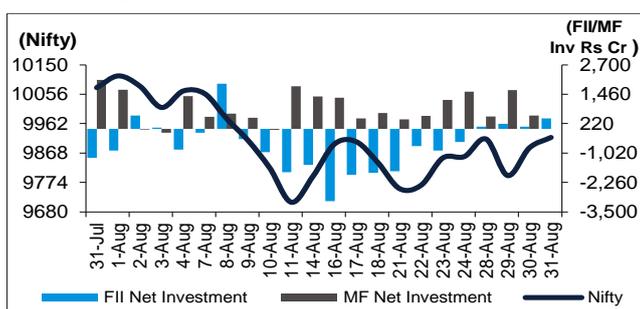


## DOMESTIC EQUITY

- Indian equity indices ended in the green for the third consecutive week. S&P BSE Sensex and Nifty 50 rose about 1% and 1.2%, respectively.
- Sentiments were primarily boosted after weaker-than-expected domestic economic growth data raised hopes that the Reserve Bank of India (RBI) would cut interest rates in October 2017.
- Investors also cheered a good start to the Goods and Services Tax (GST) revenue collections.
- A rally in shares of realty and metal firms brought in more gains into the market.
- Among global cues, India's and China's agreement on "expeditious disengagement" of border personnel at Doklam aided equities further.
- Some gains were, however, trimmed following the government's sale of stake in a state-owned power generation company, and the revision of benchmark Nifty 50.
- Geopolitical concerns after North Korea fired a ballistic missile over Japan also chipped off some gains from the market.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	0.94	2.42	12.20
Nifty 50	1.19	3.73	13.67
S&P BSE Midcap	2.85	6.74	19.14
S&P BSE Smallcap	3.09	5.88	28.03
S&P BSE Bankex	0.62	4.56	21.82
S&P BSE CG	1.47	-1.94	15.20
S&P BSE FMCG	1.82	-0.23	15.39
S&P BSE IT	0.25	-1.81	-3.63
S&P BSE Healthcare	1.24	-2.42	-16.94

Source: BSE, NSE



Source: SEBI, NSE

## GLOBAL EQUITY

- US stocks ended on the higher side following upbeat domestic economic data and hopes of tax reforms.
- The markets were lacklustre earlier owing to weakness in technology stocks and as sentiments turned wary after investors assessed the effect of hurricane Harvey which hit Texas.
- Britain's FTSE rose 0.4% on receding concerns about the possibility of a conflict between the US and North Korea, and as mining firms rallied following robust manufacturing data from major customer China.
- Asia Pacific indices ended in the green. Japan's Nikkei rose 1.2% on bargain buying and as a weaker yen buoyed exporters' shares.
- Hong Kong's Hang Seng rose moderately as gains owing to steady inflow of money from the mainland and bargain buying were cut short by profit booking and geopolitical tensions after North Korea's fired a missile over Japan.
- China's Shanghai Composite gained about 1% buoyed by some strong domestic corporate earnings and economic data coupled with signs of accelerated reforms of state firms.

## DOMESTIC DEBT

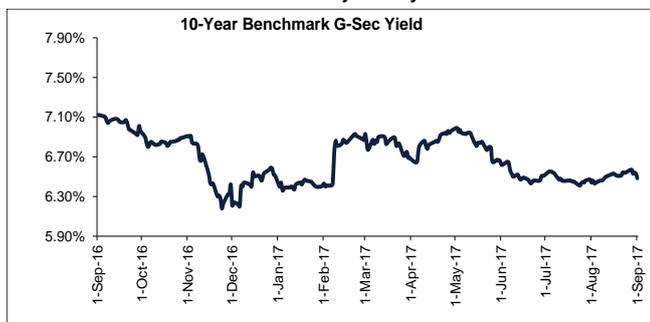
Indicators	Sept 1, 2017	Previous Week	Trend
Call Rate	5.80%	5.80%	↔
3 M CP	6.53%	6.54%	↓
1 Yr CP	7.10%	7.00%	↑
3 M CD	6.15%	6.16%	↓
1 Yr CD	6.47%	6.47%	↔
5 Yr AAA	7.02%	7.07%	↓
1 Yr G-Sec	6.27%	6.29%	↓
5 Yr G-Sec	6.48%	6.50%	↓
10 Yr G-Sec	6.48%	6.54%	↓
USD/INR	64.02	64.03	↓

