjustment Facility (LAF) stood at Rs. 2,530 crore (gross) on Feb 9 compared with Rs. 2,500 crore on Feb 8. Sale of securities under Reserve Bank of India's (RBI) reverse repo window stood at Rs. 4,101 crore on Feb 8.
- Banks did not borrow under the central bank's Marginal Standing Facility on Feb 8 as against Rs. 1,650 crore borrowed on Feb 7.
- RBI conducted a 14-day variable rate repo auction for a notified amount of Rs. 21,500 crore for which Rs. 9,050 crore was allotted at a cut-off rate of 6.01%.
- RBI conducted a 7-day variable rate reverse repo auction for a notified amount of Rs. 15,000 crore for which Rs. 10,016 crore was allotted at a cut-off rate of 5.99%.
- RBI conducted auction of two government securities namely GOI FRB 2024 and 7.17% GS 2028 for a notified amount of Rs. 11,000 crore for which the whole amount was accepted. The cut-off price stood at Rs. 96.85 (7.07%) and 97.85 (7.48%) respectively.

## Spread Analysis

- Yields on gilt securities increased across maturities by up to 5 bps, barring 1- and 24-year papers that fell 2 and 3 bps, respectively.
- Corporate bond yields dropped on 3 to 5 years' papers, 9-, 10- and 15-year papers that fell by up to 3 bps, while 1-year paper increased 1 bps. Yield on remaining securities were flat.
- Spread between AAA corporate bond and gilt contracted in the range of 3 to 7 bps, barring 1-year paper that expanded 3 bps. Spread fell the most on 5-year paper and the least on 2- and 3-year papers.

## Govt. Borrowing Program FYTD

Description	Scheduled	Completed	% Completed
	(Amt in Rs. Cr.)		
Week: Feb 05-Feb 09	11,000	11,000	100.00%
Month: Feb 2017	30,000	11,000	36.67%
Q4: Jan'18-Mar'18	93,000	63,000	67.74%

## Maturity Bucket Wise Govt. Borrowing

Description	Scheduled Q4'18	Completed Q4'18
5 to 9 Yrs	20.43%	94.74%
10 to 14 Yrs	52.69%	83.67%
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	4,000
Treasury Bills	364-Days	3,000

## Corporate Bond Spread Matrix (in bps)

Period	AAA	AA+	AA
1 Yr	88.60	102.60	122.60
3 Yr	53.50	75.50	97.50
5 Yr	33.30	53.30	77.30
10 Yr	37.00	54.00	83.00

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)	1317	-0.17	0.31	1358	1198
Silver (\$/oz)	16	-0.36	-3.52	19	16
NYMEX Crude(\$/bbl)	59	-3.43	-5.87	66	42
Brent Crude(\$/bbl)	63	-1.90	-9.90	71	43
Baltic Dry Index	1125	1.72	-19.35	1743	685
RJ/CRB Index	189	-1.70	-2.91	201	167

Indian Commodities	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
Gold (10 gm)	30,007	0.42	1.72	30,551	27,719
Silver (1 kg)	37,792	0.22	-2.00	43,398	35,660
Crude Oil (1 bbl)	3,923	-1.01	0.33	4,194	2,748
Natural Gas (1 mmbtu)	173	-0.17	-3.67	223	167
Aluminium (1 kg)	139	0.00	2.24	144	120
Copper (1 kg)	436	-0.14	-3.18	468	134
Nickel (1 kg)	836	0.00	5.20	884	561
Lead (1 kg)	163	0.00	-1.51	172	131
Zinc (1 kg)	222	0.00	2.83	229	157
Mentha Oil (1 kg)	1,673	-0.35	-11.68	2,158	993
Cotton (1 bales)	19,490	0.67	-0.66	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	-1.84	-3.48	4.22	17.02	8.71	14.51
Small/Mid Cap	0.53	-7.23	10.97	25.10	16.61	25.19
Diversified	-1.18	-4.15	6.25	19.72	10.49	16.47
Balanced	-0.62	-3.06	5.28	15.86	9.68	15.20
Banking	-2.34	-4.01	1.11	21.53	12.37	15.29
FMCG	-0.55	-3.40	14.76	27.62	13.99	17.34
Pharma	1.07	-3.26	8.88	-0.88	2.10	15.88
Technology	-1.30	5.83	23.93	29.47	6.36	17.53
Infrastructure	0.01	-6.85	10.64	24.42	13.29	17.58
Gold Funds	-1.52	1.66	4.28	-0.12	1.68	-1.54
Nifty 50	-2.84	-1.71	5.52	19.10	7.03	12.10
S&P BSE Sensex	-3.03	-1.27	6.94	20.04	6.40	11.77
S&P BSE 500	-1.59	-3.94	7.23	21.58	10.14	14.37
S&P BSE Midcap	0.36	-8.47	9.75	23.16	17.15	19.72
CRISIL Balanced	-1.08	-2.34	4.14	15.73	9.97	13.16

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	6.27	6.22	6.18	6.29	7.31
Ultrashort Bond	8.85	5.02	5.29	6.21	7.60
Short-T Bond	13.72	2.39	2.89	5.73	7.89
Long-T Bond	17.43	-0.84	0.85	5.24	8.03
Long T Govt Sec	25.76	-11.57	-5.89	2.80	7.96
Crisil Liquid	6.48	6.48	6.42	6.69	6.79
Crisil ST Bond	13.24	1.21	3.28	6.10	7.21
Crisil Composite	26.36	-6.27	-1.18	5.23	6.99
NSE G-Sec Comp	--	--	--	--	--

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

## Commodity Market

- Gold prices moved down following another U.S. government shutdown although the budget bill is expected to be passed before the weekend. The U.S. congress leaders had reached a two-year budget deal to raise government spending by almost \$300 billion but a midnight deadline to pass the U.S. budget deal was missed due to a prolonged speech by a senate member.
- Brent crude prices fell after data from the U.S. Energy Information Administration (EIA) indicated U.S. domestic crude production hit a record of 10.25 million barrels per day (bpd) for the week to Feb 2.

