

## Market Insights - April 2019

### Economy

- As per the data from the RBI, bank credit has increased 14.19% to Rs. 96.45 lakh crore and deposits grew 10.60% to Rs. 125.30 lakh crore in the fortnight ended Apr 12, 2019. During the same time a year ago, deposits were at Rs. 113.29 lakh crore and advances stood at Rs. 84.46 lakh crore. In the fiscal ended Mar 2019, bank credit rose 13.24% and deposits rose 10.03%.
- According to a report by the World Economic Forum, India may have a huge consumer demand by 2030 following increased incomes and a billion diverse internet users. The report mentions that rise in income will upgrade the Indian economy from a bottom-of-the-pyramid economy to a middle-class led one as consumer expenditure might increase from \$1.5 trillion to around \$6 trillion by 2030. The report also mentioned that India will uplift around 25 million households out of poverty and reduce the share of households below the poverty line from 15% to 5%.
- According to a report from U.S., the country has placed India on its priority watchlist claiming lack of “sufficient measurable improvements”. To its intellectual property challenges and promote IP protection and enforcement in last one year. However, these measures have not given adequate benefits for innovators and creators, and long-standing deficiencies persist.
- According to a major credit rating agency, RBI is the first central bank in the Asia-Pacific region to begin an explicit interest rate easing cycle buoyed by benign food inflation an easier global financial condition. The agency further mentioned that from Jan-Apr 2019, RBI has reduced repo rate twice by 0.25% each to one-year low of 6%. Since the Monetary Policy Committee (MPC) was formed in late 2016, this was the first consecutive rate cuts.
- In its election manifesto for the Lok Sabha Elections 2019, the Congress party has announced a Minimum Income scheme Nyuntam Aay Yojna (Nyay) as a surgical strike against poverty. The Nyay scheme is targeted towards 5 crore families who are the poorest 20 per cent in India.
- In April 2019, raids conducted by the Income Tax department found bundles of unaccounted for cash amounting to ₹281 crore, along with liquor and documentary evidence in premises of people with close connections to Madhya Pradesh chief minister Kamal Nath of the Congress. Modi has highlighted this evidence to attack the Congress in its election campaign, alleging corruption is part of Congress party's culture.
- The 2019 Indian general election is currently being held in seven phases from 11 April to 19 May 2019 to constitute the 17th Lok Sabha. The ECI banned the release of exit polls from 11 April to 19 May, the last phase of the elections. Polling was done across 14 states on 23 April for Goa, Gujarat, Kerala, Dadra and Nagar Haveli and Daman and Diu and other on 29 April polling was done for 71 states across 9 states which included Maharashtra (17 parliamentary constituencies), Rajasthan (13), Uttar Pradesh (13) and West Bengal (8), Madhya Pradesh (6), Odisha (6), Bihar (5), Jharkhand (3), and Jammu and Kashmir (1).
- The Reserve Bank of India (RBI) has sold its entire stakes in the National Bank for Agriculture & Rural Development (NABARD) and National Housing Bank (NHB) for Rs. 20 crores and Rs. 1,450 crores respectively.

- Russia has awarded PM Narendra Modi with ‘Order of St Andrew the Apostle’ to PM Narendra Modi for promoting the bilateral special and privileged strategic partnership.
- The Reserve Bank of India (RBI) has brought changes to the bad loan divergence rule. The Bad loan divergence practice mandated by RBI aims at improving transparency in asset classification. The changes brought in by the RBI are: -
  - Banks are required to disclose divergence when the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period, instead of the earlier rule of 15% of the published net profits after tax.
  - The second condition which prescribed the norms on divergence on gross non-performing assets (NPAs) continues to be a material divergence of 15 per cent, as found by the RBI auditors and as reported by the bank has left unchanged.

