

June 26, 2018

## Equity Market Update

Indian Indices	Px Last	Change in %		52 Week		PE
		1 Day	1 Month	High	Low	
S&P BSE Sensex	35470	-0.61	1.56	36444	30681	22.69
Nifty 50	10762	-0.55	1.48	11172	9449	26.48
S&P BSE Midcap	15713	-0.80	-1.20	18321	14376	33.77
S&P BSE 100	11046	-0.59	1.08	11595	9774	22.54
S&P BSE 200	4639	-0.64	0.71	4894	4113	23.79
Nifty Midcap 100	18495	-0.54	-1.56	28895	17056	49.41
Nifty 500	9234	-0.67	0.20	10208	8249	30.33

Sector Indices	Px Last	Change in %		52 Week		PE
		1 Day	1 Month	High	Low	
S&P BSE Auto	24303	-1.51	0.46	27031	23112	22.89
S&P BSE Metal	12867	-0.98	-4.68	16121	10872	9.30
S&P BSE Oil	14162	-1.55	1.61	16727	13097	10.71
S&P BSE Healthcare	14212	-0.61	8.95	15249	12513	32.01
S&P BSE IT	13739	0.85	1.40	14071	9725	19.00
S&P BSE CD	20068	-0.73	-4.94	24238	15571	36.81
S&P BSE PSU	7479	-1.73	-3.00	9657	7463	34.67
S&P BSE FMCG	11062	-0.61	-1.44	11413	9655	48.14
S&P BSE CG	17569	-1.31	-5.57	20883	16719	28.38
Nifty Bank	26610	-0.59	1.28	27652	22996	34.72
S&P BSE Realty	2129	-1.24	-4.94	2828	1926	11.70

Global Indices	Px Last	Change in %		52 Week		PE
		1 Day	1 Month	High	Low	
Dow Jones	24253	-1.33	-2.02	26617	21197	20.31
S&P 500	2717	-1.37	-0.16	2873	2406	21.95
Nasdaq	7532	-2.09	1.32	7807	6082	19.23
FTSE 100	7510	-2.24	-2.85	7904	6867	13.21
CAC 40	5284	-1.92	-4.67	5657	4995	16.62
DAX	12270	-2.46	-5.16	13597	11727	13.01
Nikkei	22338	-0.79	-0.50	24129	19240	16.67
Hang Seng	28961	-1.29	-5.32	33484	25200	11.37
Shanghai Comp.	2859	-1.05	-8.98	3587	2837	12.37

F&O Trends	Px Last	Previous	Change %
Near Futures	10,757.70	10,834.00	-0.70
Near Basis	-4.80	12.10	-139.67
Mid Futures	10,765.40	10,842.90	-0.71
Mid Basis	2.95	21.05	-85.99
Near Open Interest (Cr.)	2.29	2.39	-4.22
Mid Open Interest (Cr.)	0.39	0.17	128.01
Rollover (%)	15.18	7.40	105.03

Volatility	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
CBOE VIX	17.33	25.85	31.09	50.30	8.56
Nifty VIX	12.58	4.64	-0.51	24.04	9.01

Fund Flow	Amount in Rs. Crore				
	Nature	Gross Pur.	Gross Sale	Net	YTD
<b>Fis</b>					
Equity	7530.63	6289.78	1240.85	-5332.38	
Debt	444.97	669.45	-224.48	-39910.27	
<b>MF<sup>1</sup></b>					
Equity	2393.61	1777.28	616.33	65169.63	
Debt	12333.06	8109.12	4223.94	129021.74	

