

Market Update – March 2019

Economy

- Government data showed that India’s fiscal deficit for the period from Apr 2018 to Feb 2019 stood at Rs. 8.51 lakh crore or 134.2% of the budget estimate compared with 120.3% of the budget estimate in the corresponding period of the previous year. The revenue deficit in the same period stood at Rs. 6.50 lakh crore or 157.8% of the budget estimate compared with 119.3% of the budget estimate in the corresponding period of the previous year.
- According to the Economic Affairs Secretary, the government will raise Rs. 4.42 lakh crore through government securities in the first half for FY20. Borrowing by the government in the second half of FY20 will be at Rs. 2.68 lakh crore. The Finance Minister in the Union Budget had pegged gross borrowing at Rs. 7.1 lakh crore for FY20.
- Data from Reserve Bank of India showed that India’s Current Account Deficit (CAD) narrowed to \$16.9 billion (2.5% of GDP) in Q3FY19 from \$19.1 billion (2.9% of GDP) in the previous quarter. However, CAD widened from \$13.7 billion (2.1% of GDP) in the same period of the previous year. CAD widened on a yearly basis as trade deficit widened to \$49.5 billion in Q3FY19 from \$44.0 billion in the same period of the previous year. For the period from Apr to Dec of 2018, CAD widened to 2.6% of GDP from 1.8% in the corresponding period of the previous year as trade deficit widened to \$145.3 billion in April to Dec of 2018 from \$118.4 billion in the same period of the previous year.
- According to media reports, the Ministry of Commerce came out with an online system to help exporters to obtain export license for restricted category goods. The objective of the move is to promote paperless work and boost ease of doing business within the country. The move is expected to simplify the application process, expedite the process and issue of export authorisation. Presently application for export of such goods need to be done in hard copy and discussion with concerned agencies is done manually.
- Capital markets regulator Securities and Exchange Board of India (SEBI) barred foreign portfolio investors (FPIs) from making any fresh investments in the domestic capital markets who have not submitted the names of beneficial owners to custodians. However, those FPIs will be available to sell their holdings. SEBI in this regard had directed custodians to share the list of non-compliant FPIs with stock exchanges and has asked brokers not to execute trades on their behalf. It needs to be noted that SEBI in Sep 2018 had asked FPIs to submit Know Your Customer (KYC) details of beneficial owners by Mar 20. However, several top investors based in U.S. and Europe haven’t provided the KYC details by the deadline.

Economic Indicator			
YoY(%)	Current	Quarter Ago	Year Ago
CPI	2.57% (Feb-19)	3.38% (Oct-18)	4.44% (Feb-18)
IIP	1.70% (Jan-19)	8.40% (Oct-18)	7.50% (Jan-18)
GDP	6.60% (Dec-18)	7.10% (Sep-18)	7.70% (Dec-17)

Global

- Asian equity markets mostly gained as investors pinned hopes on developments in U.S.-China trade talks. U.S. delegation arrived in Beijing on Mar 28, 2019, for the latest round of talks and Chinese Vice Premier could travel to Washington next week. Any final deal could occur at a proposed summit between the Chinese and U.S. President.
- As per the last close, European markets closed higher following reports that the British Prime Minister lost another crucial Brexit vote and the Brexit deal got rejected again. Reports showing growth in Germany's retail sales and employment in Feb 2019 boosted market sentiment.
- As per the last close, U.S. markets closed higher amid optimism over the ongoing trade talks between the U.S. and China. Strength in computer hardware, and steel stocks boosted the indices. Reports showing strong new home sales in Feb 2019 also boosted market sentiment.
- Data from the U.S. Commerce Department showed that the economic growth of the U.S. economy witnessed a growth of 2.2% in the fourth quarter of 2018, down from the previous estimate of 2.6% and slower than the growth of 3.4% in the third quarter of 2018. The growth of the U.S. economy in 2018 stood at 2.9% compared to a growth of 2.2% in 2017.

