

## Market Update – April 2018

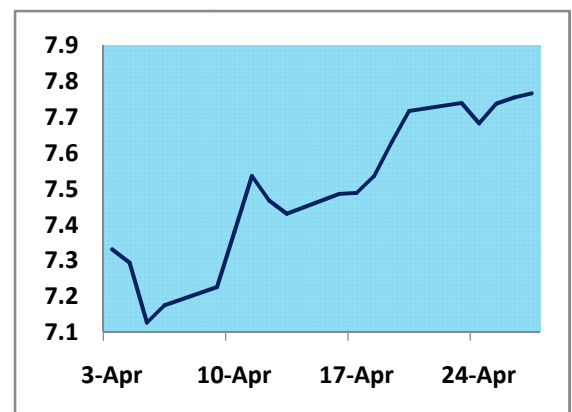
### Economy

- India's economy is forecasted to grow at 7.4% in the current fiscal from 6.7% in FY18 and accelerate further in FY20 to 7.8%, as per the IMF's latest forecast.
- The Reserve Bank of India left its key policy rate unchanged at 6% for the 4th meeting on Apr 5, 2018. Policymakers said the decision is consistent with the neutral stance of monetary policy.
- India March WPI inflation at 2.47% vs 2.48% MoM.
- All India Consumer Price Index for the month of March 2018 – decreased by (-) 0.16 per cent for the corresponding months of the last year. CPI for the month of March, 2018 decreased from 4.44% to 4.28%.
- The Wholesale Inflation for March has decreased to 2.47% to a eight-month low, driven by lower inflation in food and fuel products. WPI continued to decline for the fourth consecutive month.
- The Nikkei Manufacturing PMI in India unexpectedly fell to 51.0 in March of 2018 from 52.1 in the prior month and missing market consensus of 52.8.
- RBI lowered their projections for CPI inflation: CPI is now estimated to range between 4.7-5.1% in H1FY19 and 4.4% in H2FY19.
- India's annual retail inflation eased for the third straight month in March to 4.28 %, as food prices fell.
- Inflation based on wholesale prices eased marginally to 2.47% in March on cheaper food articles, especially pulses and vegetables.
- Monsoon 2018: The India Meteorological Department (IMD) forecast said that there will be 97% normal monsoon for the year 2018-19, which could be good news for the rural economy that suffered due to the twin impact of drought years and demonetisation.
- The government shelved a plan to expand the social security net for nearly 6 million organized sector employees through EPFO.

Indicators	Current	Previous
<b>Monthly CPI Inflation</b>	<b>4.28%</b>	<b>4.44%</b>
	<b>(Mar-18)</b>	<b>(Feb-18)</b>
<b>Monthly WPI Inflation</b>	<b>2.47%</b>	<b>2.48%</b>
	<b>(Mar-18)</b>	<b>(Feb-18)</b>
<b>IIP</b>	<b>7.1%</b>	<b>7.50%</b>
	<b>(Feb-18)</b>	<b>(Jan-18)</b>
<b>GDP (QoQ)</b>	<b>7.20%</b>	<b>6.30%</b>
	<b>(Oct-Dec 17)</b>	<b>(July-Sep 17)</b>

