



## Financial Market & Economy Update

### Domestic Update:

- RBI cuts rate by 25 bps to 6.25% from 6.50% and stance changed to 'neutral' from 'calibrated tightening'.
- Fiscal deficit touched 112.4% of the full-year budget target of Rs 6.24 lakh cr at the end of Dec on account of lower revenue collections. The fiscal deficit, or gap between Government's expenditure and revenue, stood at Rs 7.01 lakh crore during Apr-Dec of the current financial year which ends in March.
- To protect domestic players from cheap imports, India has imposed anti-dumping duty on as many as 99 Chinese products as on January 28 this year.
- Sugar production rose 8% to 185 lakh tones in the first four months of this marketing year ending September, industry body ISMA said on Monday.
- Foreign direct investment (FDI) into India has declined 11% to \$22.66 bn during Apr-Sep period of the current fiscal.
- The finance ministry expects economic growth to accelerate to 7.5 % in 2019-20 from 7.2 % projected for the current fiscal.
- The government's push to provide clean cooking fuel to every household has turned India into the world's second largest LPG consumer whose demand is projected to rise 34 % by 2025, Oil Secretary M M Kutty said on February 5.
- The GST collections in January rose to Rs 1.02 lakh crore, the second highest monthly mop-up after April.
- Union Road Transport Minister Nitin Gadkari Wednesday launched three major highway projects entailing an investment of Rs. 2,345 crore in Odisha, saying it will go a long way in ensuring speedy development in the state.
- Subsidy of over Rs 8,300 crore has been disbursed to more than 3.7 lakh home buyers so far under the government's Credit Linked Subsidy Scheme (CLSS)
- The Cabinet Committee on Economic Affairs (CCEA) approved a corpus of `2,000 crore for Agri Market Infrastructure Fund (AMIF) to be created with Nabard for development and upgrade of agricultural marketing infrastructure in rural and regulated wholesale markets.
- India has jumped eight places to 36th position on the International Intellectual Property (IP) Index, which analyses the IP climate in 50 global economies, this year. India's eight-point jump in 2019 from 44th position in 2018 is the highest increase among 50 nations mapped by the index
- The Reserve Bank of India Thursday projected an economic growth rate of 7.4 % for the next fiscal, up from 7.2 % estimated for the current fiscal by Central Statistics Office (CSO).

### Global Update:

- US job creation saw another blockbuster month in January, blowing past the government shutdown, but that disruption helped to push the unemployment rate higher. Employers added 304,000 net new positions last month -- the highest in nearly a year.
- Britain's economy risks stalling or contracting as Brexit nears and a global slowdown worsens, with firms in the dominant services sector reporting job cuts for the first time in six years and falling new orders. Sterling slipped to near two-week lows against the dollar after a leading gauge of the world's fifth-biggest economy, the IHS Markit/CIPS UK Services Purchasing Managers' Index (PMI), fell to 50.1 in January from 51.2 in December.
- Euro zone businesses expanded at their weakest rate since mid-2013 at the start of the year as demand fell for the first time in four years
- Business activity growth in Germany's services sector picked up for the first time in four months in January, slightly lifting overall private sector growth in Europe's largest economy at the start of the year. IHS Markit's final composite Purchasing Managers' Index (PMI), which tracks the manufacturing and services sectors that account for more than two-thirds of the economy, rose to 52.1 from 51.6 in December which marked a 5-1/2 year low.
- U.S. services sector activity slowed to a six-month low in January as businesses worried about the impact of a partial shutdown of the federal government on the economy. The ISM said its non-manufacturing activity index dropped 1.3 points to a reading of 56.7 last month. That was the lowest reading since July and marked two straight monthly declines.
- Coincident Index in Japan decreased to 102.30 in December from 102.90 in November of 2018.
- The French trade deficit narrowed slightly to EUR 4.7 billion in December 2018 from a downwardly revised EUR 4.8 billion in November.
- The Bank of England voted unanimously to hold the Bank Rate at 0.75 % during its first policy meeting of 2019 and reaffirmed its pledge to gradual and limited rate rises over the forecast period.



## Equity Market Update

- India's equity benchmarks wiped off most of their weekly gains with just Friday's last 30-minute selloff. The S&P BSE Sensex, which rallied nearly 1.4 % between Monday and Thursday, ended the week 0.2 % higher. The NSE Nifty 50 Index, too, pared its weekly gains to end 0.5 % higher.
- Broader Markets:** Nifty Midcap and Sensex smallcap during the week were down by -2.31% and -2.11% respectively.