## International Market Update

- Data from the Office for National Statistics showed that U.K. industrial production fell 1.3% on a monthly basis in Dec 2017 as compared with 0.3% growth in Nov 2017. On a yearly basis, industrial production stood steady in Dec after rising 2.6% in Nov.
- The Office for National Statistics showed that U.K.'s visible trade deficit widened to GBP 13.57 billion in Dec 2017 from GBP 12.45 billion in Nov 2017.
- According to a report from the National Bureau of Statistics, China's consumer and producer price inflation slowed in Jan 2018. Consumer price inflation slowed to 1.5% YoY increase in Jan from 1.8% rose in Dec 2017. Producer prices rose 4.3% YoY, weaker than Dec's 4.9% increase.

## Mutual Fund & Insurance Update

- According to data from the Securities and Exchange Board of India, the total folio count of the mutual fund industry stood at 6.83 crore as on Jan 31, 2018. During the month of Jan, the industry witnessed an overall addition of 18.45 lakh folios. The folio count of equity-oriented schemes (excluding exchange traded fund) increased by 15.96 lakh during the month to 5.09 crore.
- According to a circular issued by the Insurance Regulatory and Development Authority of India (IRDAI), the regulator asked all the insurers to transfer unclaimed amounts of policyholders for a period of more than 10 years as on Sep 30, 2017, to the Senior Citizens' Welfare Fund (SCWF). The regulator had directed the insurers to adhere to the accounting procedure for transfer of the funds into the SCWF issued by the Budget Division, Department of Economic Affairs, and Ministry of Finance.

## Dividend Update

- Reliance Mutual Fund has announced Feb 12 as the record date for declaration of dividend under the dividend option of Reliance Yearly Interval Fund - Series 1. The rate of dividend is Re. 0.0001per unit.
- ICICI Prudential Mutual Fund has announced Feb 14 as the record date for declaration of dividend under the dividend option of ICICI Prudential Dynamic Plan. The rates of dividend are Re. 0.24 (regular) and Re. 0.20 (direct).

## NFO Update

- SBI Mutual Fund has announced New Fund Offer (NFO) of SBI Debt Fund Series C- 10 (1150 days). The NFO period is open from Feb 15-20.

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## Currency Market Update

### Currency Spot

Currency	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
USD/INR	64.40	0.22	1.08	67.15	63.24
EUR/INR	78.74	0.03	3.63	80.21	67.92
YEN(100)/INR	59.16	0.07	4.69	59.69	55.87
SGD/INR	48.40	0.24	1.54	48.93	45.58
EUR/USD	1.22	-0.10	2.50	1.25	1.05
GBP/USD	1.38	-0.55	2.19	1.43	1.21
JPY/USD	0.01	-0.04	3.55	0.01	0.01
SGD/USD	0.75	0.12	0.43	0.70	0.77

### Currency Futures (MCX-SX)

Currency	Closing	Chg % 1 Day	Open Interest	Chg % 1 Day
USD/INR	64.52	0.20	128,609	0.72
EUR/INR	79.10	0.22	2,014	-0.05
GBP/INR	89.68	0.11	891	-0.45
JPY/INR	59.19	0.75	46	-2.13

RBI Reference rate	Current	Previous	Chg % 1 Day
USD	64.37	64.16	0.32
GBP	89.71	89.19	0.58
EURO	78.89	78.75	0.18
100 Yen	59.06	58.50	0.96

## Currency Update

- The Indian rupee fell against the U.S. dollar following losses in the domestic equity market. However, continuous decline in global crude oil prices limited further losses in the rupee. The rupee fell 0.22% to close at 64.40 per dollar from the previous close of 64.26.
- Euro recovered marginally against the U.S. dollar after falling in the last two days amid political uncertainty in Germany and after U.S. congressional leaders agreed on a two-year budget deal to raise government spending by almost \$300 billion. Euro was trading at \$1.2271 compared with the previous close of \$1.2245.

## Global Economy

- A report from the Ministry of Economy, Trade and Industry showed that Japan's tertiary industry activity index unexpectedly fell 0.2% MoM in Dec 2017 as against 1.1% rise in Nov 2017. However, on a yearly basis, the tertiary activity index rose 1.1% in Dec following a 1.6% gain in Nov.
- A report from the Bank of Japan showed that M2 money stock in Japan was up 3.4% YoY in Jan 2018 slower than 3.6% rise Dec 2017. While M3 money stock gained 2.9% YoY, L money stock surged 3.2% YoY.

## Events Calendar

Event	Date	Event	Date
Nikkei Manufacturing PMI (January)	01-Feb-18	Industrial Production YoY (December)	12-Feb-18
Union Budget FY19	01-Feb-18	CPI Inflation Rate YoY (January)	12-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

## Contact Details

### L&T Financial Services

7<sup>th</sup> Floor, Brindavan, Plot No. 177,  
CST Road, Kalina,  
Santacruz (East). Mumbai – 400 098, INDIA  
Board: +91 22 6621 7310  
Email : [LNTPWM@ltfs.com](mailto:LNTPWM@ltfs.com)

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