

January 11, 2018

## Equity Market Update

Indian Indices	Px Last	Change in %		52 Week		PE
		1 Day	1 Month	High	Low	
S&P BSE Sensex	34433	-0.03	3.56	34566	26964	25.40
Nifty 50	10632	-0.05	3.57	10659	8322	27.18
S&P BSE Midcap	18118	-0.31	6.30	18321	12477	47.77
S&P BSE 100	11164	-0.11	3.89	11212	8554	25.38
S&P BSE 200	4740	-0.12	4.30	4761	3588	26.67
Nifty Free Float Midcap 100	21662	-0.14	8.23	21786	15042	54.08
Nifty 500	9631	-0.11	4.79	9669	7160	33.05

Sector Indices	Px Last	Change in %		52 Week		PE
		1 Day	1 Month	High	Low	
S&P BSE Auto	26373	-0.68	4.14	27031	21185	29.39
S&P BSE Metal	15788	0.10	14.72	15951	10736	30.55
S&P BSE Oil	16298	-0.02	1.15	16727	12328	13.58
S&P BSE Healthcare	14982	-0.09	6.84	15612	12513	35.59
S&P BSE IT	11599	1.84	7.30	11621	9357	18.36
S&P BSE CD	23897	-0.65	9.46	24142	11965	50.86
S&P BSE PSU	9263	-0.33	1.45	9657	7944	20.86
S&P BSE FMCG	10830	-0.14	2.54	10936	8221	42.90
S&P BSE CG	19983	-0.37	8.14	20197	14299	33.94
Nifty Bank	25617	-0.34	1.17	25954	18515	29.66
S&P BSE Realty	2750	1.16	13.17	2757	1346	78.29

Global Indices	Px Last	Change in %		52 Week		PE
		1 Day	1 Month	High	Low	
Dow Jones	25369	-0.07	4.27	25440	19678	22.83
S&P 500	2748	-0.11	3.65	2759	2254	24.05
Nasdaq	7154	-0.14	4.58	7181	5497	25.33
FTSE 100	7749	0.23	4.80	7756	7094	20.95
CAC 40	5505	-0.35	1.96	5536	4734	17.01
DAX	13281	-0.78	0.97	13526	11425	16.47
Nikkei	23788	-0.26	4.28	23953	18225	19.62
Hang Seng	31074	0.20	8.50	31268	22657	14.16
Shanghai Comp.	3422	0.23	4.01	3450	3017	15.45

F&O Trends	Px Last	Previous	Change %
Near Futures	10,637.00	10,646.90	-0.09
Near Basis	4.85	9.90	-51.01
Mid Futures	10,656.80	10,668.80	-0.11
Mid Basis	24.55	31.80	-22.80
Near Open Interest (Cr.)	2.85	2.75	3.40
Mid Open Interest (Cr.)	0.10	0.10	2.01
Rollover (%)	4.04	4.08	-1.10

Volatility	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
CBOE VIX	9.82	-2.58	2.51	17.28	8.56
Nifty VIX	14.04	1.35	2.65	18.26	8.76

Fund Flow	Amount in Rs. Crore				
	Nature	Gross Pur.	Gross Sale	Net	YTD
<b>FII</b>					
Equity		5028.52	5050.21	-21.69	3087.43
Debt		2164.26	808.00	1356.26	2241.50
<b>MF<sup>1</sup></b>					
Equity		252986.31	2425.67	250560.64	250074.85
Debt		6408.14	6138.33	269.81	17881.89

<sup>1</sup> As on 8th January 2018

## Indian Equity Market

- Indian equity markets ended slightly lower as investors preferred to remain cautious ahead of the key corporate earnings results scheduled later this week. Also, investor sentiment remained subdued ahead of the federal budget expected to release on Feb 1, 2018. The investors are somewhat concerned that the government might unveil some measures that involve heavier spending than in FY18.
- Key benchmark indices S&P BSE Sensex and Nifty 50 fell 0.03% and 0.05%, respectively, to close at 34,433.07 and 10,632.20, respectively. Moreover, S&P BSE Mid-Cap and S&P BSE Small-Cap went down 0.31% and 0.04%, respectively.
- On the BSE sectoral front, the losers comprised S&P BSE Auto, down 0.68% followed by S&P BSE Consumer Durables and S&P BSE Finance, which fell 0.65% and 0.46%, respectively. S&P BSE Consumer Discretionary Goods & Services and S&P BSE Utilities went down 0.40% and 0.39%, respectively.

