

WEALTHWHISPER



Weekly Review
March 09, 2018

Key Economic News

International

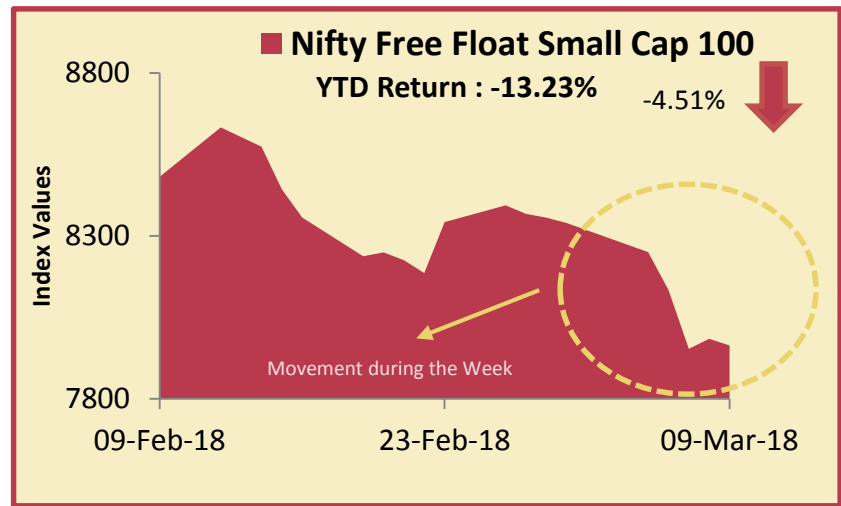
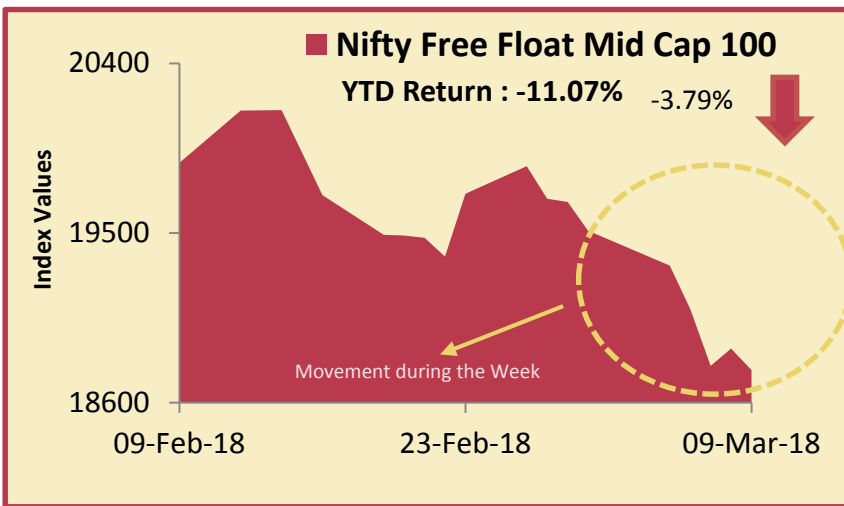
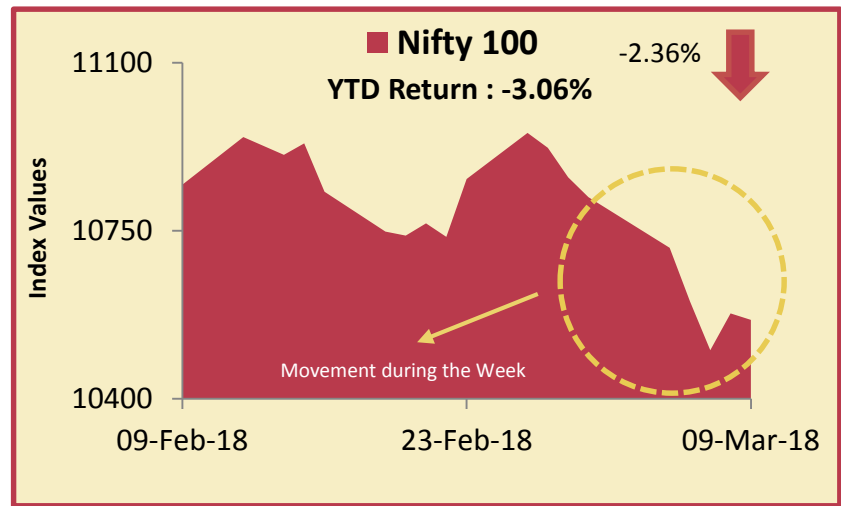
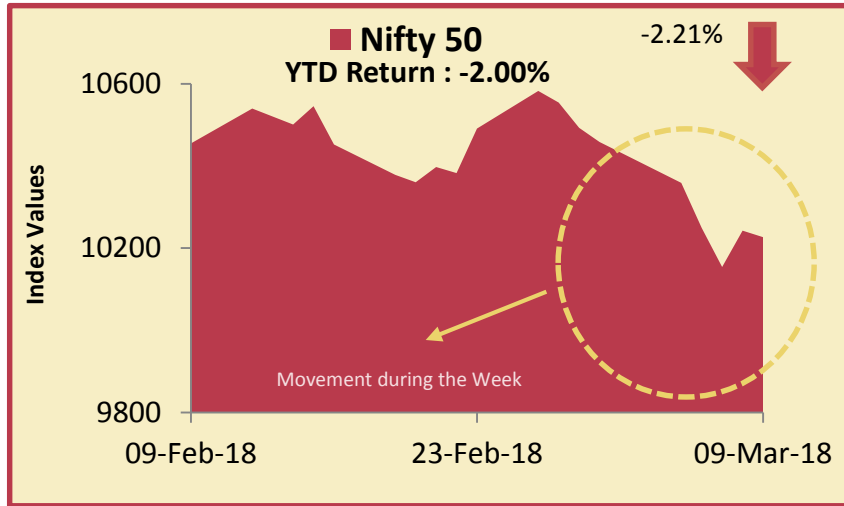
- ✓ A report from the U.S. Labour Department showed that U.S. non-farm payroll employment surged by 313,000 jobs in Feb 2018 as against an upwardly revised increase of 239,000 jobs (200,000 jobs originally reported) in Jan 2018. Job growth came in higher than market expectations driven by notable increases in employment in the construction and retail sectors that added 61,000 jobs and 50,300 jobs, respectively.
- ✓ The European Central Bank (ECB) kept interest rates and asset purchases unchanged in its monetary policy review. However, the central bank omitted the mention of its stance that it will boost the asset purchases if outlook turned less favourable, thereby indicating that it is inching closer to the exit of its massive stimulus program.
- ✓ The Bank of Japan kept its monetary stimulus unchanged in its monetary policy review. With regards to outlook, Bank of Japan is of the view that Japan's economy is likely to continue its moderate expansion.