## Domestic Markets



Index	08-Feb-2019	01-Feb-2019	% Change
BSE Sensex	36546.48	36469.43	0.21
S&P CNX Nifty	10943.6	10893.65	0.46
CNX Midcap	16597.2	16990.25	-2.31
CNX 500	9036.9	9056.3	-0.21
BSE Smallcap	13656.75	13950.45	-2.11

## Global Markets



Index	08-Feb-2019	01-Feb-2019	% Change
Dow Jones	25106.33	25063.89	0.17
Nasdaq	7298.2	7263.87	0.47
S&P 500	2707.88	2706.53	0.05
FTSE 100	7071.2	7020.2	0.73
Shanghai Composite	2618.23	2618.23	0
Hang Sang	27946.32	27930.74	0.06

## Institutional Flows (Equity)



Description (INR Cr)	Purchases	Sales	Net
FII Flows*	22452	19934	2518
MF Flows*	10502	10119	383

FII & MF data from 1st Feb 2019 to 7th Feb 2019

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



Date	Index	Stocks
04-Feb-2019	1001.9	243.9
05-Feb-2019	968.23	-280.44
06-Feb-2019	3080.91	948.01
07-Feb-2019	2172.87	558.5

## Policy Rates



Key Rates (%)	08-Feb-2019	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	19.25	19.5	19.5

## Key Rates



- **Sector Update:** Six of the 11 sectoral gauge advanced this week, led by the NSE Nifty Media's Index's 5.6 % rally. On the flipside, the NSE Nifty Metal Index was the top sectoral loser, down 2.7 %.
- **FII/DII:** Increase in foreign funds flow during the week also aided the equity market gains. Foreign institutional investors (FIIs) bought stocks worth Rs 2,265.23 crore in the week ended Friday, whereas domestic institutional investors (DIIs) sold stocks worth Rs 11.58 crore.

Key Rates (%)	08-Feb-2019	01-Feb-2019	% Change
Mibor Overnight	6.44	6.5	-0.92
CALL (O/N)	6.35	6.43	-1.24
CBLO	6.34	6.41	-1.09
T Bills Index (12M)	6.55	6.8	-3.68
10 Year GSEC	7.34	7.38	-0.54



## Debt Market Update

- Indian government bonds posted their best week in seven, as the rate-setting panel unexpectedly cut rates and shifted focus to growth, fueling bets of further policy easing.
- The benchmark 7.17% bond maturing in 2028 ended at 97.72 rupees, yielding 7.52%. The benchmark bond yield slipped nine basis points this week after rising seven bps in the previous week.
- The 7.26% bond maturing in 2029 settled at 99.47 rupees, yielding 7.33%. The yield on this note slid by five basis points this week.
- India said it will borrow an additional 360 billion rupees through bonds in March, taking the gross supply for this year to 5.71 trillion rupees. The government has planned a gross borrowing of 7.10 trillion rupees next fiscal, with the net borrowing pegged at 4.73 trillion rupees.
- The central bank will conduct open market purchases worth 375 billion rupees in February, while some traders fear the quantum may be lower in March.
- India's federal government sold bonds worth 120 billion on Friday, including 40 billion rupees of the 7.26% bond maturing in 2029, the cutoff yield for which was higher than estimates indicating weak appetite.



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### Oil Update:

- Oil futures settled slightly higher on Friday, but dropped by nearly 5% for the week as worries over a global economic slowdown dominated sentiment.
- U.S. West Texas Intermediate crude ended Friday's session up 8 cents, or around 0.15%, at \$52.72 a barrel on the New York Mercantile Exchange.
- For the week, the U.S. benchmark lost 4.6%, its worst weekly loss this year.
- Meanwhile, international Brent crude on the ICE (NYSE:ICE) Futures Europe exchange tacked on 47 cents, or around 0.7%, to settle at \$62.10 a barrel. It fell about 1% for the week.
- After ending 2018 in freefall, oil prices have rallied approximately 16% to start the year, boosted by OPEC-led supply cuts and U.S. sanctions against Venezuela.