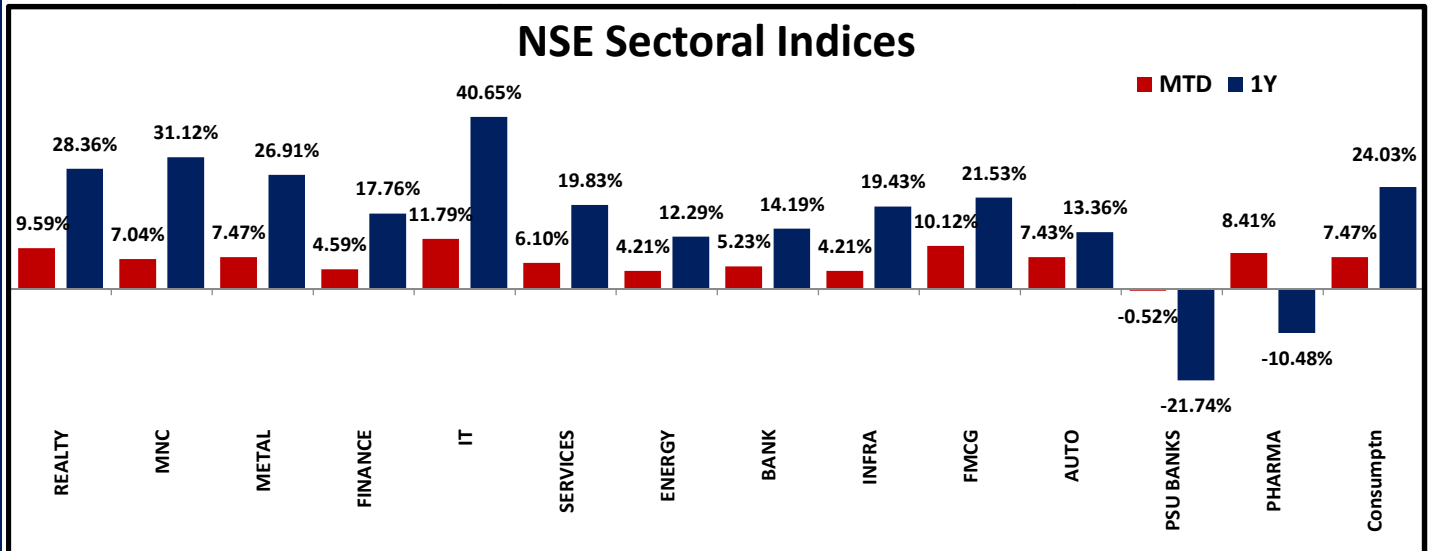
## Debt Market

- "Fitch Ratings has affirmed India's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BBB-' with a stable outlook," the rating agency said in a statement.
- General government debt amounted to 69 per cent of GDP in 2017-18 fiscal while fiscal slippage of 0.3 per cent of GDP in both FY18 and FY19 relative to the government's own budget targets of last year, implies a general government deficit of 7.1 per cent of GDP," it said.
- "The government has reasserted its longer-term aim of gradual fiscal consolidation with an amendment of the FRBM Act (Fiscal Responsibility and Budget Management Act) to set a ceiling for central government debt at 40% of GDP and general government debt at 60% of GDP, to be reached by March 2025."
- India's benchmark 10-year yield surged to 7.79 percent in the third week of the month. Yield on India's benchmark 10-year government bonds maturing in 2028 ended marginally up at 7.767% rose up by 43 basis points as compared to March end closing of 7.33%.
- The monthly 10 year benchmark G-sec yield is shown in the line chart.
- In one of the largest debt issuances this year, Tata Steel has raised about \$1.9 billion through syndicated loans for its Singapore units Nat Steel Asia and TS Global to refinance existing high-cost debt.
- In April, the RBI said that FPIs would be allowed to invest up to 5.5 per cent of outstanding stock of government securities (G-secs) in 2018-19 and 6 per cent of outstanding stock of securities in 2019-20.
- RBI removed minimum maturity cap for FPI investment in bond market. In case of corporate bonds, the minimum residual maturity will be one year now, relaxed from three years earlier.
- The 7.17 per cent 10-year benchmark bond maturing in 2028 dipped to Rs 96.05 from Rs 96.16, while its yield marginal up to 7.76 per cent from 7.74 per cent.
- Crude prices rose on 30<sup>th</sup> April, 2018 hitting their highest of USD 75.62 after Israel Prime Minister Benjamin Netanyahu said Iran had lied about pursuing nuclear weapons after signing a 2015 deal with global powers.
- Indian states sold bonds worth 187.78 billion rupees this week, which was dominated by 10-year securities. This weighed on the overall appetite, coming at a time when state-run banks have still not emerged as buyers of government bonds.