Source: CRISIL Fixed Income Database, RBI

- Government bond prices ended higher. Yield of the 10-year benchmark 6.79% 2027 paper settled at

6.48% on September 1, 2017 as against 6.54% yield on August 24, 2017.

- Prices dipped early in the week as market players sold debt ahead of the open market bond sale on August 29, 2017 and the scheduled weekly gilt sale on September 1, 2017.
- In the open market auction, the central bank sold five dated securities for a total notified Rs 10,000 crore.
- The weekly bond sale was fully subscribed with the RBI auctioning the 6.84% 2022 paper, the 6.57% 2033 paper, the 7.72% 2055 paper, and a new security maturing in 2031, for a total notified Rs 18,000 crore. The coupon on the 2031 paper has been set at 6.68%.
- Bonds recovered some losses on value buying and tracking a fall in US benchmark treasury yields intraweek.
- Bonds rose sharply in the last session following the release of domestic gross domestic product data as it renewed expectations of an interest rate cut from the RBI.
- In the last session, market players also keenly eyed the release of US non-farm payrolls data, as the indicator is expected to provide cues regarding future US interest rate trajectory.



Source: CRISIL Fixed Income Database

## GLOBAL DEBT

- US treasury prices ended higher in the week ended August 31, 2017 as sharp escalations of tensions on the Korean peninsula boosted the safe-haven buying and overshadowed the upbeat domestic economic cues.

- Bond prices rose sharply after North Korea fired a ballistic missile over northern Japan into the sea on August 29, 2017.
- More gains were seen after the US consumer spending rose slightly less than expected in July 2017 and annual inflation increased at its slowest pace since late 2015.
- US Federal Reserve (Fed) Chief Janet Yellen not mentioning about monetary policy in a highly anticipated speech at a conference in Jackson Hole, Wyoming also bolstered the sentiments.
- Month-end buying and nervousness about the prospect of a government shutdown, and potential debt default, if lawmakers don't raise the nation's debt ceiling by the end of September 2017 also supported treasury prices.
- The yield on the 10-year benchmark bond fell sharply to 2.12% on August 31, 2017 from 2.17% on August 23, 2017.
- Further gains were however capped after the upbeat domestic growth and private sector jobs data recorded biggest monthly increase in five months in August 2017 raised possibility that the US Fed will raise interest rates again at its December 2017 meeting.

## DOMESTIC NEWS

- India's gross domestic product (GDP) growth slowed to 5.7% in Q1 fiscal 2018 from 7.9% in the same quarter a year earlier and 6.1% in Q4 fiscal 2017.
- India's fiscal deficit was Rs 5.04 lakh crore during April 2017 – July 2017, touching 92.4% of the budget mainly because of front loading of expenditure by various government departments; during the same period of last financial year, 2016-17, it was 73.7% of the target.
- India's core sector output accelerated to 2.4% in July 2017; the output grew a revised 0.8% year-on-year in June 2017.
- RBI said India's gross value added (GVA) would grow by 7.3% in the current fiscal, against 6.6% a year ago.