<sup>1</sup> As on 21<sup>st</sup> June 2018

## Indian Equity Market

- Indian equity markets witnessed a lacklustre session and closed in the red. Escalating concerns over the trade war between U.S. and China continued to dent market sentiment. In the latest development, the U.S. government is planning to impose curbs on Chinese investments in U.S. technology companies and high-tech exports to China.
- Key benchmark indices S&P BSE Sensex and Nifty 50 fell 0.61% and 0.55% to close at 35,470.35 and 10,762.45, respectively. S&P BSE Mid-Cap and S&P BSE Small-Cap slipped 0.80% and 0.89%, respectively.
- On the BSE sectoral front, barring S&P BSE IT and S&P BSE Teck, all the indices closed in the red. S&P BSE Industrials was the major loser, down 1.83%, followed by S&P BSE Oil & Gas and S&P BSE Auto, which fell 1.55% and 1.51%, respectively. S&P BSE Energy and S&P BSE Capital Goods slipped 1.40% and 1.31%, respectively.

## Indian Economy

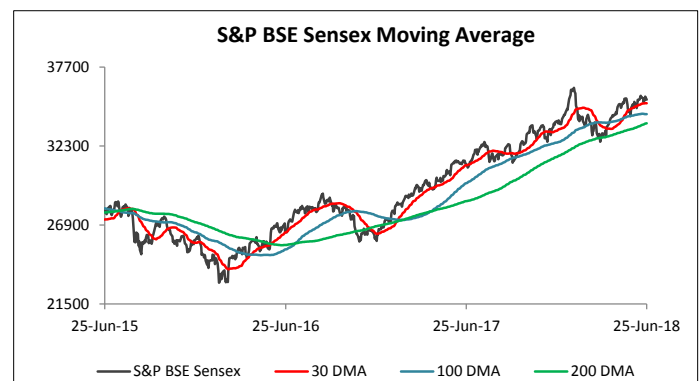
- Data from Reserve Bank of India (RBI) showed that Indian companies' investments in their overseas subsidiaries/joint ventures fell 63% to \$1.17 billion in May 2018. India Inc's foreign direct investment in the same period of the previous fiscal stood at \$3.12 billion. India Inc's foreign direct investment in Apr 2018 stood at \$3.56 billion.
- According to media reports, the government is working to improve the regulations for auditors and corporate professionals. The objective is to strengthen the "fabric of corporate governance" in the country. The move assumes significance as till recently there has been multiple instances of auditors resigning from companies on various grounds.

## Global Equity Market

- As per the last close, U.S markets closed lower due to continued global trade war concerns. As per the reports, U.S. President plans to ban many Chinese companies from investing in U.S. technology firms and block additional technology exports to Beijing.
- As per the last close, European markets closed lower as continued concerns about global trade war and effect of Brexit weighed on investor sentiment.
- Asian markets mostly traded down on persisting concerns over trade war between U.S. and China after the U.S. government hinted to block Chinese investment in U.S. technology firms. However, some respite was seen on news that reserve requirement ratio was lowered in some Chinese banks. Today (as of June 26), Asian markets opened lower following weak cues from Wall Street due to trade war concerns.

## Indian Derivative Market

- Nifty Jun 2018 Futures were at 10,757.65 points, a discount of 4.80 points, below the spot closing of 10,762.45. The turnover on NSE's Futures and Options segment went up to Rs. 7,56,917.32 crore on Jun 25 from Rs. 7,12,491.54 crore on Jun 22.
- The Put-Call ratio stood at 0.91 against previous session's close of 0.90.
- The Nifty Put-Call ratio stood at 1.48 against the previous session's close of 1.65.
- India VIX moved up 4.24% to 12.5325 from 12.0225 in the previous trading session.
- Open interest on Nifty Futures stood at 27.04 million as against the previous session's close at 25.86 million.