Domestic

- ✓ Nikkei India Services Business Activity Index fell to 47.8 in Feb 2018 from 51.7 in Jan 2018, lowest since Aug 2017. Service activity contracted as rise in prices led to a decline in new businesses orders. The composite Purchasing Managers' Index (PMI) also plunged to 49.7 in Feb 2018 from 52.5 in Jan 2018.
- ✓ The Reserve Bank of India (RBI) announced that it will inject Rs. 1 lakh crore short term money into the banking system ahead of end of financial year that normally sees cash crunch. The move is likely to keep short term rates under check benefiting borrowing companies. The central bank will use a combination of appropriate instruments for such fund infusion, while continuing with its normal liquidity adjustment facility (LAF) operations. RBI will conduct four variable repo operations of Rs. 25,000 crore each beginning March 6, 2018.
- ✓ The government sought Parliament's approval for additional cash spending of Rs. 85,315.30 crore in the current financial year. Out of this amount, 70% is apportioned to compensate states for revenue loss because of Goods and Services Tax (GST) roll out.

Domestic Equity Market

Indian equity markets closed in the red amid persisting concerns over the banking sector



Domestic Equity Market

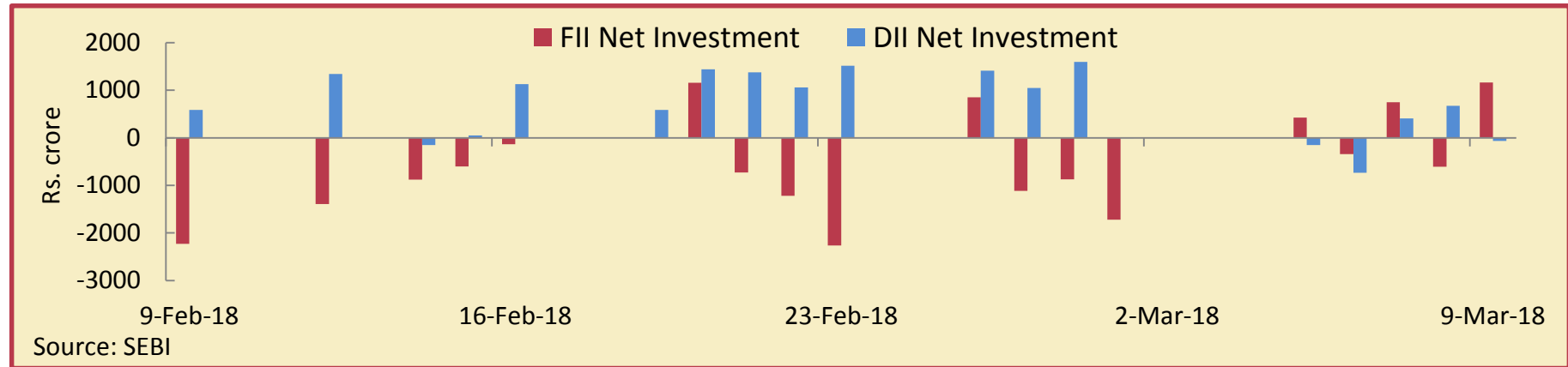
Ratios	S&P BSE Sensex	Nifty 50	Nifty Free Float Mid Cap 100	Nifty Free Float Small Cap 100
P/E	22.9	25.0	45.2	127.7
P/B	3.0	3.5	2.7	1.7
Dividend Yield	1.2	1.3	1.1	0.7

Source: BSE & NSE Values as on Mar,09 2018

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
05-Mar-18	404	1415	0.29
06-Mar-18	359	1437	0.25
07-Mar-18	264	1562	0.17
08-Mar-18	835	959	0.87
09-Mar-18	689	1101	0.63

Source: NSE

- ✓ Indian equity markets closed in the red amid consistent decline in banking stocks on reports that chiefs of two major private banks were summoned by Serious Fraud Investigation Office, seeking explanation over loans given to one of the largest branded jewellery retailers in connection with a PSU bank fraud case.
- ✓ Announcement of hefty tariffs on imports of steel and aluminium products by the U.S. President negatively impacted the indices. However, the same eased later amid media reports that U.S. President's import tariff plan may spare certain countries. Also, North Korea hinted to stop nuclear and missile tests which also supported buying interest.



Domestic Equity Market

Sectoral Indices

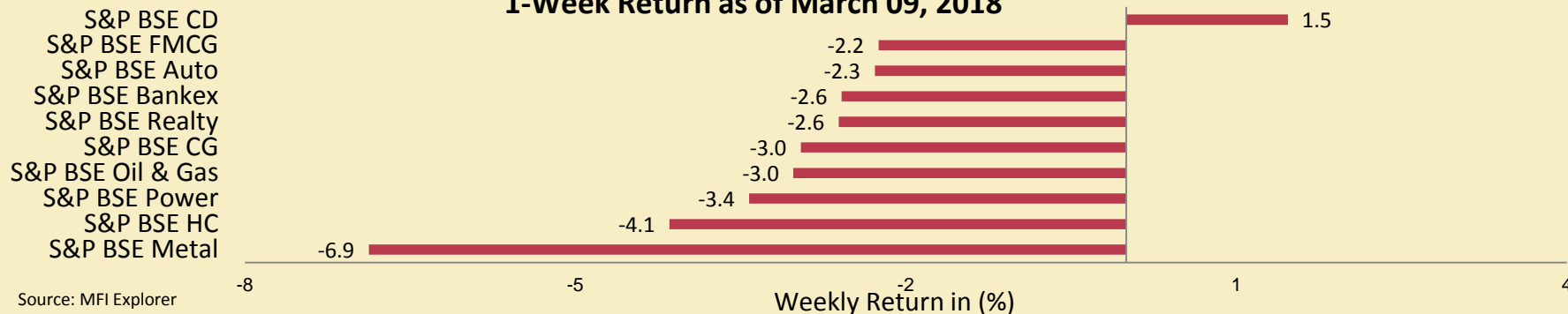
Indices	Last Closing	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	24,253.5	-2.3	-3.2
S&P BSE Bankex	27,347.0	-2.6	-5.3
S&P BSE CD	21,345.1	1.5	0.6
S&P BSE CG	18,464.7	-3.0	-4.0
S&P BSE FMCG	10,278.7	-2.2	-2.4
S&P BSE HC	13,449.8	-4.1	-6.3
S&P BSE IT	12,402.8	-0.3	2.4
S&P BSE Metal	13,996.9	-6.9	-7.3
S&P BSE Oil & Gas	15,052.2	-3.0	-3.2
S&P BSE Power	2,136.8	-3.4	-4.3
S&P BSE Realty	2,385.5	-2.6	-3.6

