

WEALTHWHISPER



Weekly Review April 13, 2018

Key Economic News

International

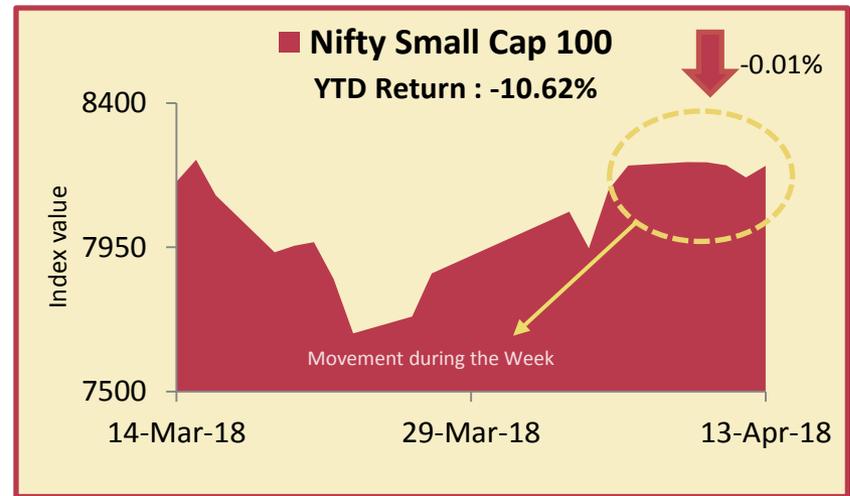
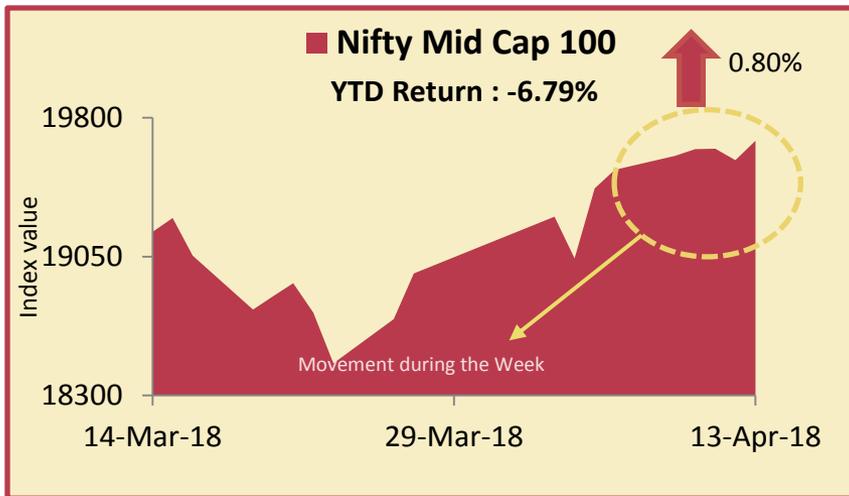
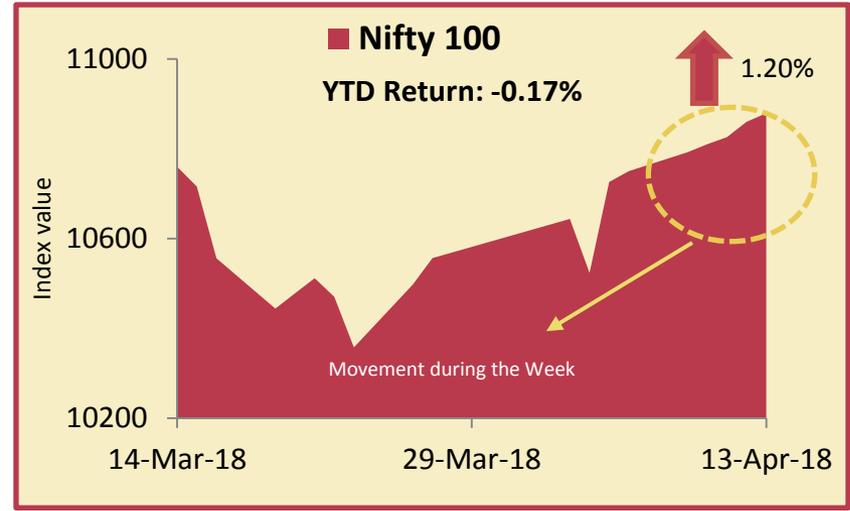
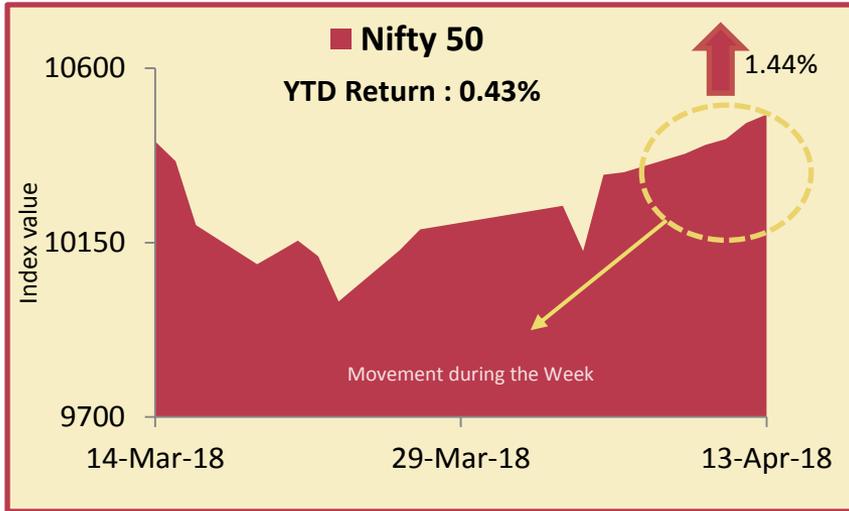
- ✓ Minutes of FOMC's Mar meeting showed that the U.S. Federal Reserve (Fed) has looked into the need to slow the economy down. Some members stated that "monetary policy eventually would gradually move from an accommodative stance to being a neutral or restraining factor for economic activity." The Fed had raised interest rates by a quarter percentage point to between 1.5%-1.75% in Mar 2018.
- ✓ According to a report from the Labour Department, U.S. consumer price index inched down 0.1% MoM in Mar 2018 as against a gain of 0.2% in Feb 2018. Core consumer price index (excluding food and energy prices) grew 0.2% in Mar as against Feb.
- ✓ According to a report from National Bureau of Statistics, China's consumer price inflation came in at 2.1% YoY in Mar 2018 as against an increase of 2.9% in Feb 2018. Food as well as non-food prices grew 2.1% in Mar 2018. Consumer prices fell 1.1% MoM as against an increase of 1.2% in Feb 2018.
- ✓ Germany's consumer price inflation rose to 1.6% YoY in Mar 2018, in line with market expectations, from 1.4% in Feb 2018.

