

## Market Update – August 2018

### Economy

- The Reserve Bank of India (RBI) in Third Bi -monthly Monetary Policy Statement, 2018-19 hiked the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points to 6.5 per cent. Consequently, the reverse repo rate under the LAF stands adjusted to 6.25 per cent, and the marginal standing facility (MSF) rate and the Bank Rate to 6.75 per cent.
- India will remain one of the world's fastest-growing major economies in coming years, the International Monetary Fund.
- India's GDP growth hits 8.2 % in 2018-19 Q1.
- GST collections rose to Rs 96,483 crore in July, from Rs 95,610 crore in the previous month, on improved compliance post implementation of the e-way bill,
- India's trade deficit widened to a more than five year high of \$18.02 billion in July, the trade ministry said on Tuesday, driven largely by a surge in oil imports. Though merchandise exports rose 14.32 per cent year-on-year in July, the trade deficit widened as oil imports surged 57.41 per cent to \$12.35 billion. In June, the trade deficit stood at \$16.6 billion. Merchandise exports last month rose to \$25.77 billion from a year ago, while imports rose 28.81 per cent to \$43.79 billion, the Ministry of Commerce and Industry said in a statement.
- On a year-on-year (y-o-y) basis, non-food bank credit increased by 11.1 per cent in June 2018 as compared with an increase of 4.8 per cent in June 2017, according to the data on sectoral flow of bank credit released by the Reserve Bank of India.
- Wholesale inflation eased to 5.09 per cent in July on account of cheaper food articles, especially fruits and vegetables, government data showed today. The wholesale inflation in food articles category was (-) 2.16 per cent in July as against (+) 1.80 per cent in the previous month
- Retail inflation is expected to average 4.4 per cent this financial year, up from 3.6 per cent recorded in the last fiscal, says a report.
- The factors that are likely to impact inflation number going forward include volatility in the global financial markets, oil prices, MSP pass-through and staggered impact of HRA increases by states.

Indicators	Current	Previous
<b>Monthly CPI Inflation</b>	<b>4.17%</b>	<b>5.0%</b>
	<b>(Aug-18)</b>	<b>(July-18)</b>
<b>Monthly WPI Inflation</b>	<b>5.09%</b>	<b>5.77%</b>
	<b>( Aug-18)</b>	<b>( July-18)</b>
<b>IIP</b>	<b>7.00%</b>	<b>4.90%</b>
	<b>( Aug-18)</b>	<b>( July-18)</b>
<b>GDP (YOY)</b>	<b>8.20%</b>	<b>7.70%</b>
	<b>(Apr-June 18)</b>	<b>(Jan-Mar 18)</b>

## Global

- The U.S. Federal Reserve kept interest rates unchanged on 1st August but characterised the economy as strong, keeping the central bank on track to increase borrowing costs in September.
- Iran dismissed a US offer to renegotiate a historic 2015 nuclear deal signed with other major powers as President Donald Trump reimposed crippling sanctions on Tuesday.
- Iran is selling oil and gas at a discount to Asian customers as it prepares for the return of US sanctions. state-run National Iranian Oil Company was reducing official prices for September sales to Asia to their lowest level in 14 years, compared with Saudi crude.
- The Federal Government has inaugurated a new initiative under the Government Enterprise and Empowerment Programme to empower two million petty traders between now and the end of the year.
- Talks in Washington between the world's two largest economies yielded little visible progress toward a cease-fire. Looming instead are new tariffs that Trump has threatened to impose on some \$200 billion in annual imports from China, and Beijing's already-promised retaliation.
- Malaysia will impose a tax of between 5 percent and 10 percent on the sale of goods, while services will attract a 6 percent levy when a new tax regime comes into effect on September 1.
- China's cabinet announced new measures to cut costs for companies as policymakers look to support growth amid an escalating trade war with the United States that threatens exporters. The State Council announced tax cuts that should reduce firms' costs by more than 45 billion yuan (\$6.59 billion) this year.