Indices Performance				
Global Indices	29-Mar	Prev_Day	Abs. Change	% Change [#]
Dow Jones	25,929	25,717	211	0.82
Nasdaq	7,729	7,669	60	0.78
FTSE	7,279	7,234	45	0.62
Nikkei	21,206	21,034	172	0.82
Hang Seng	29,051	28,775	276	0.96

Debt Market

- Bond yields rose as market participants remained on the side-lines and awaited the borrowing schedule of the government for the period from Apr to Sep of 2019.
- Yield on the new 10-year benchmark paper (7.26% GS 2029) rose 3 bps to close at 7.35% compared with the previous session's close of 7.32% after trading in the range of 7.31% to 7.35%.
- Banks' borrowings under the repo window of the Liquidity Adjustment Facility (LAF) stood at Rs. 14,685 crore (gross) on Mar 29, 2019, compared with Rs. 6,461 crore (gross) as on Mar 28, 2019. Sale of securities under Reserve Bank of India's (RBI) reverse repo window stood at Rs. 46,984 crores on Mar 28, 2019.

Debt Watch				
	29-Mar	Wk. Ago	Mth. Ago	Year Ago
Call Rate	8.49%	6.19%	6.19%	7.57%
T-Repo	6.65%	6.14%	6.21%	NA
Repo	6.25%	6.25%	6.25%	6.00%
Reverse Repo	6.00%	6.00%	6.00%	5.75%
91 Day T-Bill	6.05%	6.25%	6.39%	6.09%
364 Day T-Bill	6.28%	6.38%	6.55%	6.40%
10 Year Gilt	7.35%	7.34%	7.41%	7.40%
G-Sec Vol. (Rs.Cr)	26833	38231	28598	37511
FBIL MIBOR*	6.28%	6.25%	6.35%	9.39%
3 Month CP Rate	7.55%	7.50%	7.80%	7.40%
5 Year Corp Bond	8.36%	8.40%	8.33%	8.03%
1 Month CD Rate	7.81%	8.00%	7.19%	7.23%
3 Month CD Rate	7.21%	7.36%	7.40%	6.98%
1 Year CD Rate	7.34%	7.73%	7.95%	7.33%

Equity Market

- The NSE NIFTY 50 Index was up by 7 percent to settle at 11623.90 as on 29 March 2019 and opened at 10,842.65 as on 1st March 2019 and whereas BSE Sensex was up by 7.01 per cent and closed at 38,545.72 points and opened at 36,018.40 Indian equity markets. Indian Equity markets gained modestly on the back of strong foreign fund flows. The high probability of the ruling party coming back to power is strengthening markets. Global cues were positive too as bond yields steadied and investors rejoiced signs of progress in US-China trade talks.
- Further, media reports stating successful launch of the country's anti-satellite missile system demonstrated the nation's capability to defend its assets in outer space. This added to the gains. The high probability of the ruling party coming back to power and strong foreign fund inflows also contributed to the upside
- Surge in one of the major PSU banks following reports that the government has decided to infuse funds worth Rs. 5,042 crores as capital ahead of its merger with two other public-sector lenders led to gains in the financial sector. Gains in metal stocks reflected progress in U.S. and China trade discussions.
- According to the media Report, troubled Jet Airways Ltd. missed a \$109 million loan repayment due to HSBC Bank as on 28 March 2019.
- NIFTY Apr 2019 Futures were at 11,679.90, a premium of 56.00 points, above the spot closing of 11,623.90. The turnover on NSE's Futures and Options segment declined to Rs. 4,97,595.29 crore on Mar 29, 2019, compared with Rs. 22,75,906.54 crore on Mar 28, 2019.

Sectoral Indices			
Indices	Last Closing*	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	18,824.89	0.14%	0.10%
S&P BSE Bankex	34,141.94	2.99%	13.70%
S&P BSE CD	23,856.65	3.09%	11.43%
S&P BSE CG	18,471.99	0.72%	8.10%
S&P BSE FMCG	11,741.51	0.42%	3.42%
S&P BSE HC	14,407.89	1.59%	4.70%
S&P BSE IT	15,280.30	0.26%	0.17%
S&P BSE Metal	11,355.12	1.82%	5.47%
S&P BSE Oil & Gas	15,269.70	3.08%	10.63%