## Equity Market

### Sector Performance of NSE as on 30<sup>th</sup> April, 2018.



## Reasons

- All Sectoral and industrial indices performed well, among them IT sector outperformed this month and rose up by 11.79%, followed by FMCG which gained 10.12%. Most of the other sectors were also closed in green, Realty 9.59 %, Pharma 8.41 % and consumer durables 7.47 %, while PSU banks fell by .52 %.
- Maintaining its uptrend for the fourth straight week in the month of April, the Sensex garnered 2000 points to finish at 35004, while the broader Nifty gained 528 points and reclaimed to settle above the key 10,500-level at 10,739.
- Foreign institutional investors were big seller of Indian equities in the month of April, even as stock markets globally were quite volatile. Foreign institutional investors (FIIs) sold shares worth Rs 101,682.65 crore during the month while DIIs were the gross buyers and purchased shares worth Rs 70705 crore.
- A rally in shares of metal firms amid soaring global metal prices propelled the market further. NSE's Metal sector gained by 7.47%
- Foreign investors have pulled out more than Rs 15,500 crore from the Indian capital markets so far this month due to weak rupee due to surge in global crude prices and uncertainty over US-China trade relations.
- GST revenues for the month of March collected in April surpassed Rs1 trillion.

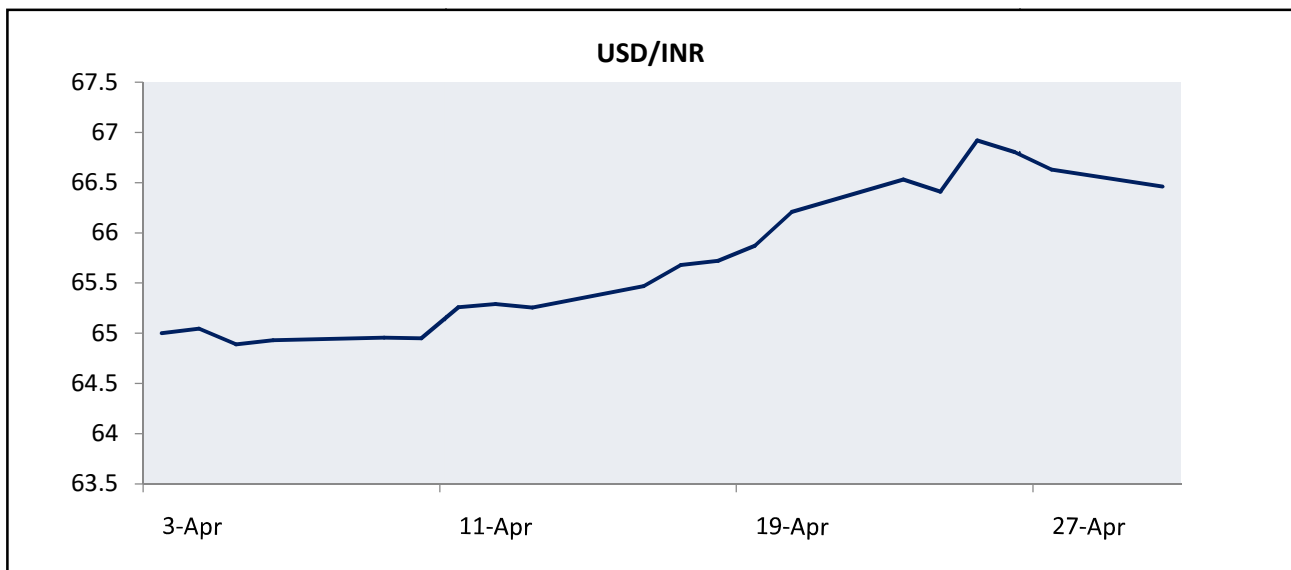
## FII's & DII's Activity

Net Flows	Apr-18	Mar-18	Feb-18
FII (in Cr.)	-9,620.56	7,904.85	-18,619.15
DII (in Cr.)	8,663.88	6,693.91	17,813.01

In the month of April, 2018 FII's were net seller to the tune of Rs 9620 crore comparing where they were the net buyer in the month of March, 2018 to the amount of Rs. 7904 crore and DII's were net buyers to the tune of Rs 8663 crore in month of April as compared to March, 18 to the amount of 6693cr.