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## Debt Market Update

Policy Rates (%)	25-Jun-18	Wk Ago	Mth Ago	Yr Ago
Reverse Repo	6.00	6.00	5.75	6.00
Repo	6.25	6.25	6.00	6.25
CRR	4.00	4.00	4.00	4.00
SLR	19.50	19.50	19.50	20.50
Bank Rate	6.50	6.50	6.25	6.50

Daily Rates (%)	25-Jun-18	Wk Ago	Mth Ago	Yr Ago
FBIL MIBOR	6.35	6.25	6.02	6.17
CALL	6.23	6.17	5.93	6.08
CBLO	6.26	6.18	5.08	5.87
OIS- 1 Yr	6.84	6.85	6.79	6.20
OIS- 5 Yr	7.24	7.24	7.20	6.21

Liquidity Indicators (in Rs. Cr.)	25-Jun-18	Wk Ago	Mth Ago	Yr Ago
Govt Securities	26,377	30,799	30,646	46,122
Call Money	17,884	17,360	32,751	23,458
CBLO	139,841	120,463	68,333	64,236
LAF	9,136	-357	-29,900	-36,963
Treasury Bills	3,229	1,686	764	6,448

Top 5 Traded G-Sec	Maturity	Yield %		Change %
		Closing	Previous	
07.17 GS 2028	08-Jan-28	7.82	7.82	0.06
06.68 GS 2031	17-Sep-31	8.01	7.99	0.26
06.84 GS 2022	19-Dec-22	7.86	7.85	0.11
07.59 GS 2026	11-Jan-26	8.06	8.04	0.32
08.79 GS 2021	08-Nov-21	7.79	NA	NA

Certificate of Deposit (%)	25-Jun-18	Wk Ago	Mth Ago	Yr Ago
3-Month	6.96	7.06	7.83	6.34
6-Month	7.41	7.44	7.95	6.48
9-Month	7.64	7.66	8.19	6.56
12-Month	8.07	8.07	8.22	6.65

Commercial Paper (%)	25-Jun-18	Wk Ago	Mth Ago	Yr Ago
3-Month	7.50	7.60	8.35	6.70
6-Month	7.95	7.90	8.50	6.91
12-Month	8.50	8.40	8.70	7.19

Govt. Borrowing Program	Scheduled (Amt in Rs. Cr.)	Completed	Cut-off YTM
6.65% GS 2020	2,000	2,000	7.41%
7.59% GS 2026	3,000	3,000	8.03%
GOI FRB 2031	3,000	3,000	7.87%
6.57% GS 2033	2,000	2,000	8.10%
7.06% GS 2046	2,000	2,000	8.10%

Key Indicators	
GDP (Q4 FY'18)	7.70%
Manufacturing PMI May'18	51.20
Current Account Deficit (Q4 of FY18, in \$ Billion)	13.00
Fiscal Deficit (FY 2018, as a % of GDP)	3.53%
Credit Growth (Jun 08,2018)	12.70%
Deposit Growth (Jun 08,2018)	8.40%

## Indian Debt Market

- Bond yields remained steady. However, overall market sentiment remained at subdued levels over concerns that oil prices might continue to hover at elevated levels after the Organization of the Petroleum Exporting Countries agreed on a modest output increase.
- Yield on the 10-year benchmark paper (7.17% GS 2028) remained steady at 7.82% as against its previous close. During the session, bond yields traded in the range of 7.80% and 7.86%.
- Banks' borrowings under the repo window of the Liquidity Adjustment Facility (LAF) stood at Rs. 9,136 crore (gross) on Jun 25, compared with Rs. 18,698 crore (gross) on Jun 22. Sale of securities under the Reserve Bank of India's (RBI) reverse repo window stood at Rs. 27,692 crore on Jun 22.
- Banks borrowed Rs. 2,042 crore under the central bank's Marginal Standing Facility on Jun 22 compared with Rs. 1,009 crore borrowed on Jun 21.
- RBI conducted auction of 45-day cash management bill for a notified amount of Rs. 20,000 crore for which full amount was accepted. The cut-off price for the bill stood at Rs. 99.20 (6.54%).
- RBI announced to conduct the auction of government securities (GS) - 6.84% GS 2022, 7.17% GS 2028, 7.40% GS 2035 and 7.72% GS 2055 for a notified amount of Rs. 12,000 crore on Jun 29, 2018.