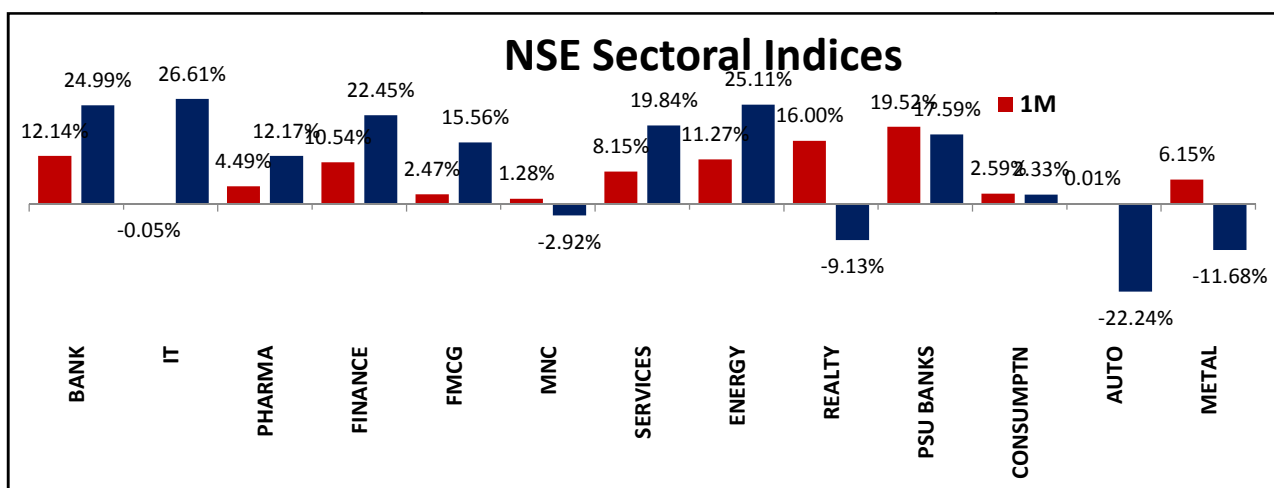
Source: Thomson Reuters Eikon *Value as on Mar 29, 2019

FII & DII Activity

Net Flows	Mar-19	Feb-19	Jan-19
FII (in Cr.)	32,371.43	13,564.57	127.67
DII (in Cr.)	-13,930.25	-565.89	2,146.87

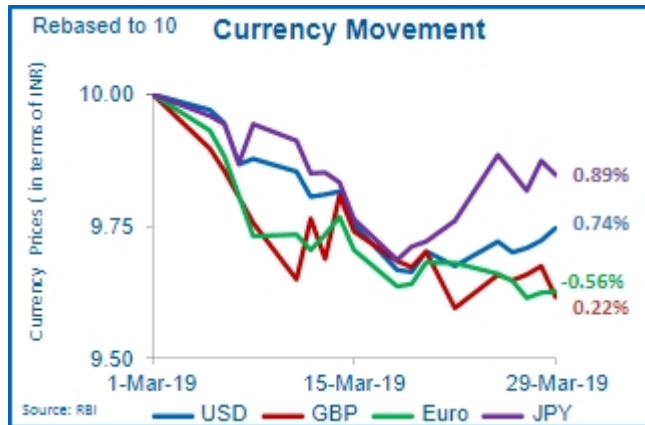
- In the month of March, 2019 there was an inflow of FII's and amounted to Rs 32,371.43 crore in equity capital market as compared to inflow of Rs 13,564.57 crore in February 2019 and DII's were net sellers in the equity market to the tune of Rs 13,930.25 crore in month of March as compared to February 19 to the amount of Rs 565.89 crore of net sellers.

Sectoral Performance



- On BSE sectoral front, S&P BSE Metal was the major gainer, up 2.33%, followed by S&P BSE Basic Material and S&P BSE Healthcare, up 2.1% and 1.37%, respectively. The Biggest loser was S&P Fast Moving Consumer Goods, down 0.14%, followed by S&P BSE Bank and S&P BSE Utilities, down 0.04%.

Currency Outlook



- The Indian rupee depreciated against the greenback as concerns of slowing globaleconomy weighed on the market sentiment. The euro fell against the greenback asbetter thanexpected U.S. trade deficitdata for Jan 2019 strengthened the latter.However, further losses were restrictedafter U.S GDP slowed in the fourthquarter of 2018. The Indian rupee rose against the U.S. dollar following gains in the domestic equity market. The rupee closed at 69.15 a dollar, up 0.27% compared with the previous close of 69.34.