## Currencies

Last week of the month, the Indian rupee hit the 14<sup>th</sup> month low of 66.92. After reclaiming high of 66.92 towards the fag-end trade, it finally settled down at 66.46 month closing. Rupee has declined 2% in the month of April and 4.74% so far this year. India's forex reserves expanded by \$1.217 billion to touch a lifetime high of \$426.082 billion in the second week of April. Weakness in the rupee had been triggered on back of sharp rise in global crude oil prices and fund outflow by FIIs in the equity and debt segment.



## Mutual Funds

- Strong purchase done by Mutual Funds houses in April on debt side to Rs 148043 cr. They were also the net buyers in equity side with the amount of Rs 9483 Cr and in debt side with the amount of Rs 25346 cr.

MF Activity	April			March		
	Purchase	Sell	Net Flow	Purchase	Sell	Net Flow
<b>Equity (Cr.)</b>	47249	37766	9483	62582	53326	9256
<b>Debt (Cr.)</b>	148043	122697	25346	236733	198755	37978

- The NSE's arm India Index Services & Products Ltd (IISLNSE 0.00 %) launched Nifty equity savings index that will serve as a benchmark for equity saving funds offered by various mutual funds.
- According to the data from the Association of Mutual Funds in India on total investor accounts with 42 fund houses, the number of folios rose to a record 7,13,47,301 at the end of March this year, from 5,53,99,631 at the end of March 2017, a gain of 1.59 crore.
- Securities Appellate Tribunal allowed Sahara Group to withdraw the plea against Sebi order that directed Sahara Mutual Fund to wind up its schemes.