## Indian Economy

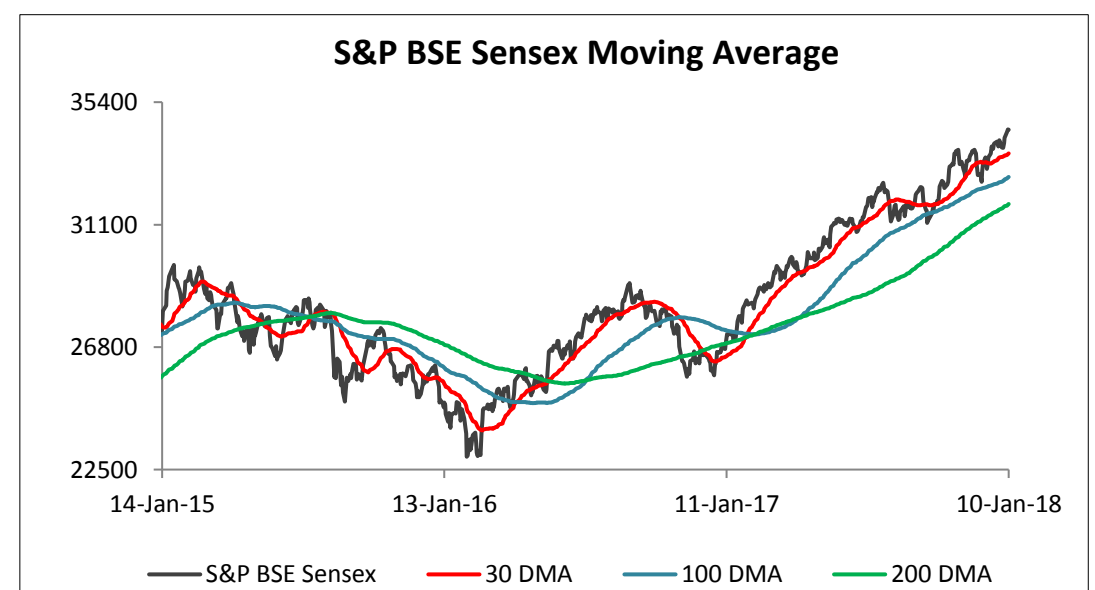
- According to data from the Reserve Bank of India, banks' bad loans surged by 23% or Rs. 11,400 crore to Rs. 60,200 crore in FY17 from Rs. 48,800 crore in FY16. It has jumped 142.74% from Rs. 24,800 crore in FY12. Demonetisation and farm loan waivers have also led to high bad loans. The data also stated that the maximum default took place in 2017.
- In order to allow foreign carriers to pick up stake in the national carrier Air India, the Union cabinet has approved Foreign Direct Investment (FDI) norm changes. Foreign carriers would now be able to own 49% in Air India under the approval route with an Indian partner.
- The World Bank announced that it expects India's growth rate to be 7.3% in 2018 and 7.5% in 2019 and 2020 both. It stated that this comes amid an ambitious government undertaking comprehensive reforms.

## Global Equity Market

- As per the last close, U.S markets ended lower amid profit taking by the investors and after media reports indicated that Chinese officials have recommended slowing or halting purchases of U.S. Treasuries.
- As per the last close, European market ended mixed. Better than expected U.K. industrial output data in Nov 2017 and strong performance by the bank stocks boosted market. However, profit taking by investors weighed on the market.
- Asian markets mostly traded low after Bank of Japan suddenly reduced its bond purchase amount and weak consumer prices inflation data in China. Today (As of Jan 11), Asian markets opened almost lower following weakness in the Wall Street.