Source: MFI Explorer

Values as on Mar 09, 2018

- ✓ On the BSE sectoral front, S&P BSE Metal (-6.87%) stood as the major loser followed by S&P BSE Healthcare (-4.15%), S&P BSE Power (-3.42%), and S&P BSE Oil & Gas (-3.02%).
- ✓ S&P BSE Metal fell amid concerns over the imposition of tariff on steel and aluminium by the U.S. President. S&P BSE Realty and S&P BSE Bankex fell 2.61% and 2.58%, respectively. S&P BSE Consumer Durables (1.47%) stood as the only gainer.

1-Week Return as of March 09, 2018



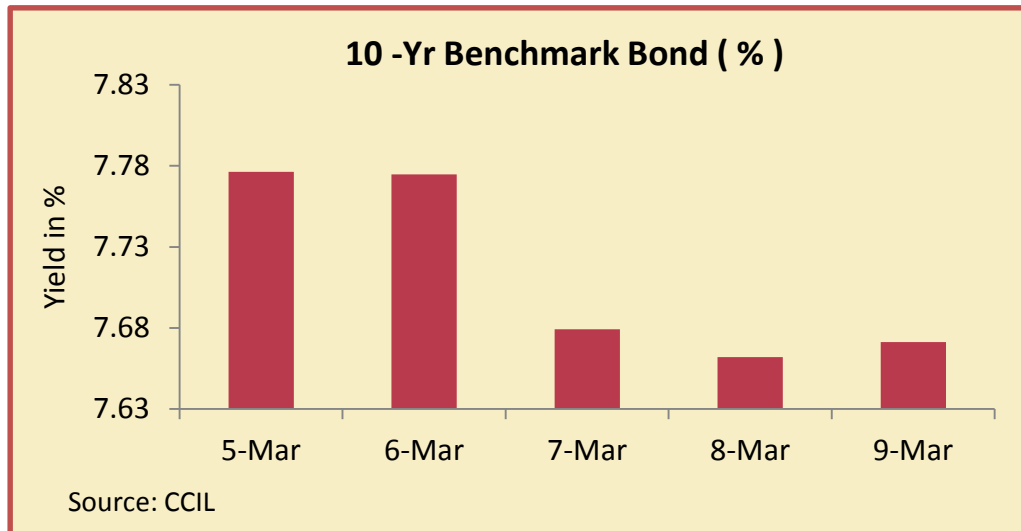
Source: MFI Explorer

Domestic Debt Market

Bond yields fell as market participants resorted to value buying

Debt Indicators (%)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	5.89	5.91	5.89	5.86
91 Day T-Bill	6.25	6.31	6.39	6.09
07.80% 2021, (5 Yr GOI)	7.22	7.19	7.09	6.44
07.17% 2028, (10 Yr GOI)	7.67	7.74	7.49	-