## Spread Analysis

- Yields on gilt securities increased across the maturities by up to 5 bps barring 3-year paper that fell 3 bps, 7-year paper that fell 1 bps and 6-year paper that closed steady.
- Corporate bond yields fell across 3 to 15 years' maturities by up to 3 bps barring 6-year paper that closed steady. Yields increased 4 bps each on 1- and 2-year maturities.
- Spread between AAA corporate bond and gilt expanded across 1 to 3 years' papers and 7-year maturity by up to 3 bps. Spread contracted across the remaining maturities in the range of 2 bps to 4 bps barring 6-year paper that closed steady.

## Govt. Borrowing Program FYTD

Description	Scheduled	Completed	% Completed
	(Amt in Rs. Cr.)		
Week: Jun 18-22	12,000	12,000	100.00%
Month: Jun 2018	48,000	36,000	75.00%
H1: Apr'18-Sep'18	288,000	132,000	45.83%

## Maturity Bucket Wise Govt. Borrowing

Description	Scheduled H1'19	Completed H1'19
1 to 9 Yrs	33.33%	36.46%
10 to 14 Yrs	29.17%	54.76%
Long Dated (above 14 Yrs)	37.50%	47.22%

## Upcoming Issuances

Name	Tenure	Amt in Rs. Cr.
Treasury Bill	91 DayS	7,000
Treasury Bill	182 Days	4,000
Treasury Bill	364 Days	4,000

## Corporate Bond Spread Matrix (in bps)

Period	AAA	AA	A
1 Yr	114.80	159.43	204.46
3 Yr	78.57	109.76	210.16
5 Yr	69.21	103.70	275.38
10 Yr	74.33	139.97	239.04

Key Indicators	Current	Previous
WPI (May'18)	4.43%	3.18%
CPI (May'18)	4.87%	4.58%
IIP (Apr'18)	4.90%	4.60%
Trade Deficit(In \$ billion-May18)	14.62	13.72

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## Commodity Market Update

International Commodities	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
Gold (\$/oz)	1265	-0.28	-2.78	1358	1213
Silver (\$/oz)	16	-0.79	-1.07	18	16
NYMEX Crude(\$/bbl)	69	-0.09	1.31	72	43
Brent Crude(\$/bbl)	73	-1.16	-5.94	81	43
Baltic Dry Index	1333	-0.60	23.77	1743	820
RJ/CRB Index	195	-1.11	-3.93	206	169

Indian Commodities	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
Gold (10 gm)	30,540	0.18	-2.02	31,427	27,719
Silver (1 kg)	39,425	-0.51	-2.00	41,364	35,660
Crude Oil (1 bbl)	4,648	3.98	-3.89	4,919	2,776
Natural Gas (1 mmbtu)	200	-1.63	-0.75	223	164
Aluminium (1 kg)	148	0.85	-4.95	171	120
Copper (1 kg)	148	0.85	-68.29	491	134
Nickel (1 kg)	1,026	-0.75	1.31	1,055	178
Lead (1 kg)	164	1.58	-2.26	172	142
Zinc (1 kg)	201	-0.74	-3.25	1,783	163
Mentha Oil (1 kg)	1,344	1.48	-1.90	2,158	993
Cotton (1 bales)	22,710	0.75	9.76	22,930	18,060