## Indian Derivative Market

- Nifty Jan 2018 Futures were at 10637.05, a premium of 4.85 points above the spot closing of 10,632.20. The turnover on NSE's Futures and Options segment went up from Rs. 4,67,898.63 crore on Jan 9 to Rs. 5,96,072.34 crore on Jan 10.
- The Put-Call ratio closed at 0.81 against the previous session's close 0.88.
- The Nifty Put-Call ratio stood at 1.66 against previous session's close of 1.67.
- India VIX moved up 1.35% to 14.0350 from 13.8475 in the previous trading session.
- Open interest on Nifty Futures stood at 29.67 million as against the previous session's close of 28.71 million.



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## Debt Market Update

Policy Rates (%)	10-Jan-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 (%)	10-Jan-18	Wk Ago	Mth Ago	Yr Ago
FBIL MIBOR	6.00	5.99	5.94	6.25
CALL	5.89	5.84	5.90	6.09
CBLO	5.87	5.75	5.13	6.21
OIS- 1 Yr	6.47	6.47	6.38	6.17
OIS- 5 Yr	6.80	6.78	6.63	6.23

Liquidity Indicators (in Rs. Cr.)	10-Jan-18	Wk Ago	Mth Ago	Yr Ago
Govt Securities	35,340	41,316	37,214	44,287
Call Money	17,685	13,087	30,227	19,839
CBLO	134,081	131,726	70,758	116,561
LAF	3,255	-33,364	-5,609	-1,837
Treasury Bills	3,958	2,994	1,243	10,212

Top 5 Traded G-Sec	Maturity	Yield %		Change %
		Closing	Previous	
06.79 GS 2027	15-May-27	7.44	7.37	0.99
06.68 GS 2031	17-Sep-31	7.53	7.44	1.13
07.17 GS 2028	08-Jan-28	7.26	7.16	1.43
06.84 GS 2022	19-Dec-22	7.25	7.19	0.76
07.61 GS 2030	09-May-30	7.63	7.55	1.04

Certificate of Deposit (%)	10-Jan-18	Wk Ago	Mth Ago	Yr Ago
3-Month	6.75	6.60	6.23	6.33
6-Month	6.97	6.99	6.59	6.45
9-Month	7.02	7.02	6.64	6.50
12-Month	7.08	7.04	6.68	6.55

Commercial Paper (%)	10-Jan-18	Wk Ago	Mth Ago	Yr Ago
3-Month	7.34	7.23	6.81	6.94
6-Month	7.49	7.40	7.08	7.10
9-Month	7.55	7.48	7.16	7.19
12-Month	7.61	7.56	7.24	7.29

Govt. Borrowing Program	Scheduled (Amt in Rs. Cr.)	Completed	Cut-off YTM
91 Days T - Bills	7,000	7,000	6.31%
182 Days T - Bills	4,000	4,000	6.39%
364 Days T - Bills	3,000	3,000	6.53%

Key Indicators	
GDP (Q2 FY'18)	6.30%
Manufacturing PMI (Dec'17)	54.70
Current Account Deficit (Q2 of FY18, in \$ Billion)	7.20
Fiscal Deficit (FY 2017, as a % of GDP)	3.20%
Credit Growth (Dec 22, 2017)	10.65%
Deposit Growth (Dec 22, 2017)	3.97%

## Indian Debt Market

- Bond yields rose tracking gains in U.S. Treasury yields and rise in global crude oil prices. U.S. Treasury prices fell after the Bank of Japan said it will trim purchases of Japanese government bonds. The announcement raised speculation that the central bank may wind down its monetary stimulus this year.
- Yield on the existing 10-year benchmark paper (6.79% GS 2027) rose 7 bps to close at 7.44% from the previous close of 7.37%. During the session, bond yields traded in the range of 7.41% and 7.46%.
- Yield on the new 10-year benchmark paper (7.17% GS 2028) rose 10 bps to close at 7.26% from the previous close of 7.16%. During the session, bond yields traded in the range of 7.19% and 7.27%.
- RBI conducted the auction of 91-, 182- and 364-days Treasury Bills for the notified amount of Rs. 7,000 crore, Rs. 3,000 crore and Rs. 4,000 crore, respectively. The cut-off for 91-, 182- and 364-days T-Bill stood at Rs. 98.45 (6.31%), Rs. 96.91 (6.39%) and Rs. 93.89 (6.53%), respectively.
- Data from RBI showed that reserve money increased at an annualised rate of 60.6% in the week to Jan 5, 2018, compared with a decrease of 31.0% a year earlier. The currency in circulation rose 89.9% during the week compared with a fall of 43.1% a year earlier.