## Debt Market

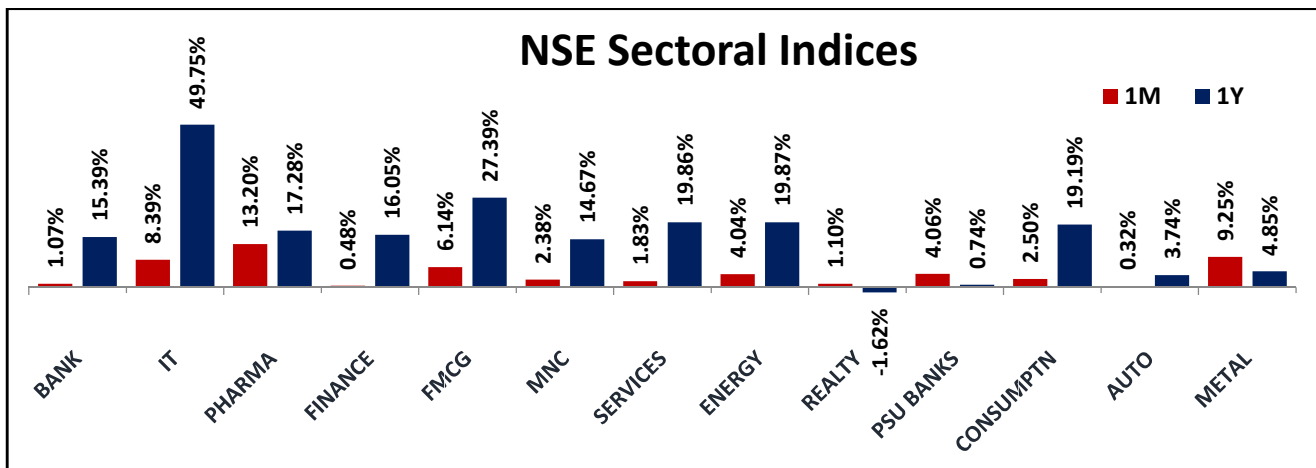
- The Indian rupee slid to a record low of 70.8100 against the dollar, That marks a 10.97 percent decline since the start of the year. Economists attributed the slide to rising oil prices, broader emerging market concerns, and strong month-end dollar demand.
- Government bonds (G-Secs) weakens further on selling pressure from banks and corporates, while, the overnight call money rates turned higher due to good demand from borrowing banks amid tight liquidity in the banking system.
- April-July quarter fiscal deficit has reached at Rs 5.40 lakh cr i.e. 86.5% of Rs 6.243 lakh crores of the budgeted target for the current fiscal year.
- July trade deficit is at \$18.02 bn.
- Capital market regulator Sebi is preparing the ground to allow 'on tap public issue of bonds' — a mechanism that will let corporates use stock exchanges to sell bonds directly to investors, including retail investors, any time and as many times during a financial year, after filing a single prospectus.

- Foreign portfolio investors have bought about Rs 4,623 crore worth of debt securities this month, shows data from National Securities Depository. They were net sellers for Rs 49,958 crore from February to June while they bought only Rs 43 crore in July.

## Equity Market

- The benchmark BSE Sensex surged for the sixth straight week ending at 38,645 after touching the life time high 38989.65 while the broader Nifty Fifty also settled at the end of week at 11,680.50 after touching the life time high 11760.
- Among sectoral and industry indices, capital goods rose by 4.80 per cent, power 3.25 per cent, healthcare 3.11 per cent, metal 2.52 per cent, oil and gas 1.85 per cent, FMCG 0.63 per cent, PSU 0.53 per cent and auto 0.38 per cent, while consumer durables fell by 1.83 per cent, bankex 1.33 per cent, IPO 0.79 per cent, IT 0.26 per cent, realty 0.22 per cent and teck 0.14 per cent.

## Sector Performance of NSE as on 31st August, 2018.



- The growth of eight core industries slowed down to 6.6 per cent in July against 7.6 per cent the previous month. However year-on-year, the figures are much better. The eight core sector -- coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity had registered a growth of 2.9 per cent in July last year.
- Among NSE sectoral indices IT, FMCG, Energy, Services, Consumption were the best performing sectors which rose by 49.75%, 27.39%, 19.87%, 19.86%, 19.19% respectively in the month of August.