YoY(%)	Current	Quarter Ago	Year Ago
CPI	2.86% (Mar-19)	2.11% (Dec-18)	4.28% (Mar-18)
IIP	0.10% (Feb-19)	8.40% (Feb-18)	6.90% (Feb-18)
GDP	6.60% (Dec-18)	7.00% (Sep-18)	7.70% (Dec-17)

## Global

- Asian equity markets were mixed because of a mixed set of corporate earnings reports and falling oil prices. This even overshadowed upbeat U.S. GDP data and growing optimism over a possible U.S.-China trade deal. U.S. Treasury Secretary told the media that both sides are “getting into the final laps” of their negotiations. As of Apr 30), Asian markets opened lower after reports showed losses by a major electronic company and less than expected growth in China’s manufacturing activity in Apr 2019. Nikkei was closed while Hang Seng fell 0.31% (as at 8.a.m. IST).
- As per the last close, European markets closed higher as investors resorted to bargain hunting after Eurozone economic sentiment weakened for a tenth straight month in Apr 2019.
- As per the last close, U.S markets stood in the sidelines as investors were reluctant to make any significant moves ahead of the announcement of the U.S. Federal Reserve’s monetary policy decision due on May 1. Investors were also cautious ahead of the release of U.S. jobs data on May 3 and major corporate earnings.
- A series of bomb attacks occur at eight locations in Sri Lanka, including three churches, four hotels and one housing complex in Colombo, on Easter Sunday, leaving at least 253 people dead and over 500 injured. This is the first major terrorist attack in the country since the Sri Lankan Civil War ended in 2009.
- Oil prices made multiple daily moves of at least 2.5 percent in the last week of April, the first time that has occurred in two months. But there are also fundamental reasons why prices may have reached a temporary limit. The market is now pricing in the odds of an increase in production from OPEC+, especially after Trump tweeted that more supply was in the offing. With the U.S. decision on Iran sanctions waivers now clear, the largest variable facing the oil market – and the one behind so much

volatility – is how OPEC+ will respond. There are some within the coalition, particularly Russia, itching to put an end to the agreement.

- Ministry of Economy, Trade and Industry said industrial output in Japan decreased seasonally adjusted 0.9% MoM in Mar 2019. It missed expectations for a flat reading following 0.7% increase in Feb 2019. On a yearly basis, industrial production went down 4.6%, missing forecasts and more than the 1.1% drop in the previous month.

Global Indices	29-Apr	Prev_Day	Abs. Change	% Change <sup>#</sup>
Dow Jones	26,554	26,543	11	0.04
Nasdaq	8,162	8,146	15	0.19
FTSE	7,441	7,428	12	0.17
Nikkei	Closed	22,259	NA	NA
Hang Seng	29,893	29,605	288	0.97

## Debt Market

- Bond yields rose initially due to surge in crude oil prices, which escalated concerns over widening current account deficit. Also, depreciation in the local currency weighed on the bond market sentiment.
- India's external debt has witnessed a decline of 1.6% to US\$ 521.2 billion at end-December 2018 over its level at end-March 2018, because of the decrease in commercial borrowings and trade credit. There had been a valuation gain in external debt as at end December 2018 due to the depreciation of the US dollar vis-a-vis the Indian rupee and other major currencies (viz., SDR, yen, euro, and pound sterling), were placed at US\$20.6 billion.
- The Supreme Court has struck down a February 2018 Reserve Bank of India (RBI) circular which gave lender banks six months to resolve their stressed assets or move under the Insolvency Code against private entities who have defaulted in loans worth over Rs 2000 crore.
- Yield on the new 10-year benchmark paper (7.26% GS 2029) declined 4 bps at 7.41% compared with the previous session's close of 7.45% after trading in the range of 7.40% to 7.45%.
- Banks' borrowings under the repo window of the Liquidity Adjustment Facility (LAF) stood at Rs. 8,606 crore (gross) on Apr 26, 2019, compared with Rs. 23,960 crore (gross) as on Apr 25, 2019. Sale of securities under Reserve Bank of India's (RBI) reverse repo window stood at Rs. 36,592 crores on Apr 25, 2019.

- Banks borrowed Rs. 49 crores under the central bank's Marginal Standing Facility on Apr 25, 2019 compared with no borrowings on Apr 24, 2019.