Source: Thomson Reuters Eikon; CCIL Values as on Mar 09, 2018



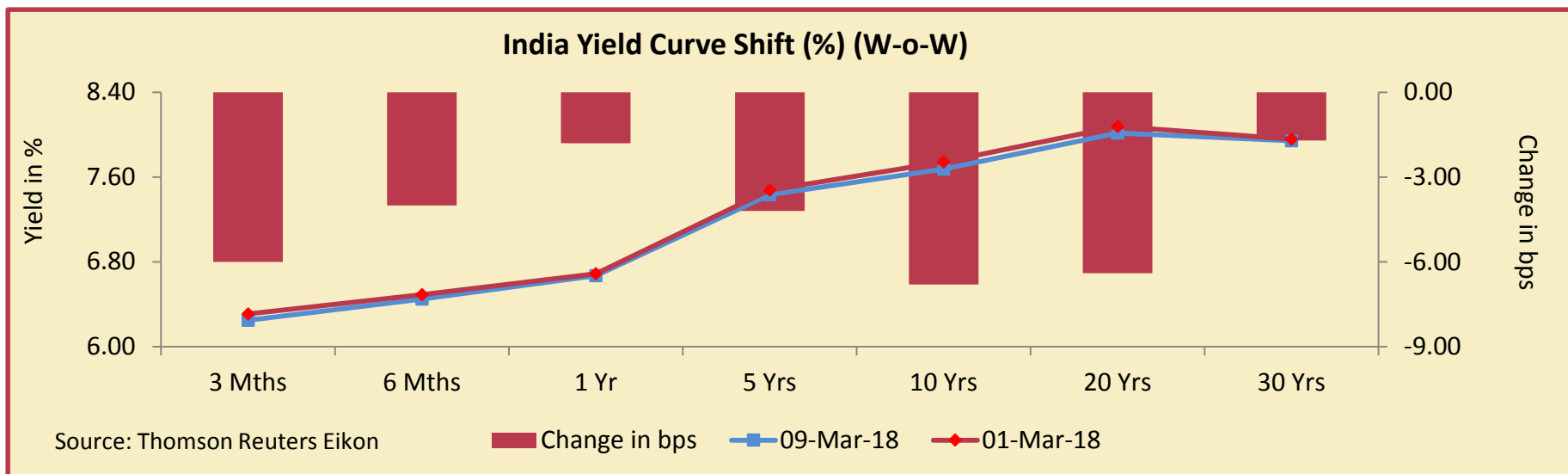
- ✓ Bond yields fell amid value buying on expectations that inflation rate would grow at a slower rate in Feb 2018. Hopes of improving liquidity conditions also added to the gains.
- ✓ However, gains were capped following the auction of state development loans of 16 state governments which led to supply of debt securities in the market.
- ✓ Meanwhile RBI announced that it will infuse one trillion rupees in the banking system through term repos in Mar 2018 that ruled out the possibility of any open market purchase of bonds.
- ✓ Yield on the 10-year benchmark paper (7.17% GS 2028) fell 7 bps to close at 7.67% from the previous week's close of 7.74% after trading in a range of 7.63% to 7.80%.

Domestic Debt Market

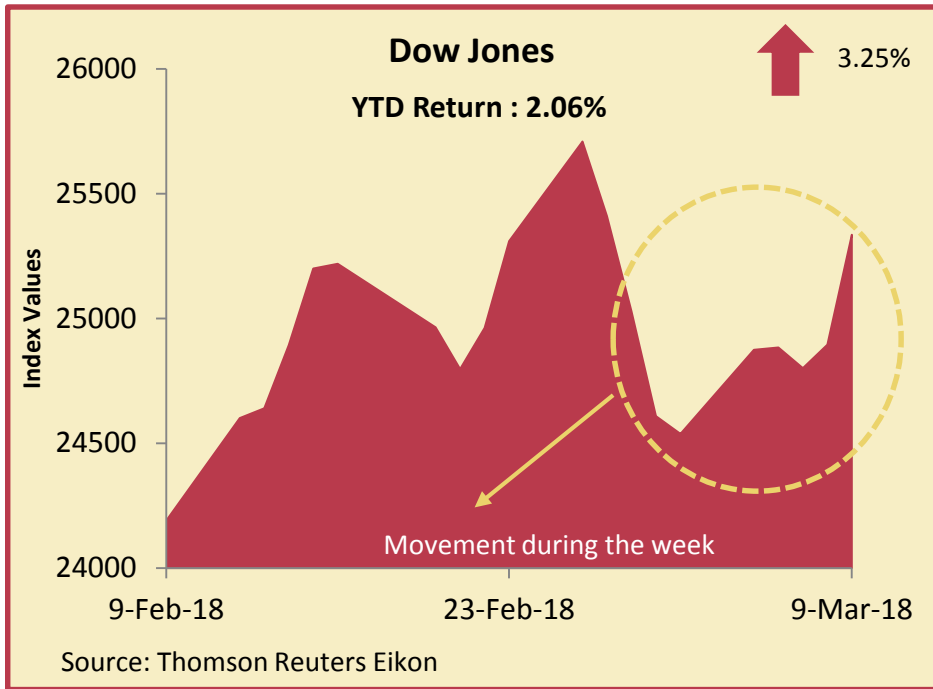
Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	6.69	7.67	98
3 Year	7.34	7.89	55
5 Year	7.61	8.11	50
10 Year	7.95	8.40	45

Source: Thomson Reuters Eikon Values as on Mar 09, 2018

- ✓ Yields on gilt securities fell across the maturities by up to 9 bps, barring 3-year paper that expanded 1 bps.
- ✓ Corporate bond yields increased across 3 to 15 years' maturities by up to 3 bps, barring 9- and 10-year maturities that closed steady. Yield fell on 1- and 2-year maturities by 9 bps and 5 bps, respectively.
- ✓ Spread between AAA corporate bond and gilt contracted by up to 7 bps across 1 to 3 years' maturities and expanded in the range of 6 bps to 11 bps across the remaining segment.