## MF Schemes Category-wise Performance (%)

Category-Equity	1 Week	1 Month	6 Month	1 Year	3 Year	5 Year
Large Cap	-0.70	0.56	-1.41	8.45	8.37	15.82
Small/Mid Cap	-1.88	-3.18	-9.47	6.61	12.99	26.20
Diversified	-0.96	-0.42	-3.90	8.10	9.55	17.80
Balanced	-0.72	-0.42	-2.41	6.80	8.97	15.90
Banking	0.14	0.47	-0.66	7.93	12.82	18.40
FMCG	-1.32	-4.84	-0.66	13.60	15.12	16.11
Pharma	-0.68	4.80	-4.45	2.12	-2.07	13.45
Technology	-1.13	0.26	19.52	38.15	11.94	21.12
Infrastructure	-2.27	-5.14	-14.78	2.51	8.11	18.47
Gold Funds	-0.50	-2.61	6.35	4.50	3.59	1.56
Nifty 50	-0.35	1.48	2.57	12.33	8.61	13.91
S&P BSE Sensex	-0.22	1.56	4.51	13.83	8.33	13.74
S&P BSE 500	-0.89	0.18	-1.76	10.83	10.20	16.15
S&P BSE Midcap	-1.62	-1.20	-10.59	7.70	13.69	21.81
CRISIL Balanced	-0.29	0.73	0.38	8.91	10.14	14.08

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	7.23	7.22	6.79	6.64	7.30
Ultrashort Bond	8.98	8.69	6.20	6.15	7.63
Short-T Bond	12.61	7.85	4.10	4.22	7.70
Long-T Bond	14.46	6.21	2.65	2.70	7.77
Long T Govt Sec	17.22	3.68	0.16	-1.18	7.74
Crisil Liquid	7.74	8.22	7.29	6.99	6.81
Crisil ST Bond	14.16	7.99	4.33	4.63	7.16
Crisil Composite	21.88	5.27	0.54	1.34	6.87
NSE G-Sec Comp	--	--	--	--	--

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

## Commodity Market

- Gold prices inched up on weaker dollar against the euro. Persisting concerns over global trade war supported the bullion's prices as the U.S. is likely to bar many Chinese companies from investing in U.S. technology firms and might also block additional technology exports from China. Gold prices were last seen trading at \$1,268.91 per ounce, compared with the previous close of \$1,268.49 per ounce.
- Brent crude prices fell on concerns over higher output from the oil cartel as most of the member countries have agreed to raise output levels. However, probable supply disruptions from Venezuela and Angola limited the downside. Oil prices were last seen trading at \$73.19 per barrel, compared with the previous close of \$73.41 per barrel.

## International Market Update

- The People's Bank of China lowered reserve requirement ratio (RRR) of some banks to free up as much as CNY700 billion or \$108 billion funds to provide liquidity support for small businesses struggling with debt. The reduction in RRR comes amid escalation of trade tensions between U.S. and China with both sides threatening more tariffs on imports.
- According to the Summary of Opinions at the Bank of Japan monetary policy meeting held on Jun 14 and 15, the central bank would persistently continue with powerful monetary easing as there is still a long way to go to achieve the inflation target. The policymakers were also of the view that it would be inappropriate to adopt a policy that would forcibly push up demand in a short period of time.

## Mutual Fund & Insurance Update

- The name of Escorts Asset Management Limited has been changed to Quant Money Managers Limited effective from Feb 28, 2018. Also, the name of Escorts Investment Trust Limited has been changed to Quant Capital Trustee Limited effective from Apr 13, 2018. Additionally, the asset management company has reshuffled its key personnels.
- According to Policybazaar.com's product and innovation head, more insurance companies are looking to offer products that would cover infertility treatments. As per a report from Ernest and Young, roughly 27.5 million couples are suffering from infertility and the number could increase more than 10% by 2022. Presently, only a few insurers offer coverage of infertility treatments.
- Digital payments company Paytm plans to offer life insurance cover of up to Rs. 5 lakh to merchants through a third-party insurance company. The merchants can secure their families and staff, while Paytm will be bearing the premium charges. Notably, the beneficiaries can opt to extend the cover or increase the sum assured at a minimal charge.