## FII & DII Activity

Net Flows	Aug-18	Jul-18	Jun-18
FII (in Cr.)	2,822.72	-3,340.96	-7,458.76
DII (in Cr.)	-2,228.53	4,136.74	14,146.15

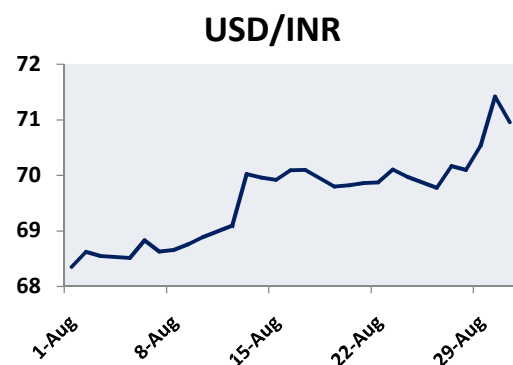
In the month of August, 2018 FIIs are the net buyers and put in Rs2822.72 crore in the market as compared with July month where FIIs were the net seller of -3340.96 crore. DII has become the net seller in the market as they pulled out 2228.53 crore net from the market in month of August as compared to July where they were the net buyer of 4136.74 crore.

## IPO CORNER

IPO Name	Issue open	Issue Closes	Offer Price	Issue Size in Crore
Sumit Woods Limited	Aug 29, 18	Aug 31, 18	43 to 45	17.43 - 18.24
Marshall Machines Limited	Aug 28, 18	Aug 30, 18	42	16.25
Supreme Engineering Ltd	Aug 24, 18	Aug 29, 18	27 to 32	17.78 - 21.07
Add-Shop Promotions Limited	Aug 21, 18	Aug 30, 18	26	6.23
Aaron Industries Limited	Aug 20, 18	Aug 24, 18	38	4.78
Dangee Dums Limited	Aug 20, 18	Aug 24, 18	74	20.07
Powerful Technologies Limited	Aug 9, 18	Aug 17, 18	51	13.55
Sungold Media and Entertainment	Aug 9, 18	Aug 14, 18	10	1.35
Deep Polymers Limited	Aug 8, 18	Aug 13, 18	40	15.24
Credit Access Grameen Limited	Aug 8, 18	Aug 10, 18	422	1,120.47 - 1,131.19
Saketh Exim Limited	Aug 1, 18	Aug 3, 18	69	9.44

## Currencies

- The rupee's free fall refused to stop on month end as the currency hit a new low of 70.99 against the US dollar on 31st August.
- The domestic currency largely withstood the headwinds of surging crude prices and trade deficit worries. The rupee got hammered to hit a low of 70.24 before rebounding from a fag-end wallop, snapping a two-week losing streak.
- India's foreign exchange reserves fell by USD 33.2 million to USD 400.847 billion in the last week to August 17.
- Globally, the US dollar shed windfall gains scored on the back of haven demand amid turmoil in emerging market assets.
- The dollar index, which measures the greenback's value against a basket of six major currencies dropped to 95.08 from 96 earlier.



## Mutual Funds

Mutual Fund houses were net buyers to the tune of Rs 3,808.10 crore in equity and 25,990.86 crore in Debt in August, 2018 as compared to the previous month Mutual fund investment activity is in the same pattern.

MF Activity	August			July		
	Purchase	Purchase	Purchase	Purchase	Sell	Net Flow
Equity (Cr.)	46,368.84	42,560.74	3,808.10	38,611.03	43,558.70	6554.62
Debt (Cr.)	1,27,757.22	1,01,766.36	25,990.86	97,591.23	1,33,464.27	37974.28