Domestic

- ✓ The Consumer Price Index (CPI)-based inflation or retail inflation grew 4.28% YoY in Mar 2018, down from 4.44% in the previous month and up from 3.89% in the same month of the previous year. CPI inflation eased for the third consecutive month and marked a 5-month low, reflecting decline in prices of pulses and products, sugar and confectionery and spices by 13.41%, 1.61% and 0.07%, respectively.
- ✓ India's Index of Industrial Production (IIP) grew 7.1% YoY in Feb 2018 as against downwardly revised growth of 7.4% (7.5% originally reported) in Jan 2018 and 1.2% in the same period of the previous year. The manufacturing sector surged 8.7% in Feb from 0.7% growth in the same period of the previous year.
- ✓ India's export during the month of Mar 2018 fell 0.66% YoY to \$29.11 billion from \$29.30 billion in Mar 2017. Meanwhile, import grew 7.51% YoY to \$42.80 billion in Mar 2018 from \$39.95 billion in the same period of the previous year. Trade deficit widened to \$13.69 billion in Mar 2018 as against \$10.65 billion in Mar 2017 and \$12.0 billion in Feb 2018.

Domestic Equity Market

Equity markets rose amid optimism over the health of the domestic economy



Domestic Equity Market

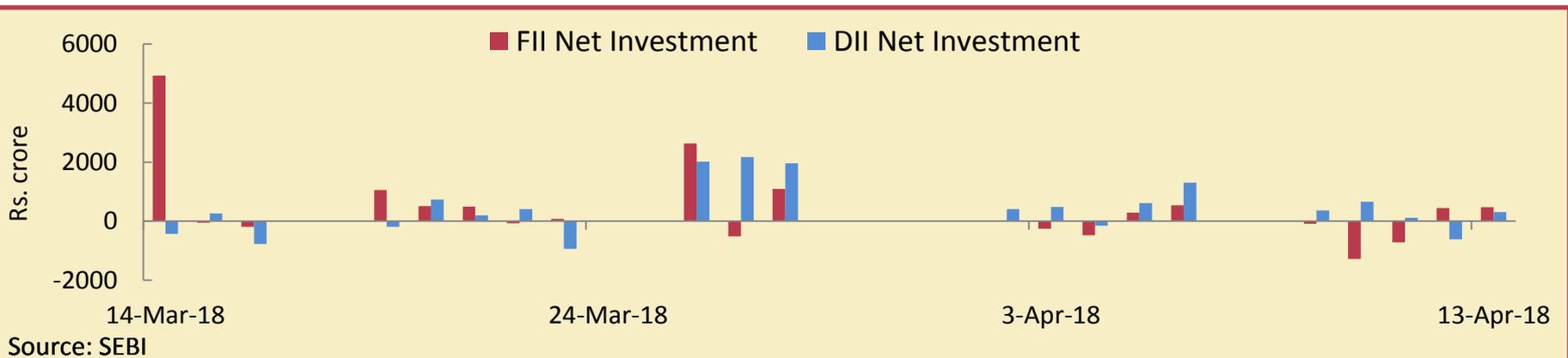
Ratios	S&P BSE Sensex	Nifty 50	Nifty Free Float Mid Cap 100	Nifty Free Float Small Cap 100
P/E	23.5	26.0	53.2	73.1
P/B	3.1	3.6	3.2	2.0
Dividend Yield	1.1	1.2	0.6	0.5

Source: BSE & NSE Values as on Apr 13, 2018

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
09-Apr-18	1092	715	1.53
10-Apr-18	851	952	0.89
11-Apr-18	732	1058	0.69
12-Apr-18	741	1042	0.71
13-Apr-18	881	926	0.95

Source: NSE

- ✓ Indian equity markets rose amid optimism over the health of the domestic economy, backed by strong macro-economic numbers. Official data showed that retail inflation eased to a five-month low in Mar 2018. Strong buying interest in an Indian conglomerate major, post-acquisition of artificial intelligence-based education platform, and gains in banking stocks after the chief executive of a major private-sector bank announced to step down further boosted the indices.
- ✓ Buying interest found further support from easing concerns over trade war between U.S. and China as Chinese President promised to lower import tariffs on products including cars and further liberalise the nation's economy.



Domestic Equity Market

Sectoral Indices

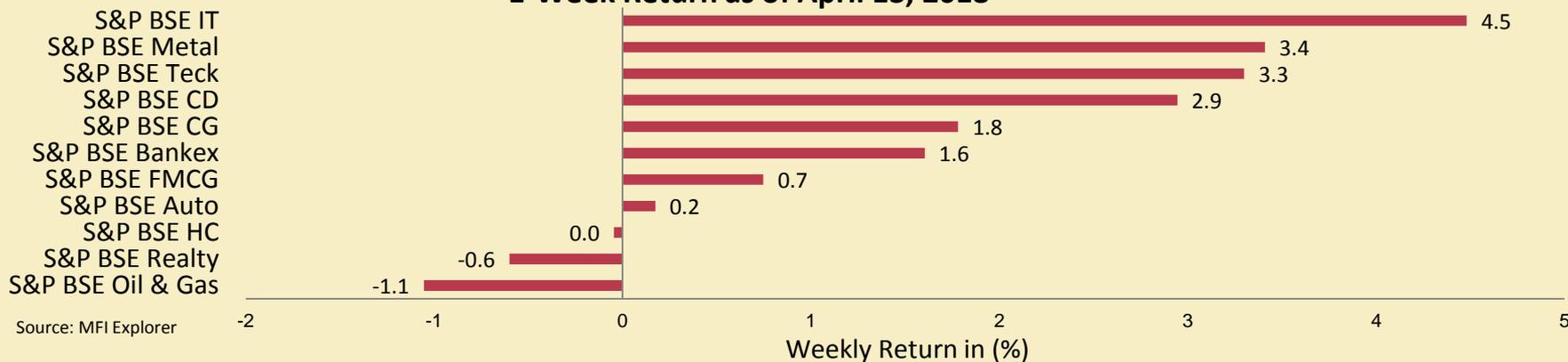
Indices	Last Closing*	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	25,453.6	0.2	3.3
S&P BSE Bankex	28,302.5	1.6	1.4
S&P BSE CD	22,846.6	2.9	5.2
S&P BSE CG	19,134.7	1.8	2.3
S&P BSE FMCG	10,631.3	0.7	1.3
S&P BSE HC	13,679.5	0.0	0.0
S&P BSE IT	12,781.6	4.5	3.2
S&P BSE Metal	14,095.9	3.4	-2.1
S&P BSE Oil & Gas	14,666.7	-1.1	-6.1
S&P BSE Realty	2,281.2	-0.6	-6.3
S&P BSE Teck	6,772.8	3.3	1.4