### Gold Update:

- The global yellow metal markets remained firm during the week ended Saturday, thanks to the \$. Gold after touching the lowest of \$1,303 (per Oz) in January, staged recovery in the current month. It closed at \$1,313.99.
- Silver closed at \$15.82 (per Oz). Gold is likely to remain firm in the near future due to downgrading of European markets. Other economic parameters revealed a mixed trend. \$-rupee parity stood at Rs 71.30.
- Brent ruled at the lower level of \$61.97 (per barrel). Copper closed at 442.70 while Crude MCX at 3760. Sensex and Nifty 50 closed at 36,546.48 and 10943.60 points. Nymex closed at 52.71. Gold MCX and Silver MCX stood at Rs 33242 (per 10 gms) and Rs 40,105 (per kg) respectively.
- In the local markets, gold and silver jewellery were in moderate demand. Standard gold (24 carats) after clicking at Rs 34,430 (per 10 gms) in previous week, remained marginally divergent during the week and finally closed at Rs. 34,250 or Rs. 180 lower.



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## Commodity Market



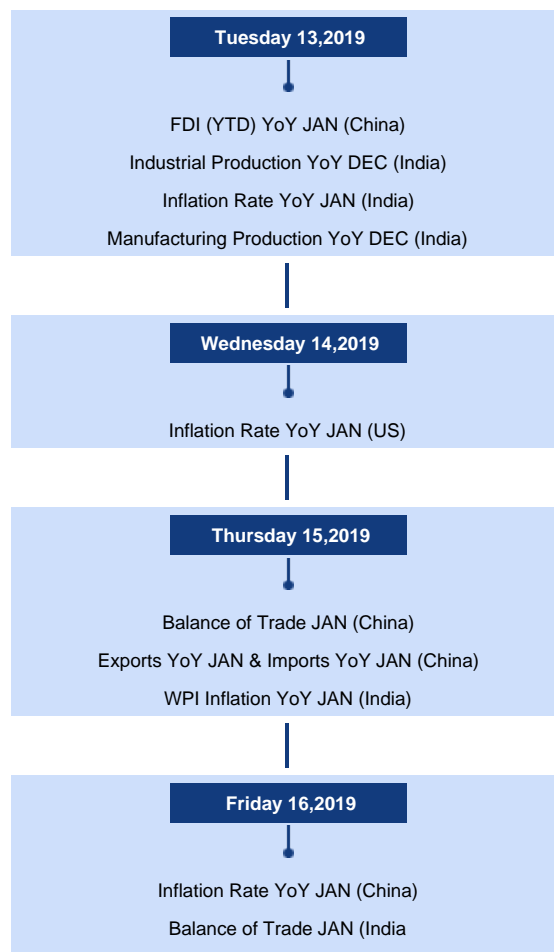
Commodity (INR)	08-Feb-2019	Gain+/Loss-	% Change
Gold (10 gm)	34180	180	0.53
Silver (1 kg)	39880	-559	-1.38
Crude Oil (\$/barrel)	62.1	-0.65	-1.04

## Currency Market



Currency	08-Feb-2019	Gain+/Loss-	% Change
USD/INR	71.29	0.18	0.25
EURO/INR	80.83	-0.51	-0.63
GBP/INR	92.29	-0.88	-0.94
JPY/INR	64.98	-0.33	-0.51

## Upcoming Events



## Week Gone By



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- The Indian rupee ended marginally lower against the U.S. dollar. The home currency depreciated 0.08 % this week against the greenback.
- The overall forex reserves increased to \$400.24 billion from \$398.17 billion reported for the week ended January 25.
- The U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, was up 0.13% at 96.41 late Friday. For the week, the index gained 1.17%, its biggest weekly increase since a 1.23% jump in the week of May 13, 2018.

Events	Actual %	Previous %
Factory Orders MoM NOV (US)	-0.6	-2.1
Nikkei Services PMI JAN (India)	51.6	51.0
Balance of Trade NOV (US)	\$-49.3B	\$-55.7B @
Leading Economic Index Prel DEC (Japan)	97.9	99.1
Foreign Exchange Reserves FEB/01 (India)	\$400.24B	\$398.18B
Markit Services PMI Final JAN (EA)	51.2	51.2
RBI Interest Rate Decision (India)	6.25	6.5
ISM Non-Manufacturing PMI JAN (US)	56.7	58.0 @
Cash Reserve Ratio (India)	4.0	4.0

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