	26-Apr	Wk. Ago	Mth. Ago	Year Ago
Call Rate	6.12%	6.08%	6.15%	5.88%
T-Repo	6.01%	5.98%	5.98%	NA
Repo	6.00%	6.00%	6.25%	6.00%
Reverse Repo	5.75%	5.75%	6.00%	5.75%
91 Day T-Bill	6.37%	6.32%	6.26%	6.19%
364 Day T-Bill	6.46%	6.44%	6.36%	6.51%

	26-Apr	Wk. Ago	Mth. Ago	Year Ago
10 Year Gilt	7.41%	7.42%	7.34%	7.76%
G-Sec Vol. (Rs.Cr)	35362	25688	20232	31280
FBIL MIBOR	6.22%	6.10%	6.25%	6.00%
3 Month CP Rate	7.50%	7.00%	7.55%	7.35%
5 Year Corp Bond	8.53%	8.54%	8.40%	8.41%
1 Month CD Rate	7.22%	6.93%	7.49%	6.61%
3 Month CD Rate	7.11%	7.13%	7.18%	7.07%
1 Year CD Rate	7.47%	7.49%	7.42%	7.60%

## Equity Market

- The NSE NIFTY 50 Index was up by 1 percent to settle at 11748.15 as on 30 April 2019 and opened at 11644.75 as on 1st April 2019 and whereas BSE Sensex was up by 0.41 per cent and closed at 39,031.55 points and opened at 38,871.87 Indian equity markets. The high probability of the ruling party coming back to power is strengthening markets.
- The Put-Call ratio stood at 0.83 compared with the previous session's close of 0.82.
- The Nifty Put-Call ratio stood at 1.63 compared with the previous session's close of 1.36.
- India VIX declined 7.65% to 21.4550 compared with 23.2325 at the previous trading session.
- Open interest on Nifty Futures stood at 20.39 million as against the previous session's close at 24.57 million.
- Nifty May 2019 Futures were at 11,813.50, a premium of 58.85 points, above the spot closing of 11,754.65. The turnover on NSE's Futures and Options segment declined to Rs. 7,32,837.82 crores on Apr 26, 2019, compared with Rs. 25,68,108.08 crores on Apr 25, 2019.
- Essel Propack's consolidated revenue for fourth quarter of FY19 came in at Rs. 693.67 crore as compared to Rs. 628.40 crore for same quarter last year, registering 10.4 per cent YoY increase. The net profit for the quarter came in at Rs. 53.26 crore as against Rs. 45.47 crore, showing YoY increase of 17.1 per cent. The PAT margin stood at 7.67 per cent, which expanded by 44 bps.
- Escorts reported its results for the quarter ended March 31, 2019 and standalone revenue for the quarter Q4FY19 came in at Rs. 1631.66 crore as against Rs. 1436.1 crore in the corresponding quarter last year, registering 13.6 per cent yoy increase and PAT for the quarter came in at Rs. 121.35 crore as against Rs. 112.54 crore in the corresponding quarter last year, an increase of 8 per cent yoy.
- Mauti Suzuki announced its fourth quarter results i.e as on 31 March 2019 and it posted subdued revenue growth of just 0.7 per cent YoY. Maruti Suzuki Limited's standalone revenue for Q4FY19 came in at Rs. 20,737.5 crores as compared to Rs. 20,594.30 crores for the same period last year, registering 0.7 per cent YoY increase.

- Bajaj Auto also released its quarterly results as on 31 March 2019. During the quarter, the company has witnessed 26 per cent YoY rise in total volumes at 12,59,828 units. Its domestic sales increased by 28 per cent YoY to 7,35,111 units and exports increased by 23 per cent YoY to 5,24,717 units. It has registered 38 per cent YoY rise in the sale of motorcycles domestically and 23 per cent YoY rise in exports.