Source: MFI Explorer

*Values as on Apr 13, 2018

- ✓ On the BSE sectoral front, indices closed on a positive note. S&P BSE Information Technology (4.48%) stood as the major gainer followed by S&P BSE Metal (3.41%), S&P BSE Teck (3.33%), and S&P BSE Consumer Durables (2.95%). S&P BSE Oil & Gas (-1.05%) stood as the major loser followed by S&P BSE Realty (-0.58%) and S&P BSE Healthcare (-0.04%).
- ✓ Decline in S&P BSE Oil & Gas stocks came in amid media reports that India's state-run oil retailers have been asked to absorb a part of the losses amid recent recovery in global crude oil and not raise retail diesel and petrol prices.

1-Week Return as of April 13, 2018

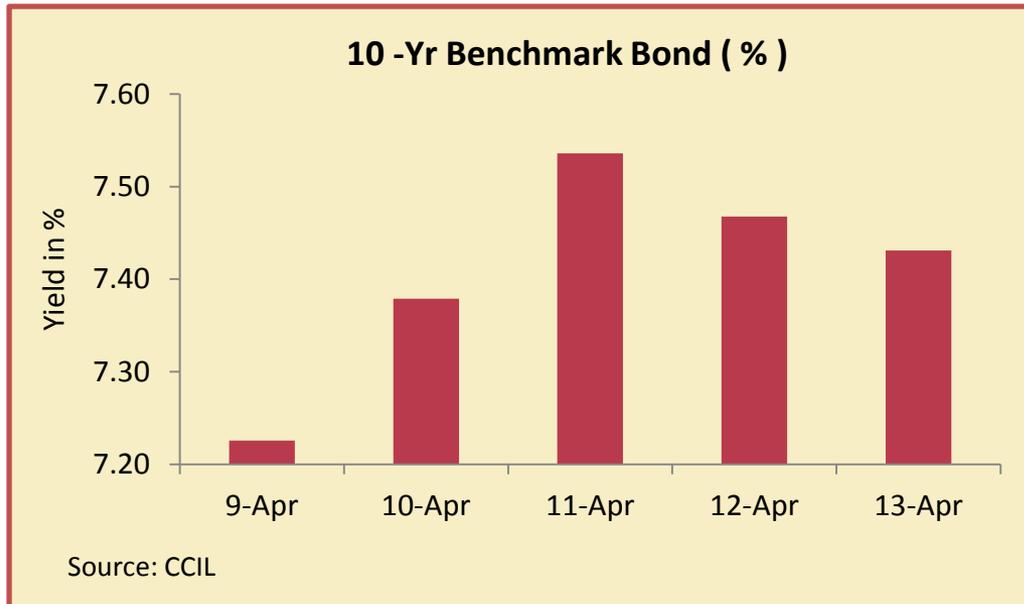


Domestic Debt Market

Bond yields surged following lower than expected increase in limits for foreign investment in Govt. Securities

Debt Indicators (%)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	5.86	5.89	5.86	5.83
91 Day T-Bill	6.08	6.1	6.21	6.08
07.80% 2021, (5 Yr GOI)	7.15	6.94	7.20	6.55
07.17% 2028, (10 Yr GOI)	7.43	7.17	7.65	--