### Top performing Sector for the month based on 3 months average return basis:

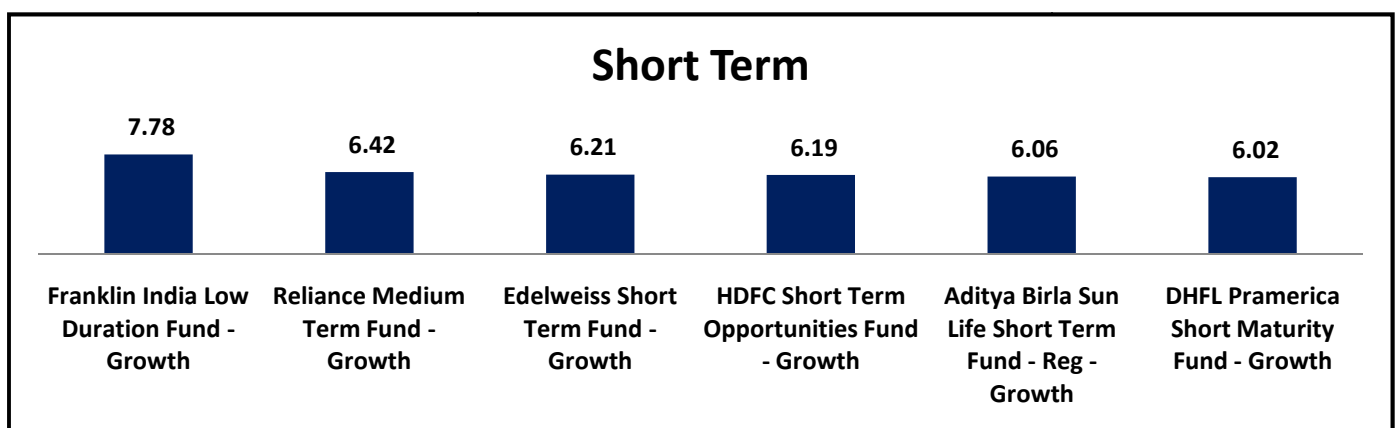
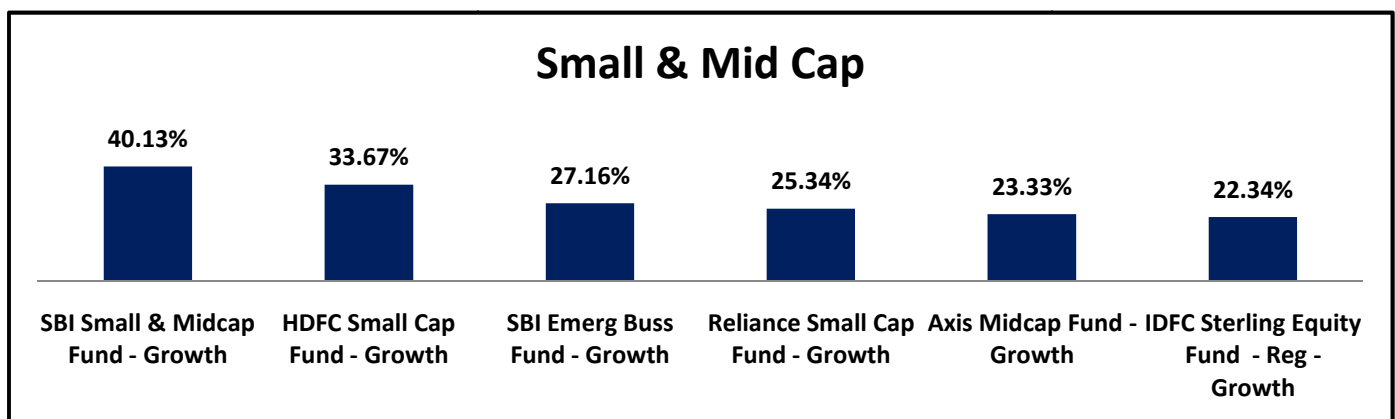
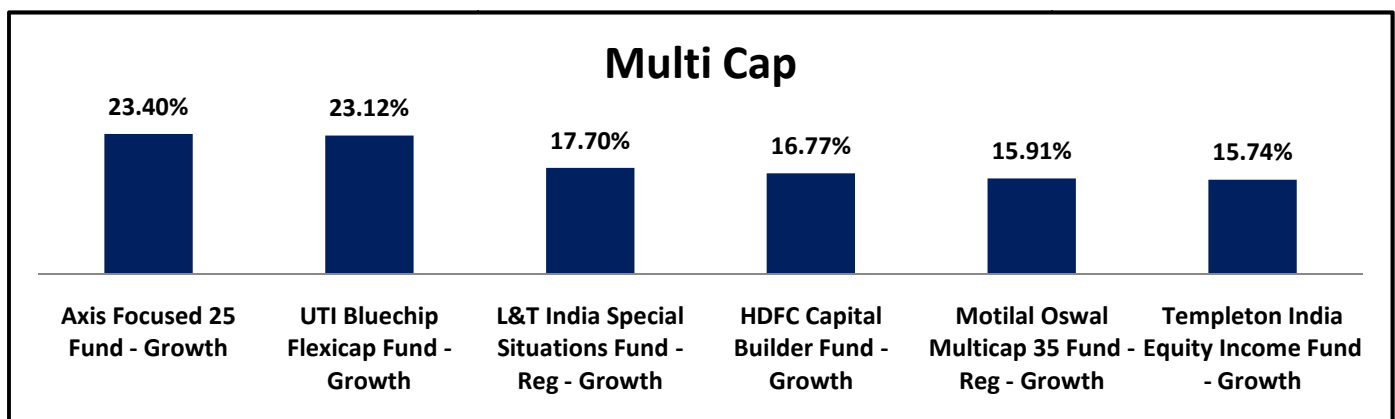
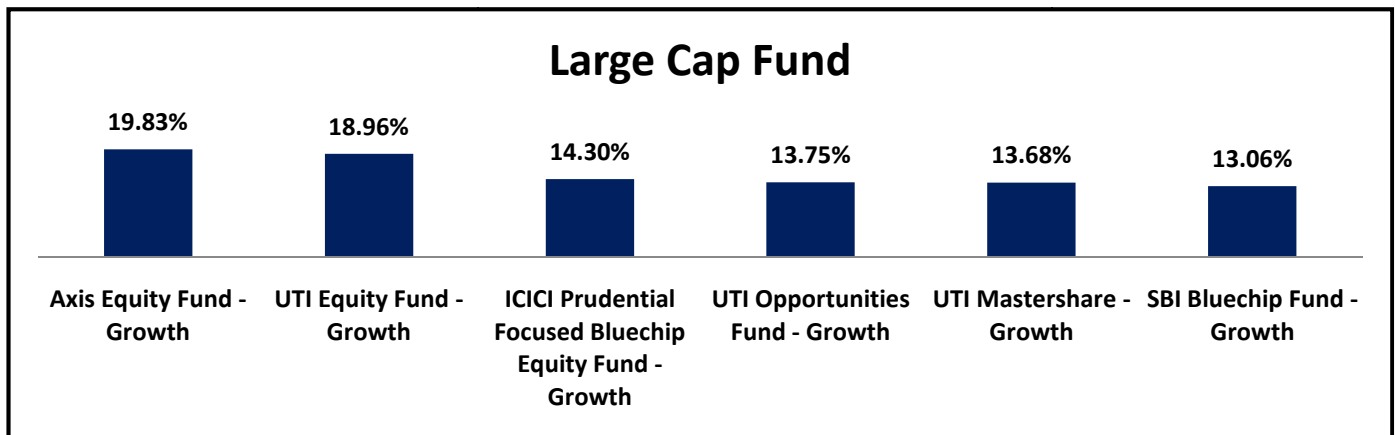
- Most of the Mutual Fund sectors ended the month in red. The biggest gainers for the month of April, 2018 were Equity – Technology, followed by FMCG.
- Equity Diversified sub categories such as Large-cap and Mid-cap outperformed Sensex and Nifty.