### Mutual Fund Category's 1 month return -

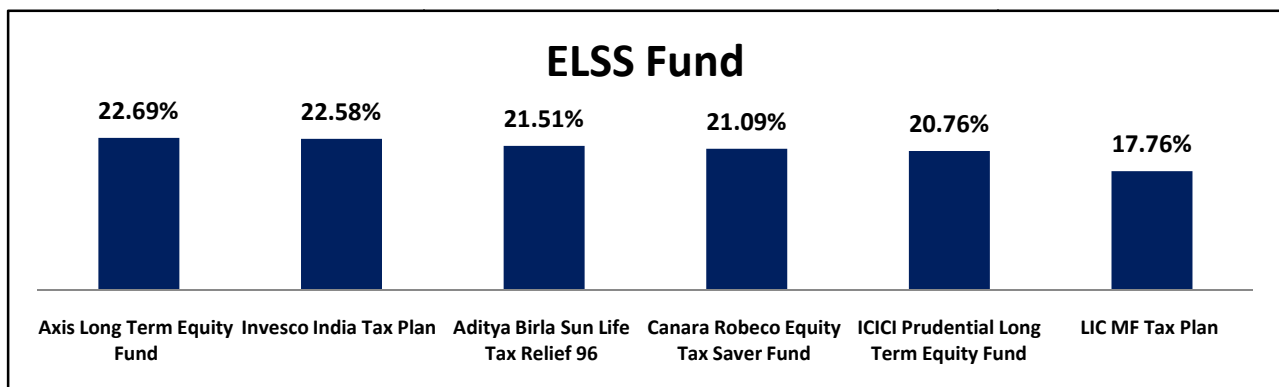
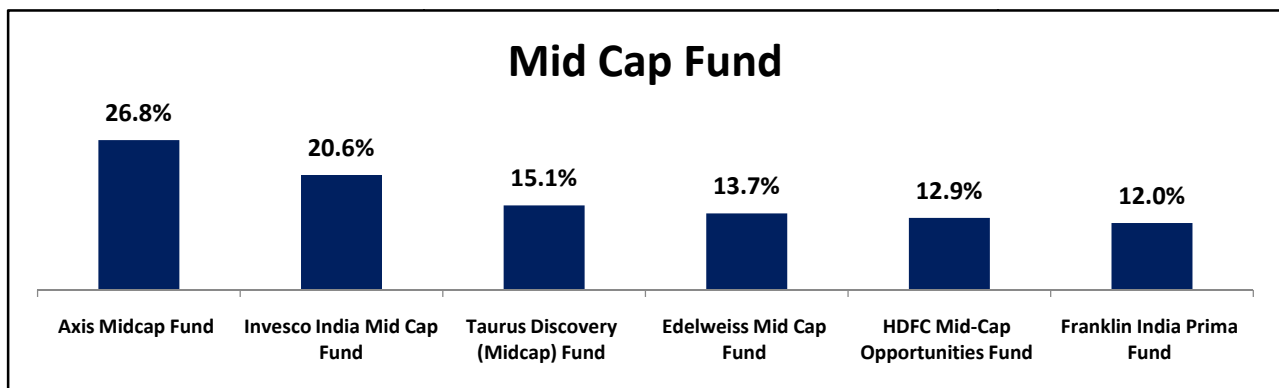
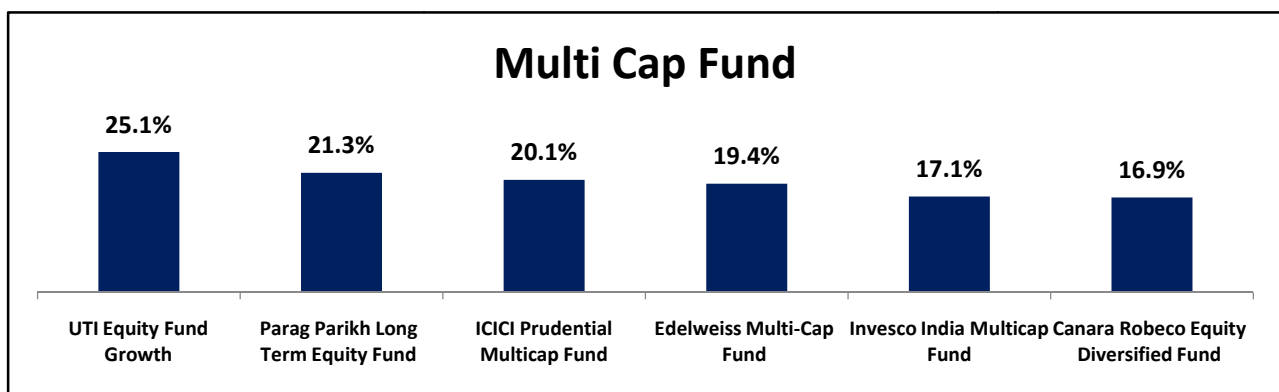
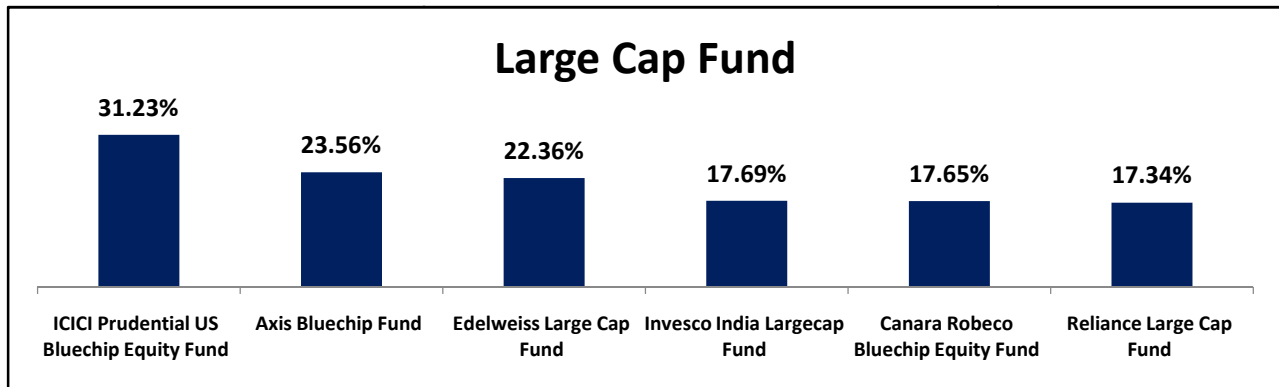
Categories	XIRR 1 Month
Overnight Funds	6.27%
Liquid Funds	7.10%
Money Market	7.46%
Ultra Short Term Fund	7.42%
Low Duration Fund	7.52%
Short Term Fund	8.20%
Medium to Long Duration Fund	3.46%
Long Duration	-.67%
Dynamic Bond Fund	4.56%
Corporate Bond Fund	6.78%
Credit Risk Fund	7.75%
Floater Fund	7.46%
Banking & PSU Fund	6.58%
Gilt Fund	2.39%
Gilt Fund (10 yr constant duration)	-2.40%
Arbitrage Funds	4.75%