Source: Thomson Reuters Eikon; CCIL Values as on Apr 13, 2018



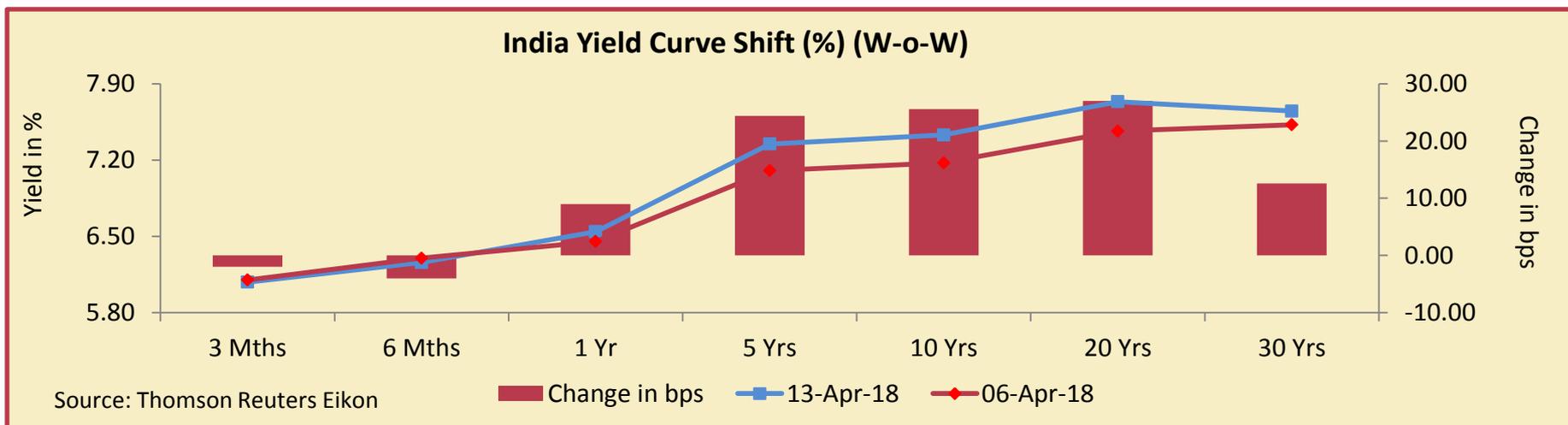
- ✓ Bond yields surged following lower than expected increase in limits for foreign investment in government securities and fresh supply from the auction of state development loans.
- ✓ Rise in crude oil prices and subdued demand for long-tenure papers further weighed on the domestic bond market. However, value buying by investors restricted the losses.
- ✓ Yield on the 10-year benchmark paper (7.17% GS 2028) rose 26 bps to close at 7.43% from the previous week's close of 7.17%.
- ✓ The Reserve Bank of India (RBI) conducted the auction of state development loans of 13 state governments for a notified amount of Rs. 19,700 crore for which Rs. 18,778.1 crore was accepted. The cut-off yield stood in the range of 7.55% to 8.00%.

Domestic Debt Market

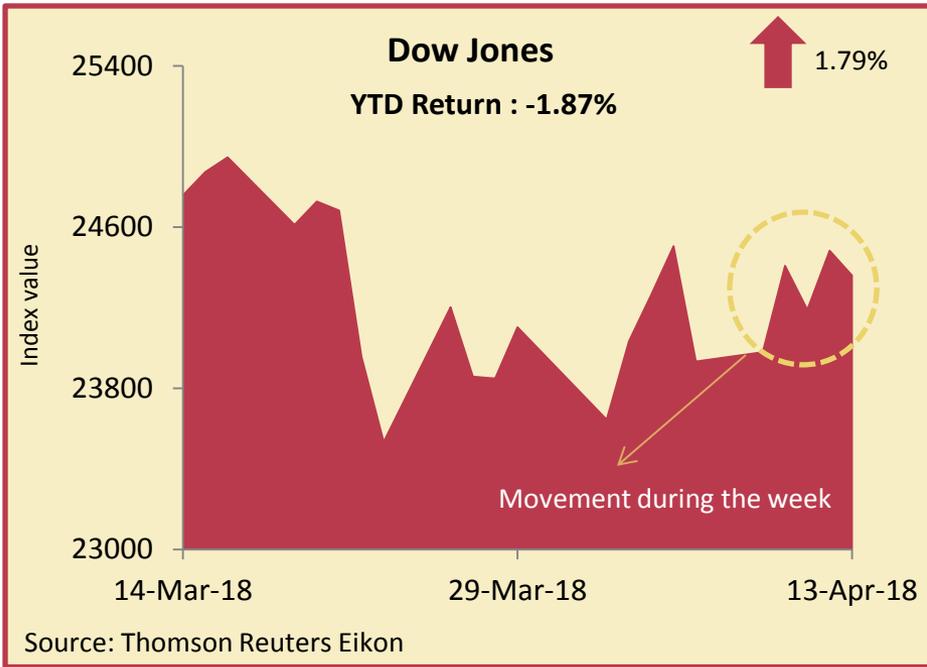
Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	6.69	7.58	90
3 Year	7.21	7.82	61
5 Year	7.49	8.13	64
10 Year	7.72	8.25	53

Source: Thomson Reuters Eikon Values as on Apr 13, 2018

- ✓ Yields on gilt securities increased across the maturities in the range of 9 bps to 32 bps. The maximum expansion was witnessed on 7-year paper and the minimum on 1-year paper.
- ✓ Corporate bond yields increased across the maturities in the range of 4 bps to 27 bps. The maximum expansion was witnessed on 6-year paper and the minimum on 2-year paper.
- ✓ Spread between AAA corporate bond and gilt contracted across the maturities by up to 18 bps barring 6-year paper that expanded 9 bps.