## Spread Analysis

- Yield on gilt securities increased across maturities by up to 10 bps, barring 1-year paper that fell 2 bps. Highest rise was seen on 6- and 7-year papers.
- Corporate bond yields increased across maturities by up to 6 bps barring 6-year paper that closed steady.
- Spread between AAA corporate bond and gilt contracted across maturities by up to 10 bps across 4 to 10-year maturities. Spread closed steady on 3- and 15-year maturities each and expanded 8 bps and 1 bps on 1- and 2-year maturities, respectively.

## Govt. Borrowing Program FYTD

Description	Scheduled	Completed	% Completed
	(Amt in Rs. Cr.)		
Week: Jan 08-12	15,000	0	0.00%
Month: Jan 2017	60,000	15,000	25.00%
Q4: Jan'18-Mar'18	93,000	15,000	16.13%

## Maturity Bucket Wise Govt. Borrowing

Description	Scheduled Q4'18	Completed Q4'18
5 to 9 Yrs	20.43%	31.58%
10 to 14 Yrs	52.69%	18.37%
Long Dated (above 14 Yrs)	26.88%	0.00%

## Upcoming Issuances

Name	Tenure	Amt in Rs. Cr.
GOI FRB 2024	08 Yrs	3,000
06.68 GS 2031	14 Yrs	8,000
06.57 GS 2033	17 Yrs	2,000
07.06 GS 2046	35 Yrs	2,000

## Corporate Bond Spread Matrix (in bps)

Period	AAA	AA+	AA
1 Yr	67.20	73.20	91.20
3 Yr	44.30	59.30	78.30
5 Yr	33.30	67.30	86.30
10 Yr	17.80	52.80	75.80

Key Indicators	Current	Previous
WPI (Nov'17)	3.93%	3.59%
CPI (Nov'17)	4.88%	3.58%
IIP (Oct'17)	2.20%	4.10%
Trade Deficit(In \$ billion-Nov 17)	-13.83	-14.02

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## Commodity Market Update

International Commodities	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
Gold (\$/oz)	1317	0.32	5.53	1349	1188
Silver (\$/oz)	17	-0.06	6.96	19	16
NYMEX Crude(\$/bbl)	64	1.08	11.30	64	42
Brent Crude(\$/bbl)	71	1.02	9.78	71	43
Baltic Dry Index	1366	-2.08	-19.74	1743	685
RJ/CRB Index	195	0.35	5.30	195	167

Indian Commodities	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
Gold (10 gm)	29,563	0.22	3.76	30,415	27,719
Silver (1 kg)	38,730	0.43	6.20	43,398	35,660
Crude Oil (1 bbl)	3,996	2.20	9.21	3,996	2,748
Natural Gas (1 mmbtu)	186	3.29	4.04	233	167
Aluminium (1 kg)	138	1.29	7.32	144	119
Copper (1 kg)	450	-0.06	6.69	468	134
Nickel (1 kg)	823	3.65	16.22	830	561
Lead (1 kg)	166	0.15	5.88	169	131
Zinc (1 kg)	216	-0.02	8.22	220	157
Mentha Oil (1 kg)	1,892	-0.16	-9.41	2,158	993
Cotton (1 bales)	19,630	0.05	5.59	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	1.58	3.57	9.32	28.80	10.84	14.72
Small/Mid Cap	2.03	6.44	17.99	45.10	19.23	25.50
Diversified	1.64	3.96	11.96	33.10	12.63	16.69
Balanced	1.22	3.00	9.02	24.53	11.22	15.30
Banking	1.73	1.91	7.17	38.80	13.39	14.72
FMCG	2.00	4.94	13.06	46.24	16.47	18.20
Pharma	1.37	4.37	5.61	4.18	3.44	15.43
Technology	2.91	6.85	18.96	23.50	6.52	18.47
Infrastructure	1.69	5.77	19.45	44.36	16.02	17.82
Gold Funds	0.85	4.22	6.73	2.24	2.12	-1.62
Nifty 50	1.81	3.57	8.81	28.27	8.66	12.23
S&P BSE Sensex	1.89	3.56	8.57	28.01	7.82	11.85
S&P BSE 500	2.03	4.81	12.55	35.12	12.37	14.65
S&P BSE Midcap	1.68	6.30	20.45	45.54	20.19	20.04
CRISIL Balanced	1.15	2.08	5.93	19.21	8.86	11.20

