

# Weekly Market Update



## Financial Market & Economy Update

### Domestic Update:

- Reserve Bank of India's monetary policy committee (MPC) kept repo rate unchanged at 6.5% on Friday in its fourth bi-monthly monetary policy review for this fiscal year.
- The Reserve Bank Friday lowered its retail inflation projection for the second half of the current fiscal to 3.9-4.5 % mainly because of an unusually benign trend in food prices.
- The Nikkei India Manufacturing Purchasing Managers' Index strengthened slightly in September to 52.2, up from 51.7 in August, as sales rose from both domestic as well as foreign clients.
- The Nikkei India Services PMI declined to a four-month low of 50.9 in September of 2018 from 51.5 in August of 2018.
- The total GST revenue collected in the month of September was Rs 94,442 crore, of which CGST was 15,318 crore, SGST is Rs 21,061 crore and IGST is Rs 50,070 crore.
- Growth in India is firming up and projected to accelerate to 7.3 % in the 2018-19 fiscal and 7.5 % in the next two years, the World Bank said on Sunday.
- The Union Cabinet on Wednesday approved the proposal to hike the minimum support price (MSP) for rabi crops to one and a half times of the production cost as was promised in the Budget 2018. The cabinet has approved wheat MSP at Rs 1,840 per 100 kg for the year 2018-19.
- The Narendra Modi government has hiked the natural gas price by 10% in its six-monthly revision to \$3.36 per million British thermal unit (mBtu) from \$3.06 from October 1, which will lead to higher CNG and PNG rates.
- In a big development, the Narendra Modi government on Thursday announced a total relief of Rs 2.5 per litre on petrol and diesel in collaboration with oil companies.

### Global Update:

- China's central bank said on Sunday that it was cutting the reserve requirement ratios (RRRs) by one % from October 15 which will inject a net USD 109.2 billion in cash into the banking system, amid a deepening trade war with the US that has increased pressure on growth in the world's second-largest economy.
- China's foreign exchange reserves fell more than expected in September to a 14-month low as the yuan currency weakened further against the dollar amid mounting trade tension with the United States. Reserves fell \$22.69 billion in September to \$3.087 trillion, the biggest drop since February, compared with a decline of \$8.23 billion in August, central bank data showed on Sunday.
- Nikkei Japan Manufacturing PMI came in at 52.5 in September 2018, below the preliminary estimate of 52.9.
- UK economy shows steady growth. The IHS Markit/CIPS UK Services Purchasing Managers' Index (PMI) slipped to 53.9 in September from 54.3 in August.
- Japan's services sector grew at its slowest pace in two years in September due to heavy rains, flooding, and earthquakes, a private survey showed on Wednesday. The Markit/Nikkei Japan Services Purchasing Managers Index (PMI) fell to 50.2 on a seasonally adjusted basis from 51.5 in August.



## Equity Market Update

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## Domestic Markets



Index	05-Oct-2018	28-Sep-2018	% Change
BSE Sensex	34376.99	36227.14	-5.11
S&P CNX Nifty	10316.45	10930.45	-5.62
CNX Midcap	16299.75	17154.35	-4.98
CNX 500	8624.95	9116	-5.39
BSE Smallcap	13840.26	14430.68	-4.09

## Global Markets



Index	05-Oct-2018	28-Sep-2018	% Change
Dow Jones	26447.05	26458.31	-0.04
Nasdaq	7788.45	8046.35	-3.21
S&P 500	2885.57	2913.98	-0.97
FTSE 100	7318.5	7510.2	-2.55
Shanghai Composite	2821.35	2821.35	0
Hang Sang	26572.57	27788.52	-4.38

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	26691	33785	-7094
MF Flows*	17410	12503	4907

FII data from 28th Sept to 4th Sept 2018

MF data from 27th Sept to 3rd Sept 2018

## F&O FII Trends (Rs. Crs)



Date	Index	Stocks
01-Oct-2018	1971.03	353.06
03-Oct-2018	-2056.87	-2.48
04-Oct-2018	5352.43	-297.88
31-Dec-1899	0	0
31-Dec-1899	0	0