International Markets



- ✓ U.S. markets gained strength amid easing concerns over trade war with China after it promised to lower import tariffs on products including cars and take necessary steps to further liberalise the world's second-largest economy. However, signs of political tensions between U.S. and Russia over the recent chemical attack in Syria restricted further gains.
- ✓ Buying interest found further support after media reports stated that the U.S. President has asked his advisor to reconsider joining a major Trans-Pacific trade deal after first pulling out of the agreement last year.

Indices	Last Closing*	Returns (in %)		
		1-Wk	1-Mth	YTD
Europe				
CAC-40 Index	5315.0	1.1	1.4	0.5
DAX Index	12442.4	1.6	1.8	-3.3
FTSE 100	7264.6	1.1	1.8	-5.0

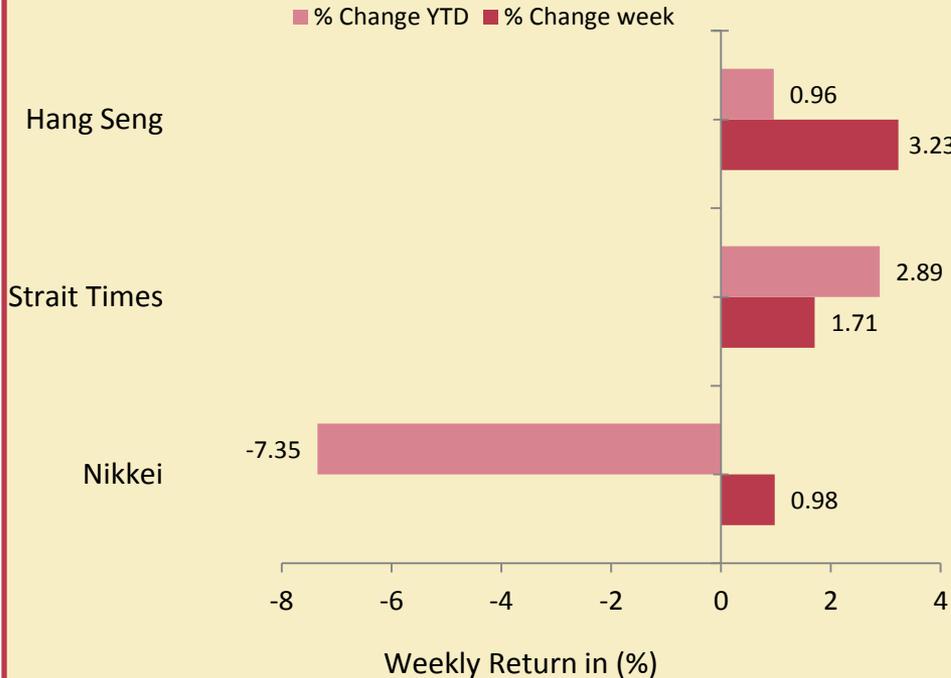
Source: Thomson Reuters Eikon

*Values as on Apr 13, 2018

- ✓ European markets took initial positive cues after Chinese President eased trade war tension by lifting limits of foreign investment in manufacturing and financial sectors. Buying interest found additional support from official data showing recovery in France's industrial production in Feb.
- ✓ Gains were restricted after media reports suggested that British Prime Minister has called an emergency cabinet meeting to discuss the U.K.'s involvement in possible military action against Bashar Assad's regime in Syria.