## Dividend Update

- SBI Mutual Fund has announced Jun 29 as the record date for declaration of dividend under the dividend option of SBI Arbitrage Opportunities Fund. The rates of dividend are Re. 0.06 per unit (regular) and Re. 0.07 per unit (direct).
- Aditya Birla Sun Life Mutual Fund has announced Jun 29 as the record date for declaration of dividend under the dividend option of Aditya Birla Sun Life Equity Hybrid '95 Fund and Aditya Birla Sun Life Dynamic Bond Fund. The rates of dividend for Aditya Birla Sun Life Equity Hybrid '95 Fund are Rs. 2.85 per unit (regular) and Rs. 4.15 per unit (direct). In case of Aditya Birla Sun Life Dynamic Bond Fund, the dividend rates are Re. 0.0055 per unit (regular) and Re. 0.0878 (direct).

## NFO Update

- SBI Mutual Fund has announced NFO of SBI Debt Fund Series C – 19 (1100 days). The NFO will open Jun 27 and close on Jul 2.

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## Currency Market Update

### Currency Spot

Currency	Px Last	Change in %		52 Week	
		1 Day	1 Month	High	Low
USD/INR	68.12	5.78	0.51	68.46	63.24
EUR/INR	79.70	0.77	1.02	81.66	71.98
YEN(100)/INR	62.04	0.54	0.23	62.75	55.87
SGD/INR	49.99	0.08	-0.94	51.05	46.36
EUR/USD	1.17	0.40	0.45	1.26	1.12
GBP/USD	1.33	0.05	-0.25	1.44	1.27
JPY/USD	0.01	0.18	-0.35	0.01	0.01
SGD/USD	0.73	-0.29	-1.51	0.72	0.77

### Currency Futures (MCX-SX)

Currency	Closing	Chg % 1 Day	Open Interest	Chg % 1 Day
USD/INR	68.13	0.43	28,894	-21.37
EUR/INR	79.53	0.66	404	-2.42
GBP/INR	90.19	0.06	736	-0.81
JPY/INR	62.28	1.12	70	-15.66

RBI Reference rate	Current	Previous	Chg % 1 Day
USD	68.15	67.77	0.56
GBP	90.27	89.96	0.35
EURO	79.35	78.86	0.63
100 Yen	62.27	61.61	1.07

## Currency Update

- The rupee fell against the greenback following losses in the domestic equity market amid persistent trade war fears between the U.S. and China. Month-end dollar demand from oil importers also weighed on the domestic currency. The rupee fell 0.42% to close at 68.12 per dollar from the previous close of 67.84 per dollar.
- The euro rose against the greenback but remained under pressure as investor risk sentiment remained subdued amid ongoing trade tensions between the U.S. and the European Union. Euro was trading at \$1.1680, up 0.21% from the previous close of \$1.1655.

## Global Economy

- Survey data from the Munich-based Ifo Institute showed that Germany's business confidence weakened, as expected, in Jun 2018. The business climate index dropped to 101.8 in Jun from 102.3 in May 2018. The current situation indicator also fell to a 1-year low of 105.1 in Jun from revised 106.1 in May. However, the expectations index held steady at 98.6 in Jun 2018.
- Data from the statistical office INE showed that Spain's producer price inflation rose to a 6-month high in May 2018. Producer prices grew 2.9% on a yearly basis in May faster than the 1.8% increase in Apr 2018. This was the fastest growth since Nov 2017 when prices gained 3.1%. On a monthly basis, producer prices grew 1.1% in May after rising 0.7% in the previous month.

## Events Calendar

Event	Date	Event	Date
Nikkei India Manufacturing PMI (May 18)	01-Jun-18	Consumer Price Index (May 18)	12-Jun-18
Nikkei India Services PMI (May 18)	05-Jun-18	Wholesale Price Index (May 18)	14-Jun-18
MPC Second Bi-monthly Monetary Policy Statement	06-Jun-18	Forex Reserves	29-Jun-18
Index of Industrial Production (Apr 18)	12-Jun-18	Index of Eight Core Industries (May 18)	02-Jul-18

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