➤ IPO CORNER

IPO Name	Issue open	Issue Closes	Offer Price	Issue Size in Crore
Osia Hyper Retail Limited	26-Mar-19	28-Mar-19	252	39.78
Aartech Solonics Limited	12-Mar-19	18-Mar-19	34	7.21
Roopshri Resorts Limited	19-Mar-19	22-Mar-19	20	3.6
Ashapuri Gold Ornament Limited	13-Mar-19	18-Mar-19	51	29.33
Embassy Office Parks	18-Mar-19	20-Mar-19	299-300	4,750
Artedz Fabs Limited	18-Mar-19	20-Mar-19	34-36	8.32
Northern Spirits Limited	22-Mar-19	27-Mar-19	43	18.50
KHFM Hospitality and Facility Management Services Limited	22-Mar-19	27-Mar-19	38	11.21

NCD

IPO Name	Issue open	Issue Closes	Offer Price	Issue Size in Crore
L&T Finance Limited	6-Mar-19	7-Mar-19	1000	500
Muthoottu Mini Financiers Limited	18-Mar-19	16-Apr-19	1000	100
Kosamattam Finance Limited	29-Mar-19	26-Apr-19	1000	150

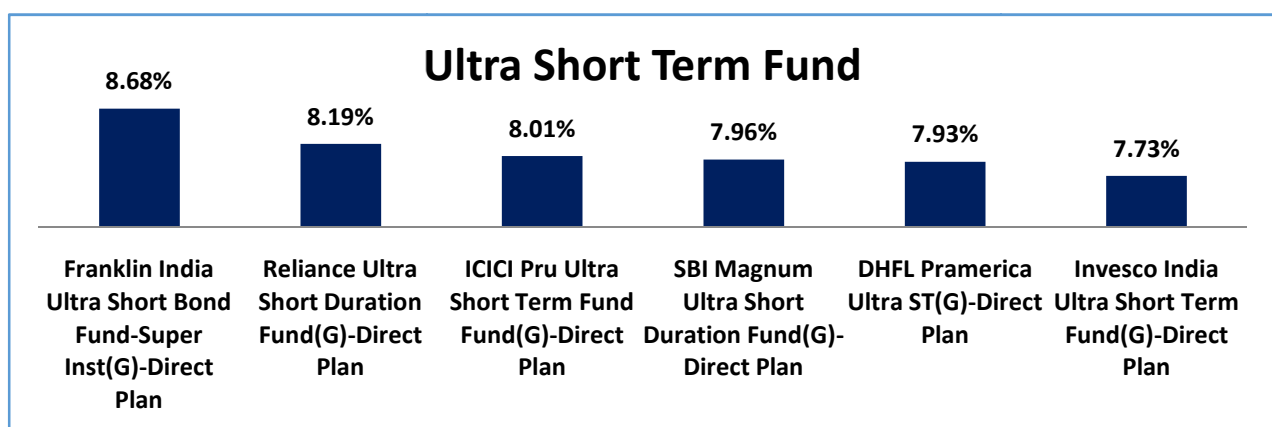
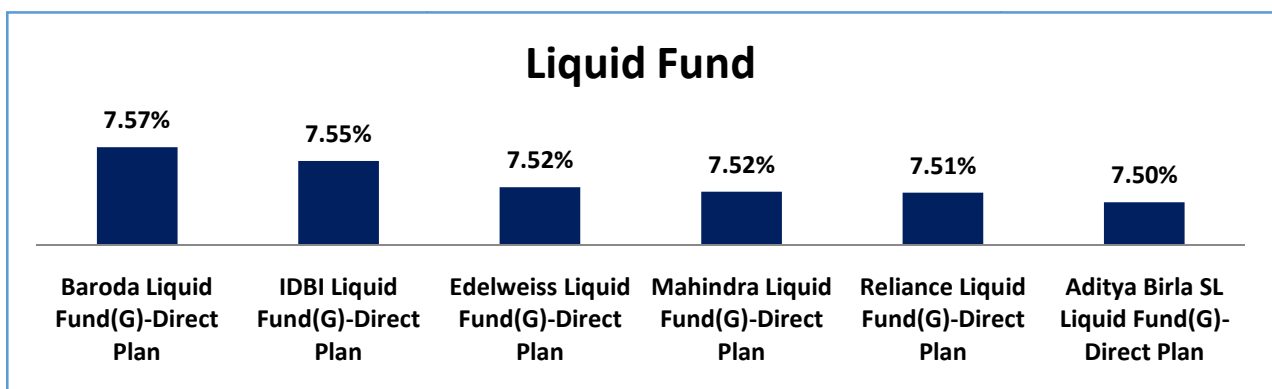
Source-https://www.nseindia.com/products/content/equities/ipos/homepage_ipo.htm