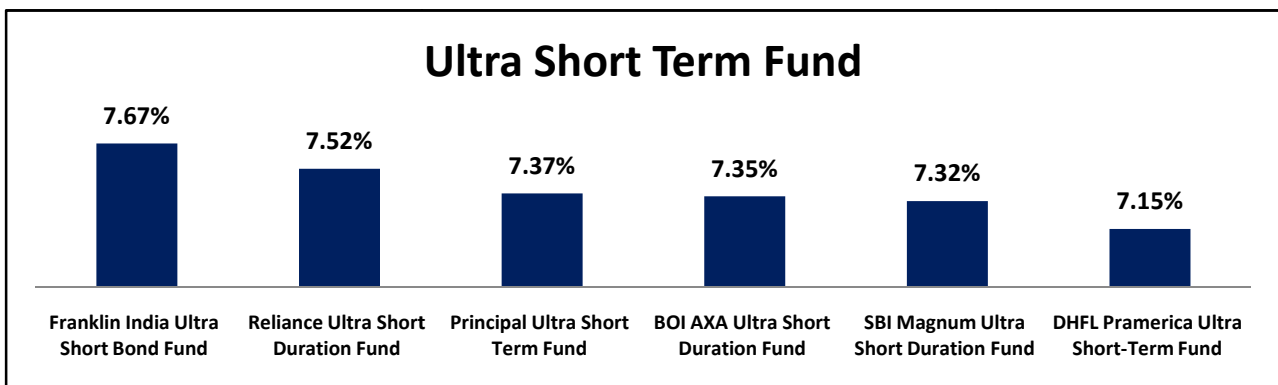
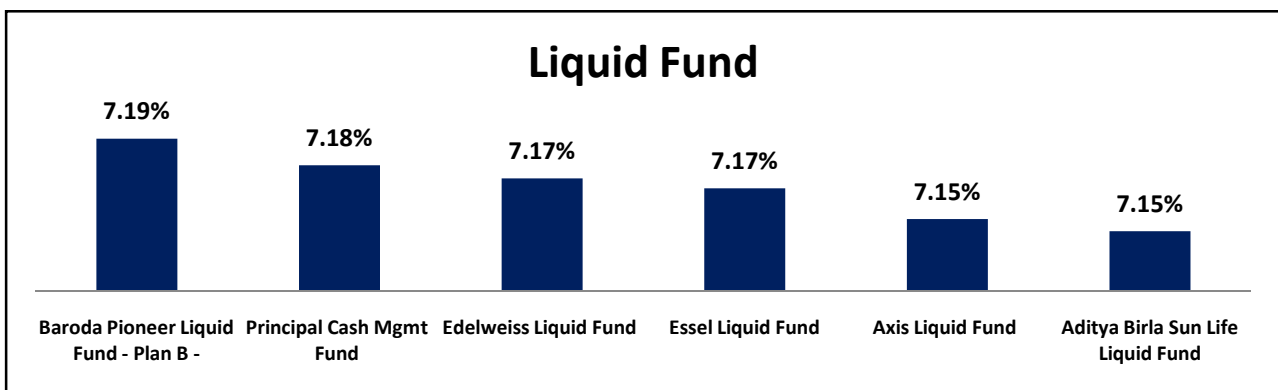
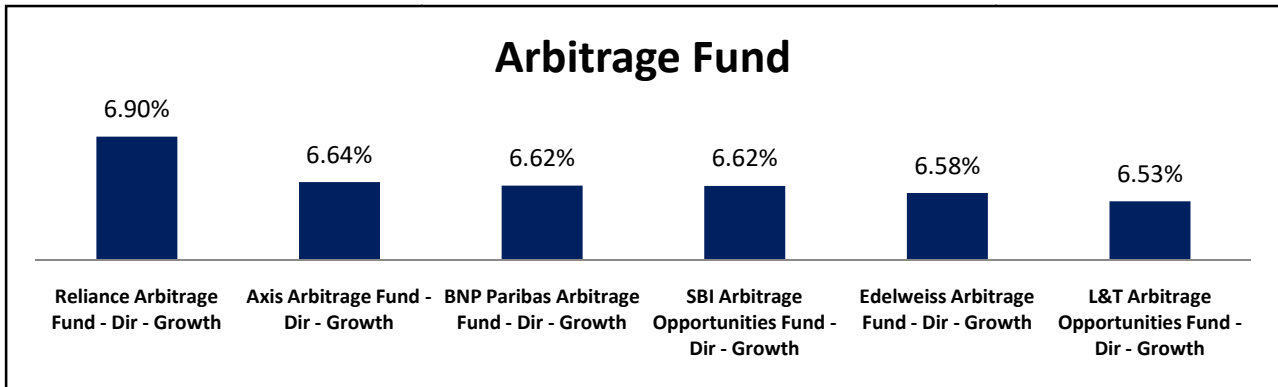
Categories	Absolute Return 1 Month
Large Cap Funds	2.84%
Multi Cap Funds	3.25%
Large & Mid Cap Funds	3.78%
Mid Cap Funds	3.64%
Small Cap Funds	2.56%
ELSS Funds	3.15%

