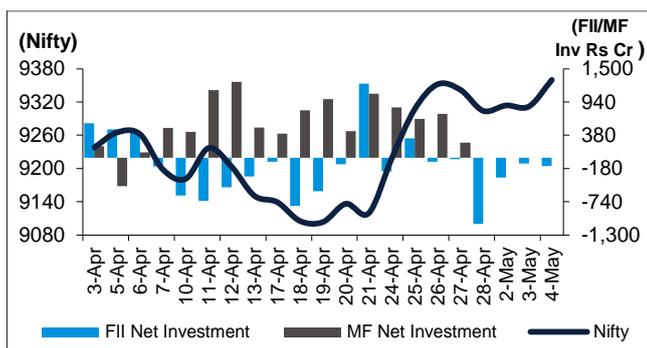


DOMESTIC EQUITY

- Indian equities could not sustain the past week's positive momentum. Benchmarks S&P BSE Sensex and Nifty fell 0.2% each.
- Wariness ahead of the US Federal Reserve's (Fed's) meeting and domestic corporate earnings affected sentiments.
- The benchmarks fell further on tracking intermittent weakness in overseas markets amid a pullback in crude oil prices.
- A sell-off in metal and healthcare counters pulled down the market further.
- Further losses were, however, restrained owing to strong buying interest in the consumer durables counter.
- A rally in realty firms following the implementation of the Real Estate (Regulation and Development) Act, 2016 trimmed more losses from the market.
- The market was also buoyed by banking shares which advanced after the government announced a move to tackle surging bad loans.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-0.20	5.73	18.20
Nifty 50	-0.20	6.23	20.03
S&P BSE Midcap	-0.54	10.79	34.73
S&P BSE Smallcap	-0.11	14.41	40.61
S&P BSE Bankex	1.40	10.98	38.73
S&P BSE CG	-1.00	17.16	33.75
S&P BSE FMCG	-0.43	5.72	23.22
S&P BSE IT	1.36	0.53	-12.37
S&P BSE Healthcare	-2.15	-3.66	-5.16

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

- US stocks advanced in the week aided by some robust corporate earnings.
- Britain's FTSE rose 0.6% supported by some positive corporate earnings reports and upbeat domestic manufacturing and services sector activity data.
- Asia Pacific indices posted mixed performance. Japan's Nikkei rose 1.3% in the holiday shortened week buoyed by weakness in the yen and rally in technology shares.
- Hong Kong's Hang Seng lost 0.6% as shares of resources firms plunged amid a pullback in oil and commodity prices and as investors stayed on the sidelines ahead of the release of US monthly jobs data.
- China's Shanghai Composite (worst performer) fell 1.6% on lingering worries over tighter regulations and weaker-than-expected economic indicators.

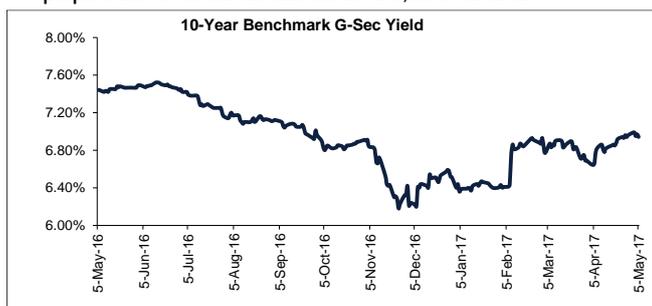
DOMESTIC DEBT

Indicators	May 5, 2017	Previous Week	Trend
Call Rate	6.00%	6.05%	↓
3 M CP	6.85%	6.80%	↑
1 Yr CP	7.40%	7.30%	↑
3 M CD	6.40%	6.32%	↑
1 Yr CD	6.80%	6.60%	↑
5 Yr AAA	7.49%	7.47%	↑
1 Yr G-Sec	6.49%	6.48%	↑
5 Yr G-Sec	7.04%	7.02%	↑
10 Yr G-Sec	6.94%	6.96%	↓
USD/INR	64.37	64.25	↑

Source: CRISIL Fixed Income Database, RBI

- Government bond prices ended the week higher, aided by a decline in global crude oil prices. Yield of the 10-year benchmark 6.97% 2026 paper settled at 6.94% on May 5 2017 as against 6.96% on April 28 2017.
- Prices were put under pressure early in the week on caution ahead of the outcome of the US Federal Open Market Committee (FOMC) meeting.

- Prices dipped intraweek tracking a rise in US benchmark treasury yields following the announcement of the Fed's statement. The US central bank left its benchmark interest rate unchanged at 0.75-1%.
- However, it clarified that growth slowdown witnessed in the first quarter of 2017 was transitory, and that gradual adjustments in the monetary policy stance would allow economic activity to expand at a moderate pace and inflation to stabilise around 2% over the medium term.
- In the last session, bond prices fell as market players trimmed their holdings ahead of the weekend and the release of US non-farm payrolls data.
- In the weekly gilt auction, the Reserve Bank of India (RBI) sold the 6.84% 2022 paper, the 6.79% 2029 paper, the 6.57% 2033 paper, and the 7.72% 2055 paper for a total notified Rs 15,000 crore.