International Markets



- ✓ U.S. markets traded higher after the U.S. Labour Department released a report showing much stronger than expected job growth in Feb 2018. The encouraging data instilled confidence among the investors regarding strength in the U.S. economy to withstand faster than expected rate hike by the U.S. Federal Reserve.
- ✓ Buying interest found additional support from easing geopolitical concerns amid news U.S. President has agreed to meet with the supreme North Korean leader regarding denuclearization.

Indices	Last Closing	Returns (in %)		
		1-Wk	1-Mth	YTD
Europe				
CAC-40 Index	5,274.4	2.7	3.8	-0.3
DAX Index	12,346.7	3.6	2.0	-4.1
FTSE 100	7,224.5	2.2	1.9	-5.5

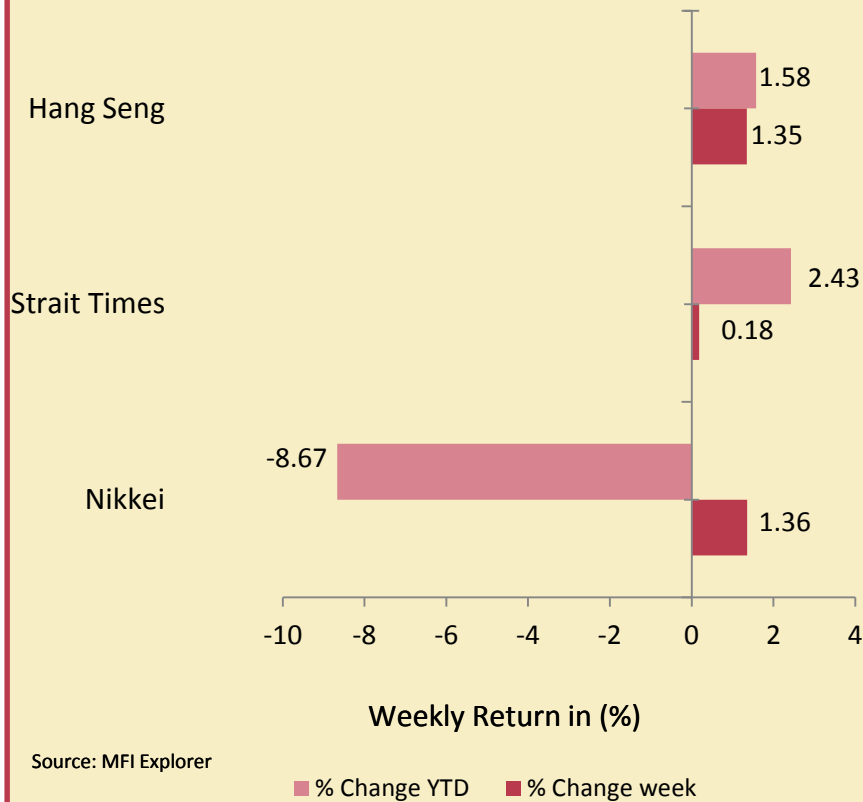
Source: Thomson Reuters Eikon

Values as on Mar 09, 2018

- ✓ European markets too witnessed gains, amid easing geopolitical tensions as the supreme North Korean leader offered to halt nuclear missile tests and agreed to meet with U.S. President.
- ✓ Gains were extended after ECB dropped its easing bias on asset purchases from its forward guidance, while leaving the key interest rates unchanged. The policy decision fuelled expectations that the central bank may normalize the monetary policy in the euro area.