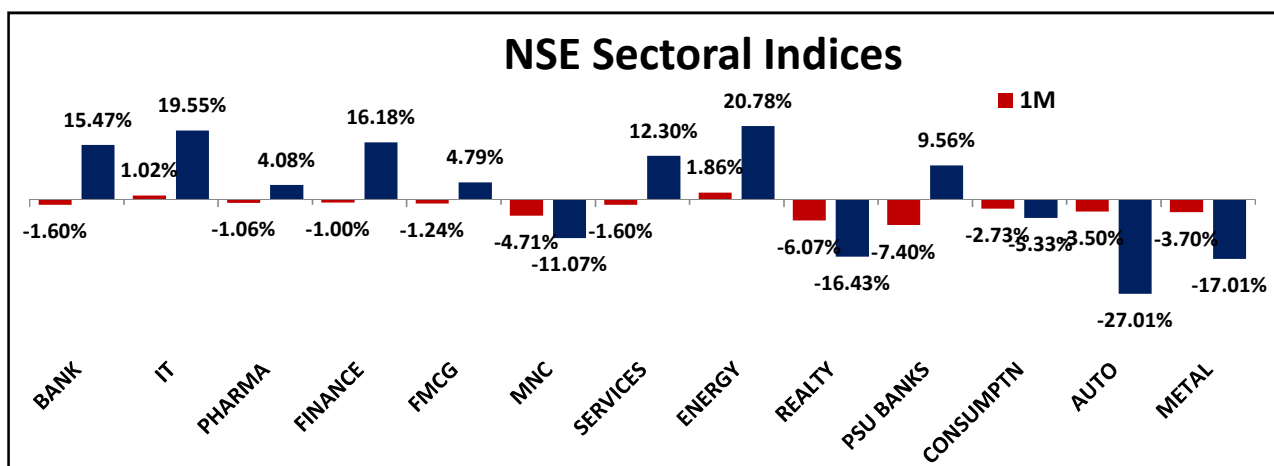
Indian Indices	26-Apr	Prev_Day	Abs. Change	% Change <sup>#</sup>
S&P BSE Sensex	39,067	38,731	336	0.87
Nifty 50	11,755	11,642	113	0.97
Nifty 100	11,887	11,787	99	0.84
Nifty Bank	30,014	29,561	452	1.53
SGX Nifty	11,820	11,643	177	1.52
S&P BSE Power	1,995	1,999	-4	-0.21
S&P BSE Small Cap	14,813	14,839	-25	-0.17
S&P BSE HC	14,465	14,441	23	0.16

## FII & DII Activity

Net Flows	Apr-19	Mar-19	Feb-19	Jan-19
FII (in Cr.)	12,749.55	-1,103.37	4,934.11	-29,201.20
DII (in Cr.)	-4,219.46	375.55	1,309.47	26,033.90

- In the month of April ,2019 there was an inflow of FII's and amounted to Rs 12,749.55 crore in equity capital market as compared to outflow of Rs 1,103.37 crore in March 2019 and DII's were net buyers in the equity market to the tune of Rs 4.219 crore in month of April as compared to March 19 to the amount of Rs 375.55 crore of net sellers.