International Markets

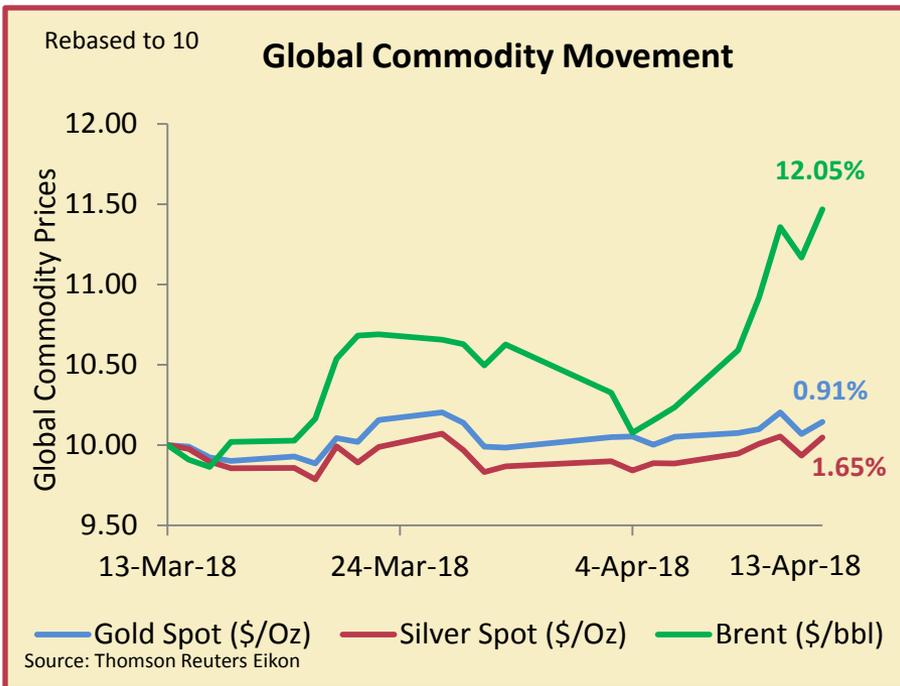
Return Value as of April 13, 2018



Source: MFI Explorer

- ✓ Asian markets too witnessed gains amid receding worries over trade war between U.S. and China following a host of initiatives announced by Chinese President to liberalise the nation's trade and economy. Buying interest found additional support as Japan's consumer confidence data remained steady at the end of the first quarter. Additionally, Japan's core machine orders increased a seasonally adjusted 2.1% sequentially in Feb 2018, defying expectations for a decline.
- ✓ However, the upside was limited amid concerns that the U.S. President is likely to undertake more aggressive strikes in Syria. Mixed Chinese trade data for Mar pulled back market gains.

Commodities



Gold

- ✓ Gold prices inched up as the safe haven appeal boosted amid heightened tensions between U.S. and Russia. In the wake of a recent chemical attack on civilians in Syria, U.S. suspects Russia's role in the same and assured of a quick decision on how to react to the attack.
- ✓ However, the upside was limited as minutes of the U.S. Federal Reserve's Mar policy review indicated that the U.S. economy will continue to remain strong and that inflation will rise towards the 2% target in the coming months.

Crude

- ✓ Brent crude prices surged amid growing concerns over U.S. military activity in Syria, which may hamper oil supplies from the region. News that U.S. could renew sanctions against Iran also supported prices. Further indication of supply constraint helped prices as the International Energy Agency (IEA) in its monthly report stated that inventories would soon drop to their five-year average due to measures taken by OPEC to curb global supply.

Baltic Dry Index

- ✓ The Baltic Dry Index rose 6.96% on the back of improved capesize and panamax activities.