Sectors	Avg. Return 3mth %
Technology	7.02%
Large Cap & Mid Cap	7.52%
FMCG	3.31%
International Funds	-1.11%
Tax Planning	-1.84%

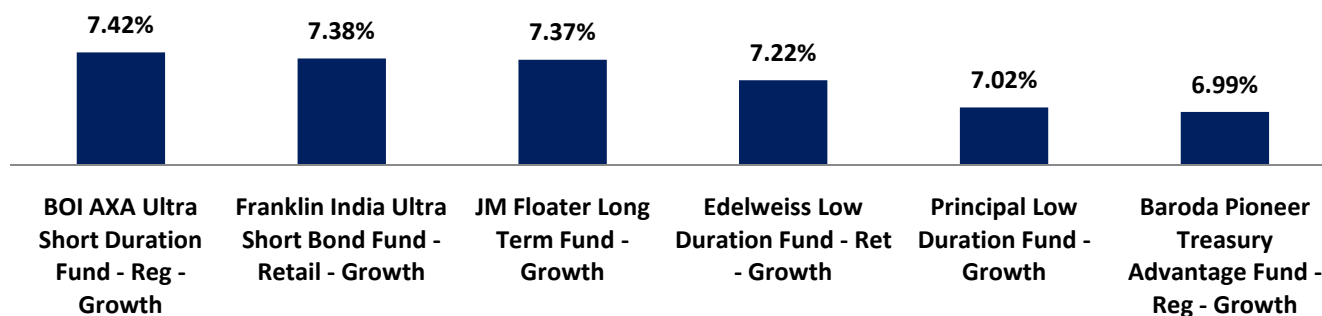
### Schemes:

- Axis Equity Fund-Growth, UTI Equity Fund-Growth and ICICI Prudential Focused Bluechip Equity Fund were top performing Large Cap funds. They posted 19.83%, 18.96% and 14.30% of annual returns respectively.
- In Multi Cap, Axis Focused 25 Fund and UTI Bluechip Flexi Fund were top performing funds with the annualized returns of 23.40% and 23.12% respectively.
- In Small & Mid Cap category, SBI Small and Midcap fund and HDFC Small Cap Growth fund were top performing with the annualized returns of 40.13% and 33.67% respectively.