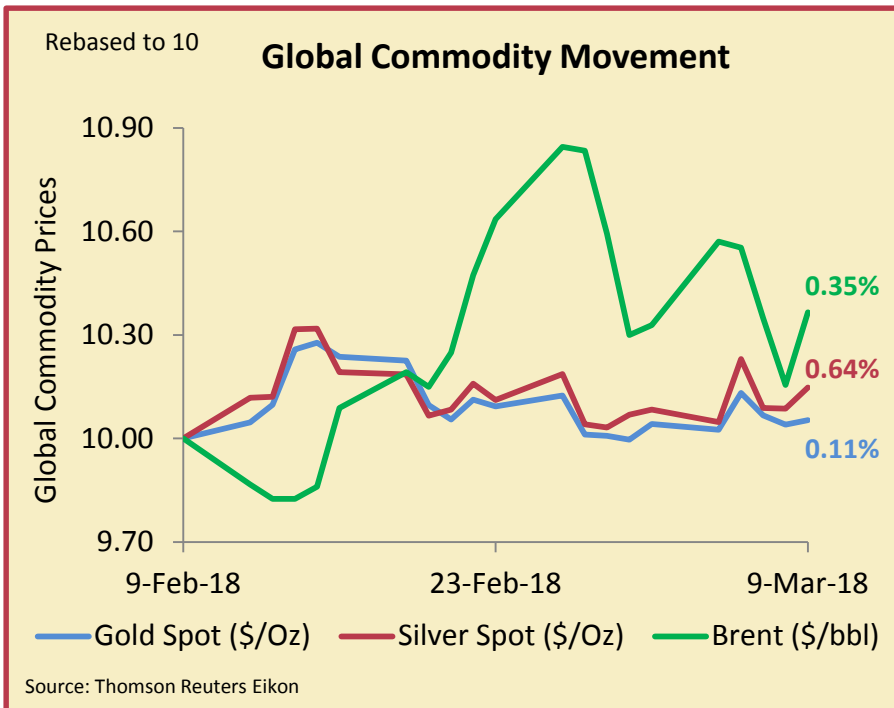
International Markets

Return Value as of March 09, 2018



- ✓ Asian markets rose with investors cheering positive cues from Wall Street and European Union.
- ✓ Chinese markets rose after official data showed that the country's inflation rose sharply to the highest level in more than four years during Feb 2018, driven by a rebound in food prices.
- ✓ Buying interest found additional support after Bank of Japan kept rates unchanged and reaffirmed its decision to stick to its ultra-easy policy stance in the coming months.
- ✓ Additionally, better-than-expected Japanese economic data, including GDP growth data for fourth quarter of 2017, boosted investor sentiment.

Commodities



Gold

- ✓ Gold prices inched up on fears of a potential trade war after the U.S. President announced plans to impose tariffs of 25% on imported steel and 10% on aluminium, in a move to “protect U.S. industry”.
- ✓ Safe-haven appeal of the metal was also boosted on political uncertainty in Europe as the Italian elections ended in a hung parliament. However, upbeat U.S. non-farm payroll data for Feb 2018 and news that U.S. President has agreed to meet the supreme North Korean leader capped the gains.

Crude

- ✓ Brent crude prices gained on hopes of fresh output cuts ahead of a meeting between oil ministers from the Organization of the Petroleum Exporting Countries (OPEC) and U.S. shale firms.
- ✓ Also, International Energy Agency (IEA) stated that global oil demand was expected to grow in the next five years.

Baltic Dry Index

- ✓ The Baltic Dry Index fell on the back of lower capesize and panamax activities.