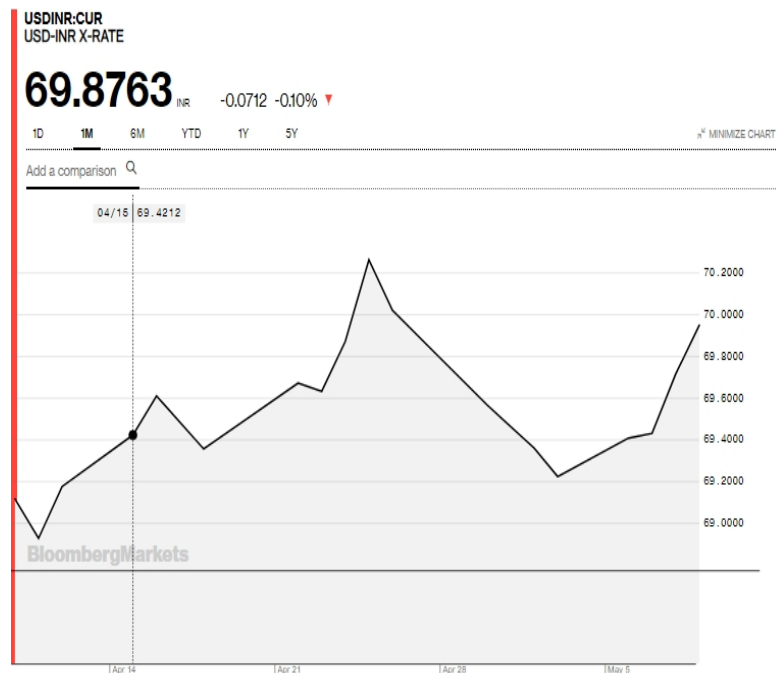
## Sectoral Performance



- On BSE sectoral front, S&P BSE Metal was the major gainer, up 1.92%, followed by S&P BSE Basic Bank and S&P BSE Oil & Gas, up 1.53% and 1.23%, respectively. The Biggest loser was S&P Fast Moving Consumer Goods, down 2.73%, followed by S&P BSE Auto.

## Currency Outlook

- The India rupee rose against the greenback on dollar sales by exporters. However, the domestic currency remains under pressure owing to the rising crude oil prices and strong dollar. The rupee closed at 70.01 a dollar compared with the previous close of 70.25.



## ➤ IPO CORNER

IPO Name	Issue open	Issue Closes	Offer Price	Issue Size in Crore
Rail Vikas Niham Limited	29-Mar-19	3-Apr-19	17-19	481.57
Metropolis Healthcare Limited	3-Apr-19	5-Apr-19	877-880	1,339.15
Polycab India Limited	5-Apr-19	9-Apr-19	533-538	400
Jinaam's Dress Limited	9-Apr-19	15-Apr-19	59	42.48
KHFM Hospitality and Facility Management Services Limited	22-Mar-19	4-Apr-19	38	11.21
Neogen Chemicals Limited	24-Apr-19	26-Apr-19	Not yet Announced	70.00

### NCD

IPO Name	Issue open	Issue Closes	Offer Price	Issue Size in Crore
Shriram City Union Finance Limited	5-Apr-19	3-May-19	1000	750
L&T Finance Ltd	8-Apr-19	9-Apr-19	1000	500
Muthoot Homefin (India) Limited	8-Apr-19	7-May-19	1000	150
SREI Infrastructure Finance Ltd	9-Apr-19	9-May-19	1000	100
JM Financial Products Limited	22-Apr-19	21-May-19	1000	200