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	6.16	6.17	6.25	6.29	7.32
Ultrashort Bond	4.83	3.84	5.97	6.15	7.62
Short-T Bond	0.78	-0.68	4.13	5.05	7.95
Long-T Bond	-0.84	-3.56	2.45	4.27	8.10
Long T Govt Sec	-14.16	-14.12	-3.51	1.05	8.09
Crisil Liquid	6.25	6.25	6.45	6.67	6.79
Crisil ST Bond	0.69	-0.70	4.33	5.66	7.23
Crisil Composite	-3.97	-7.80	1.24	3.73	7.04
NSE G-Sec Comp	--	--	--	--	--

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

## Commodity Market

- Gold prices gained after the dollar weakened following Bank of Japan's sudden decision to reduce the size of its long-dated bond purchases. Gold prices were last seen trading at \$1,320.31 per ounce, compared with the previous close of \$1,312.58 per ounce.
- Brent crude prices touched a multi-year high after the American Petroleum Institute indicated that U.S. crude inventories fell by 11.2 million barrels in the week ending Jan 5, to 416.6 million barrels. Additionally, the U.S. Energy Information Administration (EIA) raised its 2018 world oil demand growth forecast by 100,000 barrels per day (bpd) from its previous estimate. Oil prices were last seen trading at \$70.75 per barrel, compared with the previous close of \$69.90 per barrel.

## International Market Update

- The World Bank raised its global growth projections to 3.1% in 2018 from 2.9% predicted earlier. The outlook for 2019 was raised to 3.0% from 2.9%. For 2020, the bank forecast 2.9% expansion.
- Data from the Office for National Statistics showed that U.K. industrial production growth doubled in Nov 2017. Industrial production rose 0.4% on a monthly basis in Nov as compared with 0.2% growth in Oct 2017. However, on a yearly basis, industrial production slowed to 2.5% in Nov from 4.3% in Oct.
- According to a report from the National Bureau of Statistics, China's consumer price inflation rose less than expected to 1.8% in Dec 2017 as against 1.7% in Nov 2017. Inflation was 1.6% in 2017, which was well below the government's target of around 3%. Industrial producer price slowed to 4.9% in Dec from 5.8% in Nov.

## Mutual Fund & Insurance Update

- According to a media report, chairman of the Association of Mutual Funds in India has stated that the mutual funds will soon be allowed to trade in the commodity derivatives section. Institutional investors like banks and FPIs are also likely to take trading participation trade in this segment.
- Mutual funds bought equity worth Rs. 252986.31 crore as against sale of Rs. 2425.67 crore as on Jan 8, 2018. This led to a net purchase of Rs. 250560.64 crore compared with a net purchase of Rs. 532.96 crore on Jan 5, 2018.
- In the debt space, mutual funds bought to the tune of Rs. 6408.14 crore as against sale of Rs. 6138.33 crore as on Jan 8, 2018. This meant a net purchase of Rs. 269.81 crore compared with a net purchase of Rs. 6640.53 crore on Jan 5, 2018.
- According to a media report, Axis Bank is planning to acquire a life insurance business and IDBI Federal Life Insurance and Tata AIA are the probable targets. The bank's executive committee had approved the move in the Dec quarter.