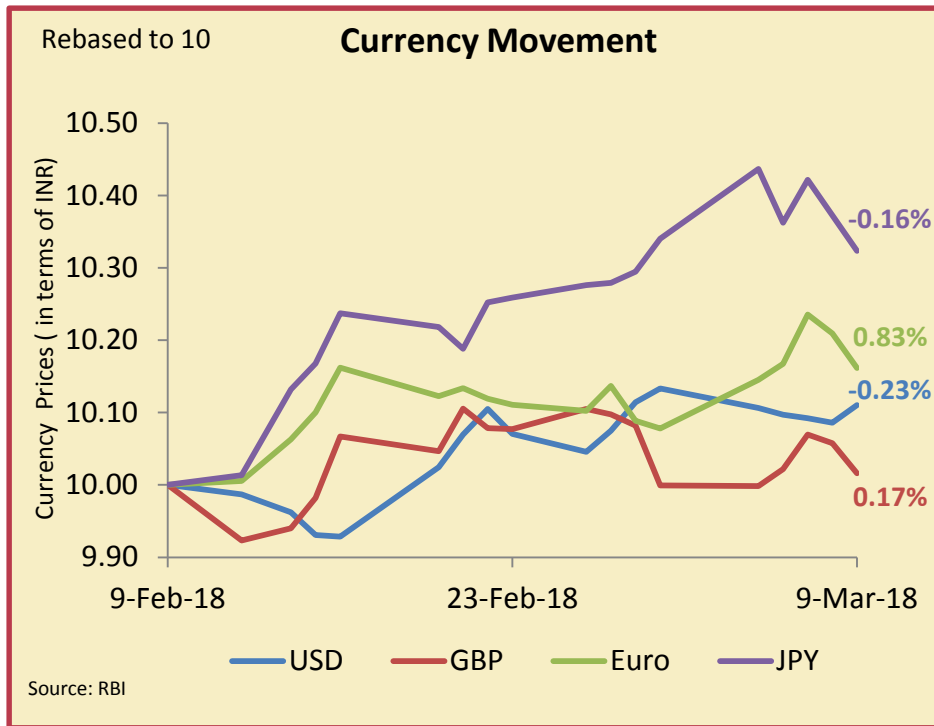
Performance of various commodities

Commodities	Last Closing	1-Wk Ago
Brent Crude(\$/Barrel)	65.28	65.05
Gold (\$/Oz)	1,323.64	1,322.17
Gold (Rs/10 gm)	30,369	30,269
Silver (\$/Oz)	16.60	16.49
Silver (Rs/Kg)	38,313	38,010

Source: Thomson Reuters Eikon

Values as on Mar 09, 2018

Currency



Rupee

- ✓ The rupee rose against the greenback as the latter remained under pressure on concerns of a global trade war after the U.S. President decided to impose steep tariffs on imported steel and aluminium and the subsequent resignation of the U.S. President's chief economic advisor.

Euro

- ✓ The euro fell against the greenback after the ECB in its monetary policy review stated that regional inflation remained subdued. Upbeat U.S. non-farm payroll data for Feb 2018 added to the losses. However, further losses were restricted after an agreement was reached between North and South Korea to hold direct talks.

Pound

- ✓ The pound rose against the greenback, on hopes that Britain would be able to secure a transition deal with the European Union.

Yen

- ✓ The yen weakened against the greenback after the Bank of Japan reaffirmed its decision to stick to its ultra-easy policy stance in the coming months. Hopes of a breakthrough in the North Korean nuclear standoff weakened the yen further.

Movement of Rupee vs. Other Currencies

Currency	Last Closing	1-Wk Ago
U.S. Dollar	65.08	65.23
Pound Sterling	89.85	89.71
EURO	80.16	79.50
JPY (per 100 Yen)	60.97	61.07

Source: RBI

Figures in INR , Values as on Mar 09, 2018

Key Mutual Funds News

- ✓ As per data from the Association of Mutual Funds in India (AMFI), the Assets Under Management (AUM) of mutual fund industry stood at Rs. 22.20 lakh crore in Feb 2018 compared with Rs. 22.41 lakh crore in Jan 2018. Overall, net inflow in mutual fund schemes stood at Rs. 12,092 crore in Feb compared with an overall net inflow of Rs. 1,06,159 crore in the preceding month. Equity funds (excluding ELSS) saw net inflow of Rs. 14,683 crore during the month. Meanwhile, income funds saw overall net outflow of Rs. 9,799 crore during the period.
- ✓ According to data from the Securities and Exchange Board of India (SEBI), the total folio count of the mutual fund industry came in at around 7 crore as in Feb 2018, registering a growth of 2.30% compared with Jan 2018.
- ✓ According to media reports, SEBI has approved Paytm Money, the financial service platform of Paytm, as the Registered Investment Advisor. This will allow the company to roll out advisory and wealth management services to consumers across India. The company is planning to invest \$10 million (approx. Rs. 64 crore) in its wealth management business, making it among the best funded start-ups in the history of Indian financial services distribution business.
- ✓ HDFC Mutual Fund announced change in total expense ratio of HDFC Balanced Fund, HDFC Prudence Fund and HDFC Small Cap Fund with effect from Mar 14. The revised total expense ratio for the funds are 0.26%, 0.56% and 0.36%, respectively.
- ✓ ICICI Prudential Mutual Fund announced Mar 13 as the record date for declaration of dividend under the dividend option of ICICI Prudential Value Fund - Series 2, 7, 11, 17 and 14. The rates of dividend are Re. 1.50, Re. 1.50, Re. 1.00, Re. 0.25 and Re. 0.50 per unit, respectively.

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