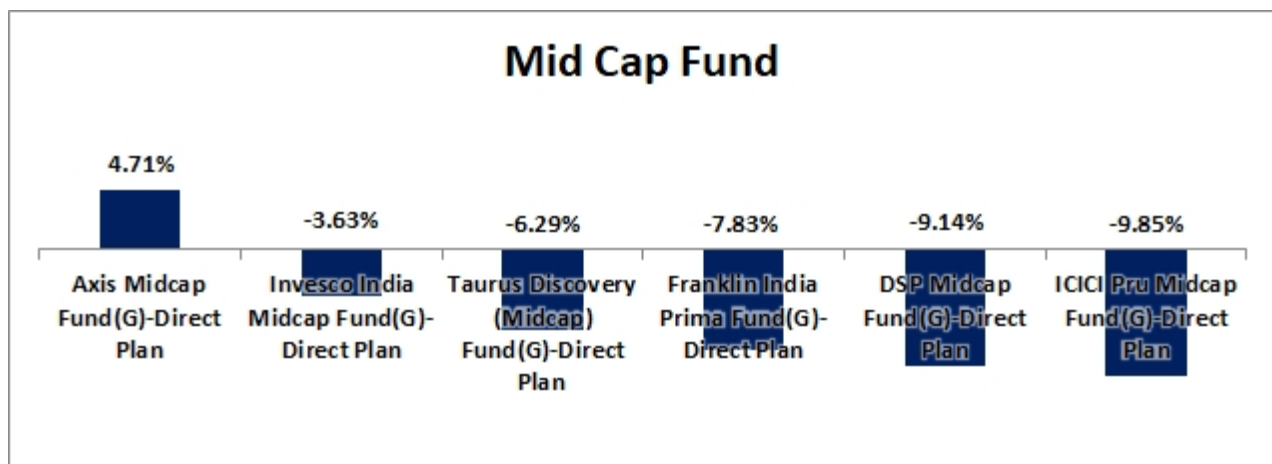
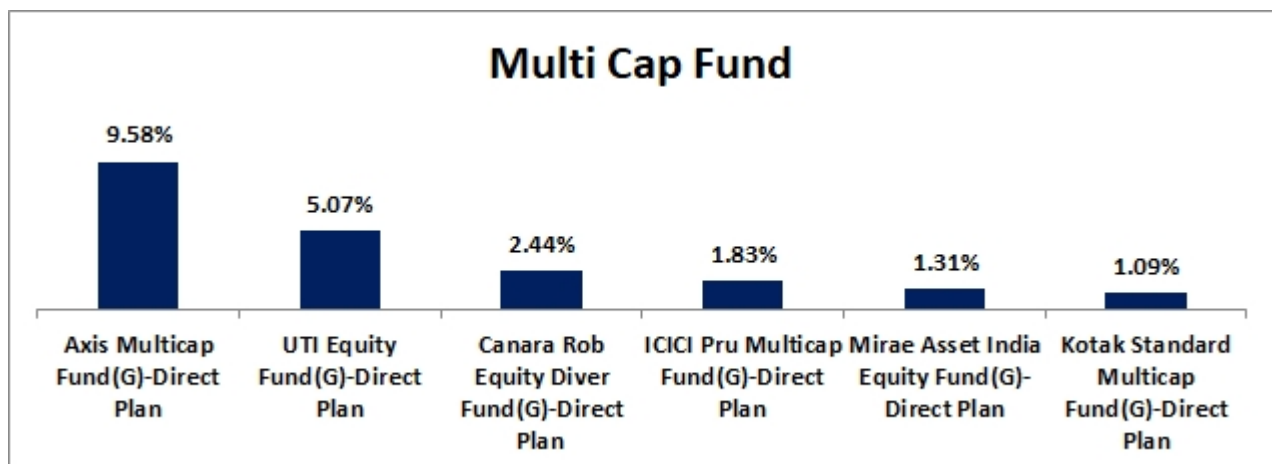
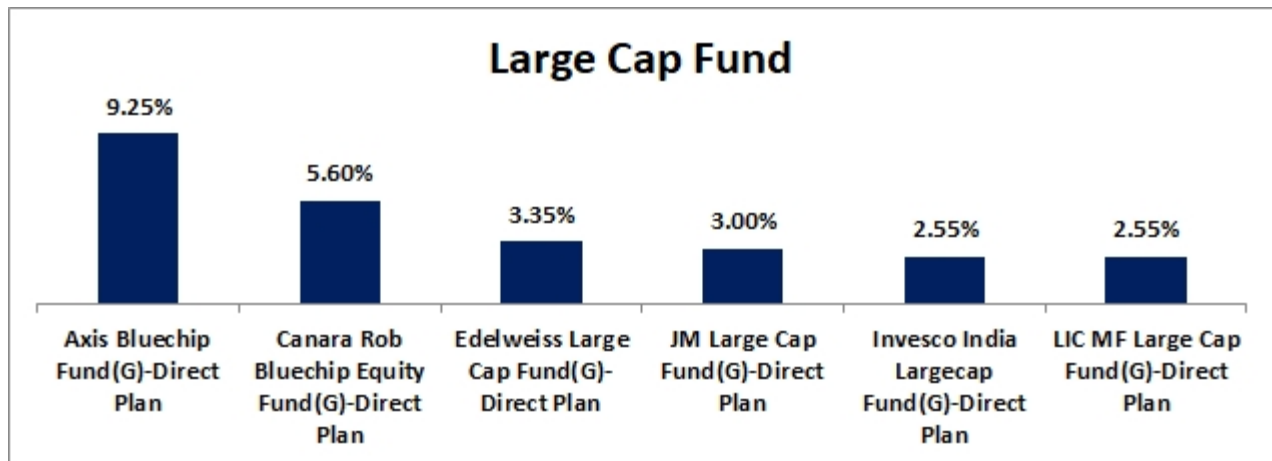
## Mutual Funds