### Schemes:

- In the category of Large Cap funds ICICI Prudential Bluechip Equity Fund, Axis Bluechip Fund, and Edelweiss Large Cap Fund were top performing funds. They posted 31.23%, 23.56% and 22.36% of annualized returns respectively.
- In Multi Cap, UTI Equity Fund, Parag Parikh Long Term Equity Fund and ICICI Prudential Multi-cap were top performing funds with the annualized returns of 25.1%, 21.3% and 20.1% respectively.
- In Mid-Cap category, Axis and Invesco Midcap fund were top performing with the annualized returns of 26.80% and 20.60% respectively.

## Mutual Fund Performance Tracker - 1yr Annualised Return





## M&A Deals

- Greaves Cotton to acquire Ratan Tata-backed electric vehicle maker Ampere.
- General Atlantic-backed Citius Tech invests in healthcare consultant Fluid Edge.
- Shell to acquire Total's stake in Hazira LNG terminal.
- CLR Facility Services picks up majority stake in DK Hospitality.
- AltF CoWorking acquires Noida-based Daftar India.
- Capital Float buys Sequoia & SAIF-backed Walnut for \$30 mn.
- Flipkart buys Astarc Ventures-backed speech recognition firm Liv.ai.
- Blackstone's GSO to get stake in Tanla after exiting Karix Mobile.
- Hyundai picks up stake in car rental startup Revv.
- IL&FS Transportation, Ramky Infra to swap stakes in two road projects.
- CarDekho parent Girnar Software acquires YouTube channel Power Drift.
- Cadila to buy majority stake in Tano Capital-backed Windlas Biotech's unit.
- SoftBank-backed OYO seals third buyout, acquires Weddingz.in.
- PVR purchased SPI Cinemas to expand in south India.
- Sequoia-backed hyperlocal delivery startup DailyNinja buys 4am Shop.
- Paytm acquires Rainmatter-backed fintech startup Balance.
- Hero Future Energies buys working solar assets of Mumbai-based firm.
- Ebix acquires Mercury Travels, Leisure Corp to beef up travel business.
- Security services firm SIS to make first acquisition since IPO, it will acquire 51% stake in Gurugram-based SLV Security Services for an undisclosed amount.



## Key Global Economic Events - September 2018

Date	Events	Previous
<b>India</b>		
03-Sep-18	Nikkei Manufacturing PMI	52.3
05-Sep-18	Nikkei Services PMI	54.2
12-Sep-18	Industrial Production YoY (July)	7%
12-Sep-18	CPI % (YoY) (Aug)	4.17%
12-Sep-18	Manufacturing Production (MoM) (July)	6.90%
14-Sep-18	WPI % (YoY) (Aug)	5.09%
14-Sep-18	Deposit Growth (YOY)/ Bank Loan Growth (YOY)	-
14-Sep-18	Balance of Trade (Aug)/ Current Account (Q2)	\$-18.0B/ \$-13.0B
28-Sep-18	Government Budget Value (Aug)	-
<b>US</b>		
04-Sep-18	Manufacturing PMI (Aug)	54.5
05-Sep-18	Trade Balance (July)	-46.30B
12-Sep-18	PPI% (MoM/ YoY) (Aug)	0.1/ 2.7%
13-Sep-18	CPI% (MoM/YoY) (Aug)	0.2%/ 2.4%
14-Sep-18	Industrial Production (MoM/ YoY)	0.1%/ 4.2%
26-Sep-18	Fed Interest Rate Decision	-
<b>Europe</b>		
03-Sep-18	Manufacturing PMI (Aug)	54.6
04-Sep-18	PPI% MoM/ YoY (July)	0.4%/ 3.6%
07-Sep-18	GDP (QoQ/ YoY) (Q2)	0.4%/ 2.2%
12-Sep-18	Industrial Production (MoM/ YoY) (July)	-0.7%/ 2.5%
14-Sep-18	Balance of Trade (July)	22.5B
17-Sep-18	CPI% (MoM/ YoY) (Aug)	-0.5%/ 1.1%
17-Sep-18	ECB Interest Rate Decision	0.75%
<b>China</b>		
03-Sep-18	Caixin Manufacturing PMI	50.08%
08-Sep-18	Export/ Import/ Trade Balance (Aug)	12.2%/ 27.3%/ 28.05B
10-Sep-18	CPI% (MoM/ YoY) (Aug)	0.3%/ 2.1%
10-Sep-18	PPI % (YoY) (Aug)	4.6%
14-Sep-18	Industrial Production (YoY) (Aug)	6.00%
<b>World</b>		
04-Sep-18	RBA Interest Rate Decision	1.50%

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### PRIME Research & Advisory Limited

Address: 1204, Level 12, B-wing, ONE BKC, Bandra Kurla Complex, Bandra (E), Mumbai - 400051, India  
 Phone: +91-22-67418021 E-Mail: [research@primeadvisory.in](mailto:research@primeadvisory.in) Website: <http://www.primeadvisory.in>  
 CIN No. - U65990MH1993PLC07100