Mutual Funds

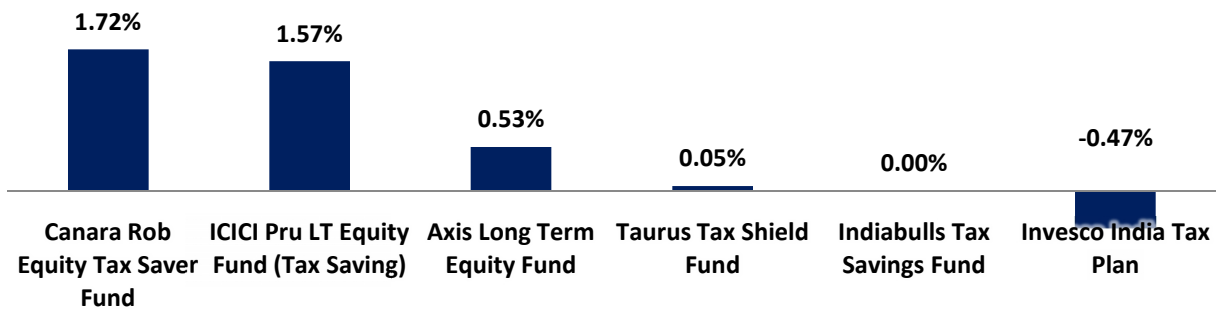
MF Activity	March			February			January		
	Purchase	Sell	Net Flow	Purchase	Sell	Net Flow	Purchase	Sell	Net Flow
Equity (Cr.)	7,841.44	9,015.38	-1,173.94	4,504.49	9,705.86	-5,201.37	4,662.09	5,862.90	-1,200.81
Debt (Cr.)	35,312.22	28,602.50	6,709.72	14,587.80	12,195.25	2,392.55	10,827.01	11,799.40	-972.39

- The Securities and Exchange Board of India (SEBI) is conducting a detailed probe into complex structures that debt mutual funds have entered for loans to promoter group firms in recent years. The capital markets regulator has asked mutual fund trustees to review the exposure and risk management practices of such debt schemes and submit the findings by March 31.

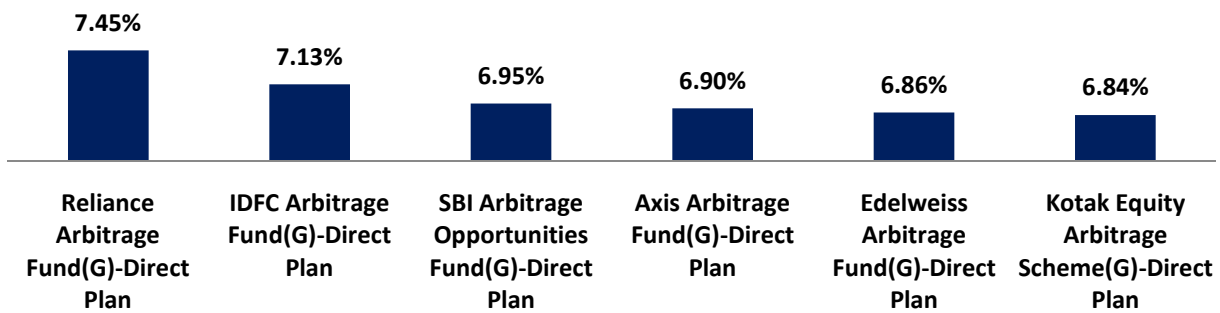
Schemes: Mutual Fund Performance Tracker - 1yr Annualised Return