- The government approved reforms within the Indian Army to enhance the combat capability of the forces.
- The Cabinet approved increasing the cess on mid-size, large cars and Sports Utility Vehicles (SUVs) to 25% from the current 15%.
- Department of Industrial Policy & Promotion (DIPP) released its latest edition of consolidated Foreign Direct Investment (FDI), incorporating all the changes in rules and procedures notified by the government throughout the last one year.
- Government notified the Banking Regulation (Amendment) Act under which it can authorize the RBI to issue directions to banks to initiate insolvency resolution process to recover bad loans.
- Government extended the deadline for linking income tax permanent account number (PAN) with Aadhaar by four months to December 31, 2017.
- RBI revealed in its annual report that Rs 15.28 lakh crore, or 99% of the Rs 15.44 lakh crore scrapped currency notes, had come back to the central bank between the government's demonetisation decision and June 30, 2017.
- RBI warned that State governments are likely to face several challenges to their finances during 2017-18 due to farm-loan waivers.
- RBI directed banks to refer 50 accounts to bankruptcy court if they are unable to find a resolution for them in about three months.
- A RBI appointed panel suggested that banks link their home loan rates to the repo rate.
- Securities & Exchange Board of India (SEBI) allowed debt securities issued outside to get listed on stock

exchanges in the International Financial Services Centre (IFSC).

- SEBI may introduce rules to merge mutual fund schemes in the same investment categories.

### GLOBAL NEWS

- US GDP jumped by 3.0% in Q2 2017 compared to the previously estimated 2.6% growth.
- US nonfarm payrolls rose by a seasonally adjusted 156,000 in August 2017 compared to a revised 189,000 in July 2017; the unemployment rate rose to 4.4% in August 2017 from 4.3% the month before.
- Automatic Data Processing (ADP) said US private sector employment jumped by 237,000 jobs in August 2017 following an increase of 201,000 jobs in July 2017.
- US manufacturing Purchasing Managers' Index registered 52.8 in August 2017, down slightly from July 2017's reading of 53.3.
- US personal income increased 0.4% in July 2017 after being unchanged in June 2017.
- Eurozone annual inflation is expected to be 1.5% in August 2017, up from 1.3% in July 2017.
- UK GfK consumer confidence rose to -10 in August 2017 from -12 in July 2017.
- China's official manufacturing purchasing managers' index (PMI) rose to 51.7 in August 2017 from July 2017's 51.4, while non-manufacturing PMI fell to 53.4 in August 2017 from 54.5 in July 2017.
- Japan's industrial production fell 0.8% in July 2017 from the previous month, compared with a 2.2% increase in June 2017.

DAY	ECONOMIC EVENTS IN THE WEEK AHEAD
Monday September 4, 2017	<ul style="list-style-type: none"> <li>• Eurozone Sentix Investor Confidence, September 2017</li> <li>• UK Markit/CIPS Construction Purchasing Managers' Index (PMI), August 2017</li> </ul>
Tuesday September 5, 2017	<ul style="list-style-type: none"> <li>• Eurozone GDP (Final), Q2 2017</li> <li>• Eurozone Retail Sales, July 2017</li> </ul>
Wednesday September 6, 2017	<ul style="list-style-type: none"> <li>• US Fed Reserve's Beige Book, September 2017</li> </ul>

	<ul style="list-style-type: none"> <li>• US Institute of Supply Mgt. (ISM) Services Index, August 2017</li> <li>• US Trade Balance, July 2017</li> </ul>
<p>Thursday September 7, 2017</p>	<ul style="list-style-type: none"> <li>• US Productivity and Costs, Q2 2017</li> <li>• European Central Bank (ECB) Rate Decision &amp; Asset Purchase Target</li> <li>• China's Trade Balance, August 2017</li> <li>• Japan's GDP (Revised), Q2 2017</li> <li>• Japan's Leading &amp; Coincident Index, July 2017</li> </ul>
<p>Friday September 8, 2017</p>	<ul style="list-style-type: none"> <li>• UK NIESR GDP Estimate, August 2017</li> <li>• UK Industrial Production, July 2017</li> <li>• China's Consumer Price Index, August 2017</li> <li>• Japan's Eco Watchers Survey Current &amp; Outlook, August 2017</li> </ul>

Source: CRISIL

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