## Policy Rates



Key Rates (%)	05-Oct-2018	1 Week Ago	1 Month Ago
Reverse Repo	6.25	6.25	6.25
Repo	6.5	6.5	6.5
CRR	4	4	4
SLR	19.5	19.5	19.5

## Key Rates



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- A free-fall in rupee value coupled with high crude oil prices, along with a massive outflow of foreign funds, dragged the key domestic equity indices lower for the fifth consecutive week.
- Additionally, the Reserve Bank of India's new policy stance of "calibrated tightening", uncertainty in global trade and fears over fiscal slippages led to the downward trajectory.
- The S&P BSE Sensex plunged by over 2,000 points in only three trading sessions, while the NSE Nifty50 has shed over 650 points.
- On a weekly basis, the Sensex closed at 34,376.99 points, lower by 1,850.15 points or 5.10 % from its previous close.
- Similarly, the wider Nifty50 of the National Stock Exchange on Friday closed at 10,316.45 points, down 614 points or 5.61 % from the previous week's close.
- Broader Markets:** The BSE Mid-Cap index fell 759.39 points or 5.14 pc to settle at 14,003.81. The BSE Small-Cap index fell 590.42 points or 4.09 pc to settle at 13,840.26.
- FI:** In terms of investments, provisional figures from the stock exchanges showed that foreign institutional investors sold scrip worth Rs 9,522.44 crore, while the domestic institutional investors bought Rs 6,933.07 crore stocks in the past week.
- Sector Update:** Out of 19 sectoral indices, 16 extended losses on BSE with Oil and Gas leading the fall at 12.68%. The Energy indices lowered 8.52% on the last day of the trading this week.



## Debt Market Update

- The benchmark 7.17% bond maturing in 2028 ended at 94.48 rupees, yielding 8.02%
- The 10-year yield ended unchanged on a weekly basis, after falling for the last two weeks.
- The MPC tightened its stance as it sees inflation rising amid a weakening rupee and global financial market volatility. The repo rate was held at 6.50% following two 25 basis-point hikes in June and August. The stance was changed to 'calibrated tightening' from neutral and the inflation forecast was revised lower to 3.9%-4.5% for the second half of this fiscal year from 4.8%, with risks to the upside.



## Commodity Market Update

### Oil Update:

- November West Texas Intermediate crude, the U.S. benchmark contract, tacked on a penny on Friday to settle at \$74.34 a barrel on the New York Mercantile Exchange. It reached a nearly four-year high of \$76.90 on Wednesday International benchmark Brent crude oil futures lost 42 cents, or 0.5%, to end at \$84.16 a barrel on ICE Futures Europe. On Wednesday, the global benchmark hit a late 2014 high of \$86.74.
- Both crude benchmarks tallied a fourth weekly advance in a row. WTI rose 1.5%, while Brent crude advanced by 1.7%.
- Oil prices at four-year highs have triggered concerns about demand as U.S. President Donald Trump has blamed OPEC for rising gasoline prices for American consumers.
- Prices have eased slightly after Saudi Arabia and Russia said they would raise output to at least partly make up for expected disruptions from Iran.

### Gold Update:

- Domestic:** Riding on positive global cues and pick-up in buying by local jewellers, gold continued its upward journey with prices spurring by Rs 350 to Rs 31,900 per kg at the bullion market during the week.
- Silver followed suit and recorded notable gains backed by increased offtake by industrial units and coin makers.
- Bullion traders said sentiments were upbeat on positive global cues, as demand picked up after the US and Canada reached an agreement to salvage a North American free trade deal.
- Besides, the rupee collapsing to a fresh life-time low of 74.23 against the dollar (intra-day), making imports costlier, too supported the upside in gold prices, they added.
- In the national capital, gold of 99.9 and 99.5 % purity after commencing the week lower regained its sheen largely in sync with positive global cues and day-to-day increased buying by local jewellers, touching a high of Rs 32,030 and Rs 31,880, respectively before settling at Rs 31,900 and Rs 31,750 per 10 grams, showing a hefty rise of Rs 350 each.
- Silver ready and weekly-based delivery ended the week higher by Rs 700 each at Rs 39,800 per kg and Rs 39,275 per kg, respectively.
- On the other hand, silver coins moved in a narrow range in scattered deals and