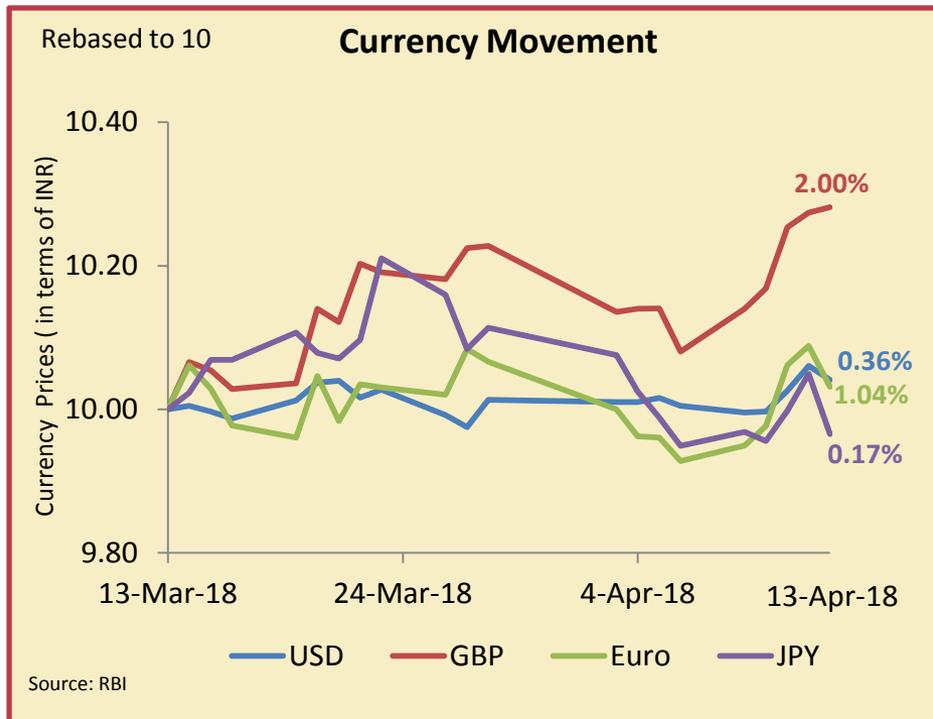
Performance of various commodities

Commodities	Last Closing*	1-Wk Ago
Brent Crude(\$/Barrel)	73.62	65.70
Gold (\$/Oz)	1,345.01	1,332.89
Gold (Rs/10 gm)	30,874	30,396
Silver (\$/Oz)	16.62	16.35
Silver (Rs/Kg)	38,485	37,884

Source: Thomson Reuters Eikon

*Values as on Apr 13, 2018

Currency



Rupee

- ✓ The Indian rupee weakened against the U.S. dollar as demand for greenback from importers grew following rise in global crude oil prices. Towards the end, comments from the U.S. President on Russia also hurt risk appetite.

Euro

- ✓ Euro surged against the U.S. dollar as risk appetite improved as the Chinese President's promise to cut import tariffs, eased concerns over a global trade conflict. Euro gained further after a European Central Bank (ECB) policymaker said that the central bank could taper its bond buying programme by the end of 2018.

Pound

- ✓ Sterling rose against the U.S. dollar as Britain's house prices grew in Mar 2018. Investor sentiment was further boosted as a policymaker of the Bank of England suggested an interest rate hike to control inflation.

Yen

- ✓ Yen fell against the U.S. dollar on account of increased risk appetite due to the Chinese President's promise to cut import tariffs.. Improved risk appetite supported equities and pushed U.S. yields significantly higher.

Movement of Rupee vs. Other Currencies

Currency	Last Closing *	1-Wk Ago
U.S. Dollar	65.22	64.99
Pound Sterling	92.77	90.96
EURO	80.34	79.51
JPY (per 100 Yen)	60.64	60.54

Key Mutual Funds News

- ✓ In a bid to avoid confusion on how to disclose past performance of the schemes post-merger, the Securities and Exchange Board of India (SEBI) has issued a circular, directing mutual fund houses to follow uniform rules in the above context. The issue was discussed in Mutual Fund Advisory Committee and based on the recommendations it has been decided that when two schemes, having similar features, get merged and the resultant scheme also has the same features, the weighted average performance of both the schemes need to be disclosed. If two schemes have different features, fund houses can disclose the performance of the scheme whose features are retained. However, fund houses can also disclose the past performance of scheme that was not retained post-merger on request of investors with adequate disclosure. Meanwhile, where two schemes have merged to form a different scheme altogether, fund houses need not disclose any past performance. The circular shall be applicable with effect from May 1.
- ✓ According to the data from SEBI, the Indian mutual fund industry added 1.60 crore new folios in 2017-18. The total folios (across all categories) increased from 5.54 crore in Mar 2017 to 7.13 crore in Mar 2018, a growth of 28.70%, primarily due to healthy growth in retail equity folios. The total folio count of equity funds including equity linked savings scheme went up by 1.27 crore, from 4.08 crore in Mar 2017 to 5.35 crore in Mar 2018.
- ✓ Pursuant to SEBI circular dated Oct 6, 2017 and Dec 4, 2017 on categorization and rationalization of mutual fund schemes, Principal Mutual Fund proposed changes and categorization for all the existing schemes of the fund house.
- ✓ Pursuant to SEBI circulars dated Oct 6, 2017, and Dec 4, 2017, on categorization and rationalization of mutual fund schemes, IDFC Mutual Fund announced modification of the features of IDFC Super Saver Income Fund - Short Term, IDFC Equity Fund with effect from May 14. Amongst the changes announced, the names of IDFC Super Saver Income Fund - Short Term and IDFC Equity Fund have been changed to IDFC Bond Fund – Short Term Plan and IDFC Large Cap Fund, respectively.

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