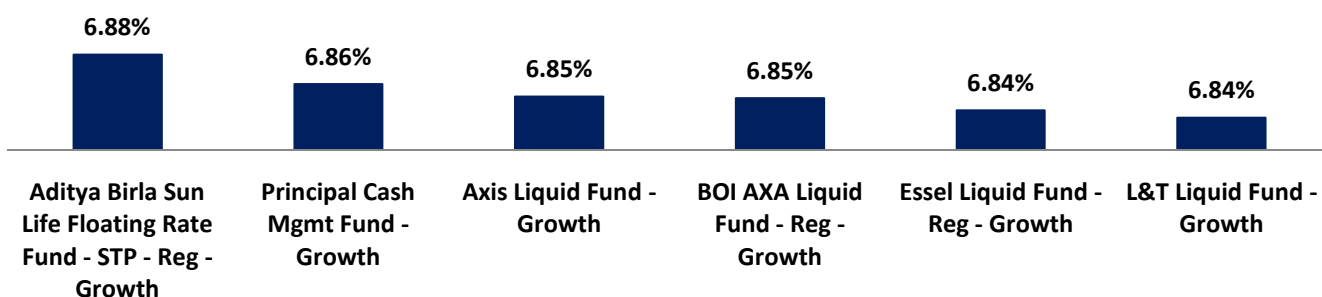
## Mutual Fund Performance Tracker - 1yr Annualised Return



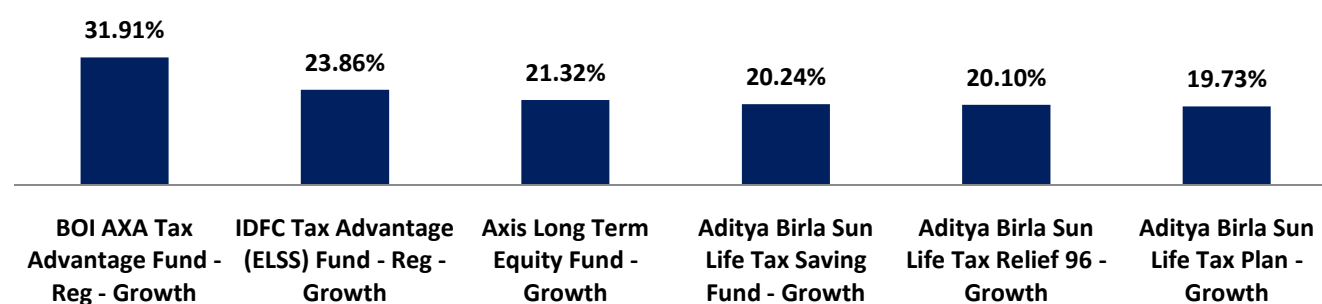
### Ultra Short Term Fund



### Liquid Fund



### ELSS Fund



## IPO CORNER

Major IPO listed in the month of April 2018 with issued price, size and listed date.

Equity	Issue price	Issue Size (Cr.)	Listed Date	Listed Price
Sandhar	₹ 332	₹ 361	02-Apr-18	₹ 252.0
ICICI Securities	₹ 520	₹ 4,016	04-Apr-18	₹ 453.8
Karda Construction	₹ 180	₹ 77	04-Apr-18	₹ 136.0
Lemon Tree	₹ 56	₹ 1,039	09-Apr-18	₹ 61.6

## M&A Deals

- Motherson Sumi acquired French company Reydel Automotive for \$201 million.
- Re-New Power Ventures has finalised the takeover of Ostro Energy for an enterprise value of ₹10,800 crore
- Corona Remedies acquired two brands namely Obimet and Thyrocab.
- Dhoot Transmission to buy UK's Parkinson Harness for Rs200 crore.
- Dosti-Suraksha JV to acquire Jaypee Infra for Rs 7,350 crore.
- TATA Chemicals acquired Allied Silica for Rs123 crore.
- HCL Technologies acquired US based Actian Corporation in \$330 million deal.

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