Key Rates (%)	05-Oct-2018	28-Sep-2018	% Change
Mibor Overnight	6.5	6.6	-1.52
CALL (O/N)	6.41	6.51	-1.54
CBLO	6.12	4.36	40.37
T Bills Index (12M)	7.72	7.65	0.92
10 Year GSEC	8.02	8.02	0

## Commodity Market



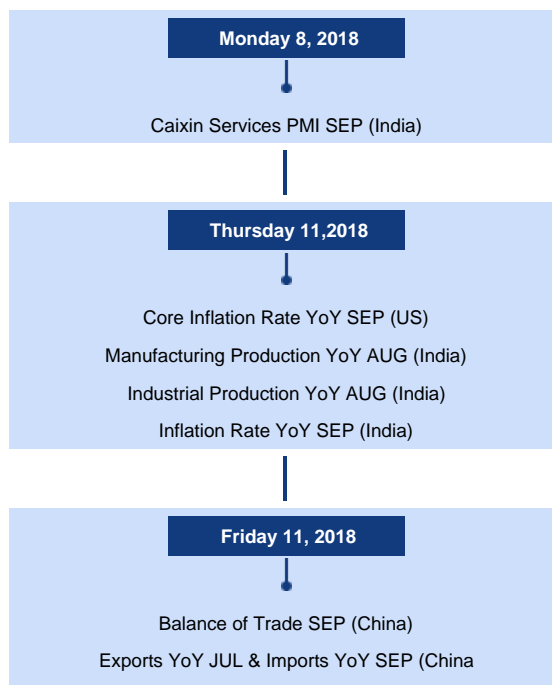
Commodity (INR)	05-Oct-2018	Gain+/Loss-	% Change
Gold (10 gm)	31057	482	1.58
Silver (1 kg)	38480	1474	3.98
Crude Oil (\$/barrel)	84.4	2.24	2.73

## Currency Market



Currency	05-Oct-2018	Gain+/Loss-	% Change
USD/INR	73.58	1.03	1.42
EURO/INR	84.7	0.26	0.31
GBP/INR	95.89	0.98	1.03
JPY/INR	64.59	0.69	1.08

## Upcoming Events



## Week Gone By



Events	Actual %	Previous %
Nikkei Manufacturing PMI SEP(India)	52.2	51.7
ISM Manufacturing PMI SEP (US)	59.8	61.3
ADP Employment Change SEP (US)	230K	168K @
Nikkei Services PMI		

pegged at last level of Rs 73,000 for buying and Rs 74,000 for selling of 100 pieces.

- **International:** Gold ended the week higher at USD 1,202.70 an ounce and silver at USD 14.63 an ounce in New York.



## Currency Market Update

- In the week gone by, the rupee touched a fresh low of over 74 to a US dollar in the spot market. It settled at a record closing low of 73.77 (73.7675) per US dollar on Friday, October 5.
- The RBI on Friday belied market expectations of a rate hike. However, the "neutral" stance of monetary policy was changed to "calibrated tightening", which triggered a massive sell-off in the equities market.
- On a weekly basis, the rupee closed at 73.77, weaker by Rs 1.29 from its previous week's close of 72.48 per greenback.
- The country's foreign exchange reserves declined by USD 1.265 billion to USD 400.52 billion in the week to September 28 due to a fall in foreign currency assets, according to RBI data.
- U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, dipping 0.13% to 95.31 late Friday. The index still ended the week up 0.6%, its second straight weekly gain.

SEP (India)	50.9	51.5
RBI Interest Rate Decision (India)	6.5	6.5
Balance of Trade AUG (US)	\$-53.2B	\$-50B
Unemployment Rate SEP (US)	3.7	3.9

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