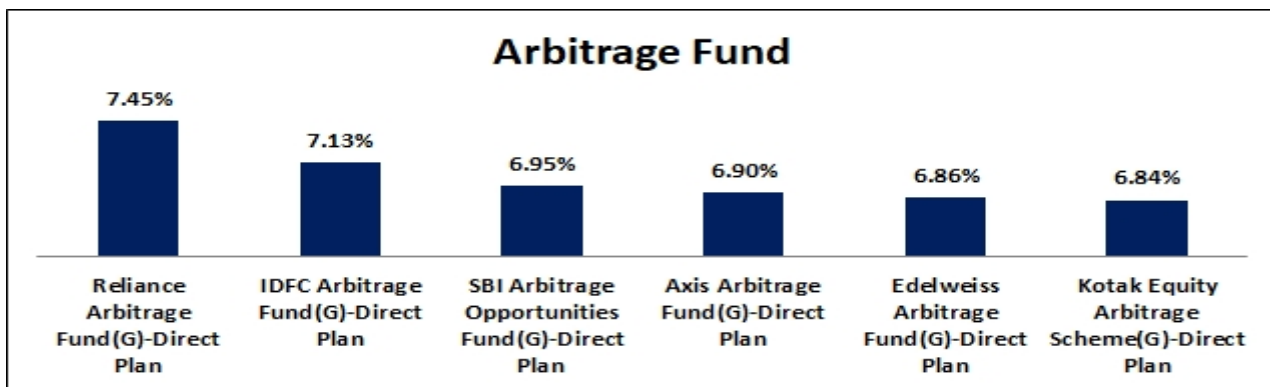
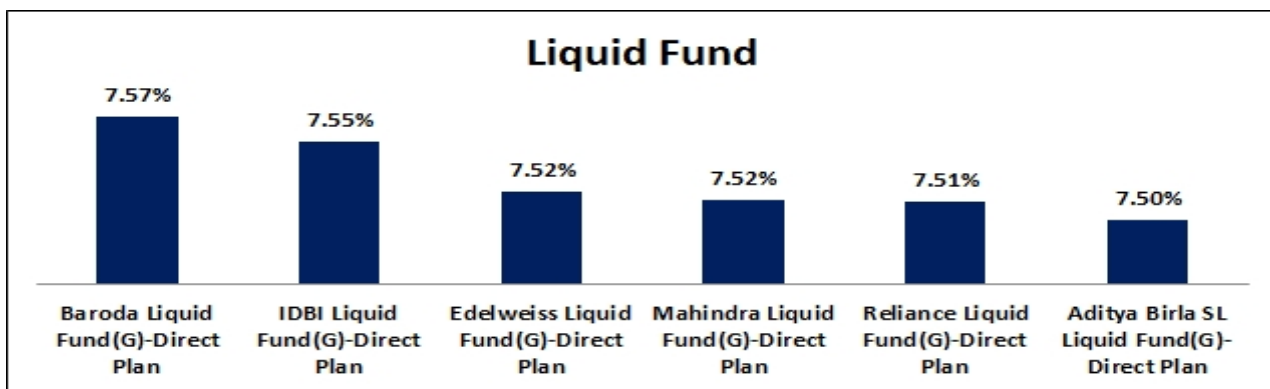
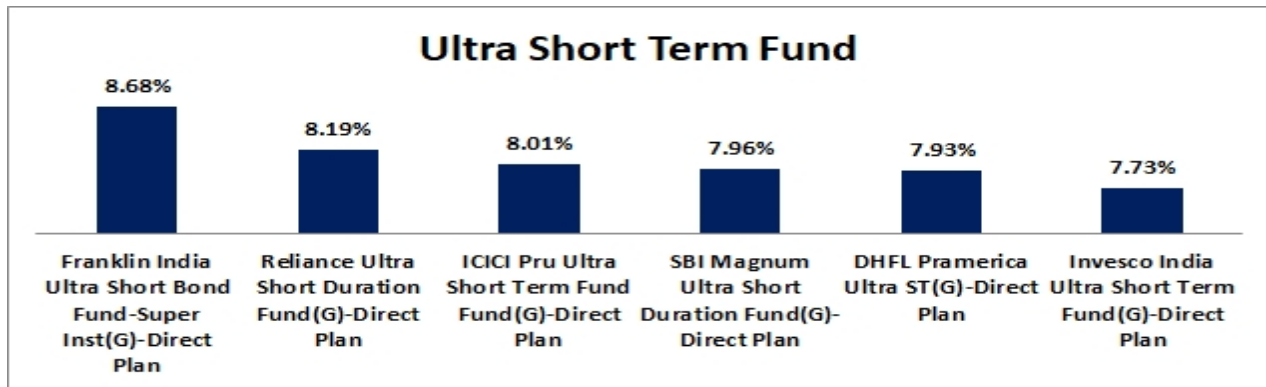
MF Activity	Apr-19			Mar-19			Feb-19		
	Purchase	Sell	Net Flow	Purchase	Sell	Net Flow	Purchase	Sell	Net Flow
Equity (Cr.)	43,382.05	48,387.13	-5,005.08	7,841.44	9,015.38	-1,173.94	4,504.49	9,705.86	-5,201.37
Debt (Cr.)	211,461.05	161,487.28	49,973.77	35,312.22	28,602.50	6,709.72	14,587.80	12,195.25	2,392.55