## Dividend Update

- Reliance Nippon Mutual Fund has announced Jan 15 as the record date for declaration of dividend under the dividend option of Reliance Dual Advantage Fixed Tenure Fund VII - Plan B - Dividend Option and Reliance Dual Advantage Fixed Tenure Fund VII - Plan B - Direct Plan - Dividend Option. The rate of dividend is the entire distributable surplus available in the scheme as on the record date.

## NFO Update

- Mahindra Mutual Fund has announced the launch of Mahindra Unnati Emerging Business Yojana, the NFO period of which is open from Jan 8- Jan 22.
- BOI Axa Mutual Fund has announced the launch of BOI AXA Mid Cap Tax Fund Series 1, the NFO period of which is open from Nov 10- Feb 9.
- Invesco Mutual Fund has announced the launch of Invesco India Fixed Maturity Plan - Series 30 - Plan B, the NFO period of which is open from Jan 9- Jan 10.

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## Currency Market Update

### Currency Spot

Currency	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
USD/INR	63.59	-0.18	-1.33	68.35	63.24
EUR/INR	75.99	0.01	0.20	77.89	67.92
YEN(100)/INR	57.08	1.02	0.49	60.49	55.87
SGD/INR	47.67	0.01	0.01	48.43	45.58
EUR/USD	1.19	0.08	1.54	1.21	1.05
GBP/USD	1.35	-0.25	0.87	1.37	1.20
JPY/USD	0.01	1.09	1.85	0.01	0.01
SGD/USD	0.75	0.08	1.35	0.69	0.75

### Currency Futures (MCX-SX)

Currency	Closing	Chg % 1 Day	Open Interest	Chg % 1 Day
USD/INR	63.73	-0.18	172,087	-8.49
EUR/INR	76.52	0.32	308	-9.14
GBP/INR	86.39	-0.03	1,390	-62.31
JPY/INR	57.21	0.98	43	-6.52

RBI Reference rate	Current	Previous	Chg % 1 Day
USD	63.83	63.47	0.56
GBP	86.28	86.15	0.15
EURO	76.14	75.92	0.29
100 Yen	56.81	56.33	0.85

## Currency Update

- The Indian rupee rose against the U.S. dollar as selling of the greenback by foreign banks outweighed dollar demand from oil importers. The rupee rose 0.18% to close at 63.59 per dollar from the previous close of 63.71.
- The euro surged against the greenback as the latter came under pressure on reports that China was ready to slow or halt its U.S. treasury purchases. The greenback also fell against the yen after the Bank of Japan indicated trimming purchases of long-dated government bonds. Euro was trading at \$1.1999, up 0.54% from the previous close of \$1.1935.

## Global Economy

- The Office for National Statistics showed that U.K.'s visible trade deficit widened to GBP 12.23 billion in Nov 2017 from GBP 11.67 billion in Oct 2017. Data also revealed that trade deficit narrowed by GBP 2.1 billion to GBP 6.2 billion in the three months to Nov mainly due increase in goods exports.
- According to the British Chambers of Commerce, growth in the U.K. remained subdued at the end of 2017 as all services indicators were below their pre-European Union referendum levels and slight decline in manufacturers performance in the fourth quarter. Looking forward, the U.K. is set to continue witnessing muted growth over the near term amid uncertainty over the impact of Brexit, high inflation and weak productivity.

## Events Calendar

Event	Date	Event	Date
Index of Eight Core Industries (Nov)	01-Jan-18	Forex Reserves	12-Jan-18
Nikkei India Manufacturing PMI (Dec)	02-Jan-18	Index of Industrial Production (Nov)	12-Jan-18
Nikkei India Service PMI (Dec)	04-Jan-18	Consumer Price Index (Dec)	12-Jan-18
Trade Deficit (Dec)	10-Jan-18	Wholesale Price Index (Dec)	15-Jan-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 : [LNPWM@lfs.com](mailto:LNPWM@lfs.com)

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