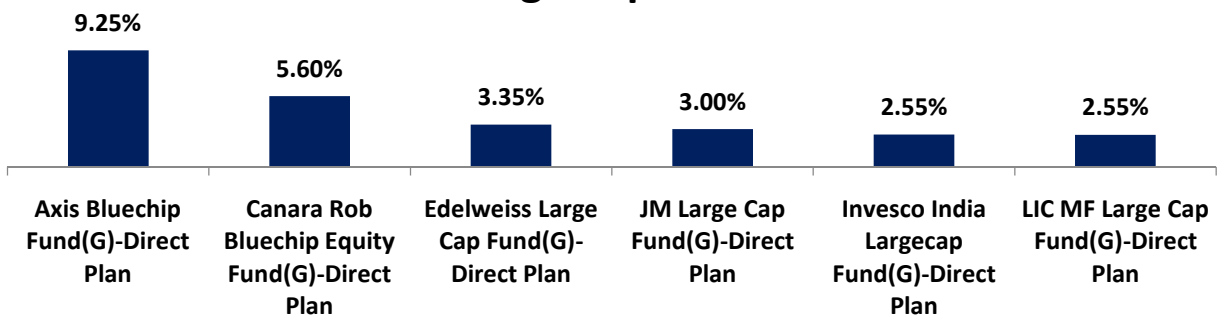
ELSS Fund



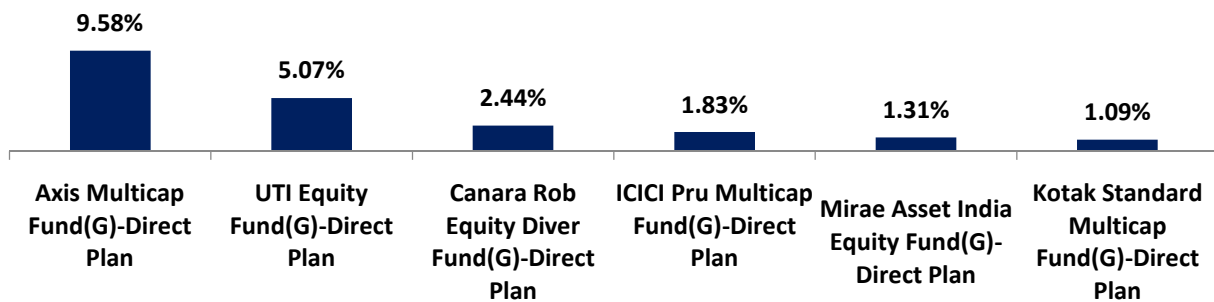
Arbitrage Fund



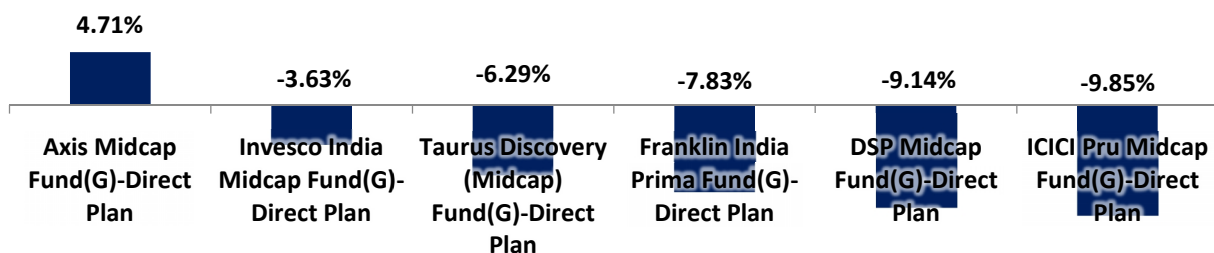
Large Cap Fund



Multi Cap Fund



Mid Cap Fund



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 –April 2019

Date	Events	Previous
India		
02-Apr-19	Nikkei Manufacturing PMI March	54.3%
04-Apr-19	Interest Rate Decision	6.25%
12-Apr-19	CPI (YoY) (March)	2.57%
12-Apr-19	Industrial Production YoY Feb	1.70%
15-Apr-19	WPI Inflation (YoY) (March)	2.93%
15-Apr-19	Balance of Trade March	\$-9.60B
US		
01-Apr-19	Retail Sales MoM Feb	0.2%
01-Apr-19	ISM Manufacturing PMI (March)	54.2
02-Apr-19	Durable Goods Orders Mom Feb	0.40%
03-Apr-19	ISM Non-Manufacturing PMI March	59.7
Europe		
01-Apr-19	Markit Manufacturing PMI Final March	49.3
02-Apr-19	Unemployment Rate Feb	7.8%
03-Apr-19	Retail SalesYoY Feb	1.30%
17-Apr-19	Balance of Trade Feb	€1.5B
China		
10-Apr-19	Inflation Rate YoY March	1.5%
11-Apr-19	Balance of Trade (March)	\$4.08B
11-Apr-19	Exports YoY (March)	-20.7%
11-Apr-19	Imports YoY (March)	-5.2%
World		
02-Apr-19	AU Balance of Trade Feb	A\$4.549B

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