- IL&FS Mutual Fund on Tuesday paid Rs 314 crore to investors in one of its infrastructure debt fund, making on-time redemption. The five-year close ended scheme was fully funded in April 2014 and had raised Rs 238 crore in assets under management.

- Mirae Asset Mutual Fund has launched its first open ended equity focused fund - Mirae Asset Focussed Fund. The NFO of the fund was opened from 23rd April and will be closed on 7th May

### Schemes: Mutual Fund Performance Tracker - 1yr Annualised Return





## M&A Deals

- NSEIT acquires global cybersecurity company, Aujas Networks.
- HCL Tech acquires US-based digital transformation consulting firm Strong-Bridge Envision.
- Reliance Infrastructure signs agreement with Cube Highways for stake sale in Delhi-Agra toll road.
- Vodafone Idea Limited (VIL) is in talks to sell its stake in Indus Towers and monetise its optic fibre assets for Rs 200 billion.
- Everstone, through its healthcare platform Everlife, has acquired a stake in Chennai-based CPC Diagnostics.



## Key Global Economic Events – May 2019

Date	Events	Previous
<b>India</b>		
13-May-19	CPI Inflation (YoY) (Apr)	2.85%
14-May-19	WPI Inflation (YoY) (Apr)	3.18%
31-May-19	GDP Quarterly (YoY) (Q4)	6.6%
<b>US</b>		
02-May-19	Nonfarm Productivity QoQ I Q1	1.3%
15-May-19	Industrial Production (MoM) (Apr)	-0.10%
30-May-19	GDP Growth Rate QoQ I (Q1)	3.20%
30-May-19	GDP Price Index QoQ Q1	\$-71.33B
<b>Europe</b>		
17-May-19	CPI (YoY) (Apr)	1.70%
23-May-19	Services PMI (May)	51.80
23-May-19	Markit Composite PMI (May)	51.5
<b>China</b>		
09-May-19	CPI (YoY) (Apr)	2.3%
15-May-19	Fixed Asset Investment (YoY) (Apr)	6.3%
15-May-19	Industrial Production (YoY) (Apr)	8.5%
<b>World</b>		
16-May-19	Employment Change (Apr)	25.7K

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