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- US treasury prices ended lower in the week ended May 4, 2017 after the strong domestic economic cues raised the likelihood of the US Fed was likely to raise interest rates again in June.
- The yield on the 10-year benchmark bond rose to 2.36% on May 4, 2017 from 2.30% on April 27, 2017.
- Bond prices fell after the release of strong domestic labor data including fall in the initial jobless claims and jump in the labor costs.
- Yields rose while the bond prices fell after the US Fed kept the federal funds rate unchanged in a range of 0.75-1%, downplaying weak first quarter growth. The central bank emphasized the strength of the labor market and said inflation has been "running close" to the Fed's target.
- Demand for the bonds dampened despite the discouraging US domestic growth data which showed that the economy grew at the slowest pace in three years.
- Bond prices held onto to the losses after the US House of Representatives narrowly approved legislation to repeal major portions of Obamacare and replace it with a Republican healthcare plan, handing a major legislative victory to President Donald Trump.
- More losses were however capped due to some disappointing data release including US factor activity slowing in April 2017 and consumer spending remaining unchanged in March 2017.

DOMESTIC NEWS

- India's core sector output rose 5% in March 2017, compared with a 1% growth in February 2017.
- India Nikkei manufacturing purchasing managers' index (PMI) stood at 52.5 in April 2017, the same level as in March 2017, while services PMI stood at 50.2 in April 2017, lower than 51.5 seen in March 2017.
- International Monetary Fund (IMF) said the Goods and Services Tax to be implemented from July 1, 2017 would help raise India's medium-term growth to above 8%, adding that the reforms being done is expected to pay off in terms of higher growth in the future.
- The Asian Development Bank (ADB) said the Indian economy will grow 7.4% this fiscal and 7.6% in the next as the bankruptcy and goods and services tax (GST) laws will help create a better business friendly environment.
- India to launch a new series of Index of Industrial Production with a base year 2011-12 on May 9, 2017 with an aim to map economic activities more accurately.
- The Cabinet cleared a new framework for dealing with non-performing assets in the banking system.

- The Cabinet approved a new steel policy that envisions a Rs 10 lakh crore investment to build more production capacity.
- The Cabinet cleared a new Rs 6000 crore central scheme 'SAMPADA' for the 2016-20 period with an aim to boost processing of marine and agriculture produce.
- Finance Ministry is considering a plan to extend the lower corporate tax rate of 25% to bigger companies in 2018-19.
- Government is taking preparatory steps to switch over to a new financial year cycle.
- Government approved 8.65% interest on Employee Provident Fund (EPF) for fiscal 2017.
- The government is looking to put lottery tickets in the 28% GST bracket, the highest slab.
- The Centre urged states to ensure digital payment of electricity bills through Aadhaar-linked bank accounts.
- NITI Aayog pitched for creating two coastal employment zones to promote exports and create jobs; also suggested outsourcing of public services to private hands in order to reduce dependence on the government administrative machinery.
- RBI said all existing asset reconstruction companies must have a minimum net-owned corpus of Rs 100 crore by March 2019.
- RBI Deputy Governor suggested that privatising some banks may be the solution to break the cycle of poor credit flow to the country's productive sectors.

- Securities & Exchange Board of India (SEBI) proposed to allow category-III Alternative Investment Funds or Hedge Funds in commodity derivatives.
- SEBI finalized norms for issuance and listing of green bonds.
- SEBI plans to give up powers to regulate collective investment schemes or ponzi schemes.

GLOBAL NEWS

- US Fed kept the federal funds rate unchanged in a range of 0.75-1%, downplaying weak first quarter growth.
- US non-farm payrolls increased by 211,000 in April 2017 versus 79,000 in March 2017; the unemployment rate ticked down to 4.4% in April 2017 from 4.5% a month earlier.
- The Eurozone economy expanded 1.7% annually in Q1 2017 compared to 1.8% in the previous quarter.
- Eurozone Markit's manufacturing PMI jumped to 56.7 in April 2017 from March 2017's 56.2, reaching its highest level since April 2011.
- UK Markit/CIPS manufacturing PMI rose to a three-year high of 57.3 in April 2017, up from March 2017's four-month low of 54.2.
- China's manufacturing PMI fell to 51.2 in April 2017 from 51.8 in March 2017, while non-manufacturing PMI fell to a six-month low of 54 in April 2017 from 55.1 in March 2017.
- Japan's Nikkei manufacturing PMI came in at 52.7 in April 2017, compared with 52.4 in March 2017.

DAY	ECONOMIC EVENTS IN THE WEEK AHEAD
Monday May 8, 2017	<ul style="list-style-type: none"> • Eurozone Sentix Investor Confidence, May 2017 • China's Trade Balance, April 2017 • Japan's Consumer Confidence Index, April 2017
Tuesday May 9, 2017	<ul style="list-style-type: none"> • China's Consumer Price Index, April 2017
Wednesday May 10, 2017	<ul style="list-style-type: none"> • US Import and Export Prices, April 2017

	<ul style="list-style-type: none"> • US Treasury Budget, April 2017 • UK RICS House Price Balance, April 2017 • Japan's Leading & Coincident Index, March 2017
Thursday May 11, 2017	<ul style="list-style-type: none"> • Bank of England (BoE) Monetary Policy Announcement & Minutes • UK NIESR Gross Domestic Product Estimate, April 2017 • UK Industrial Production, March 2017
Friday May 12, 2017	<ul style="list-style-type: none"> • US Consumer Price Index, April 2017 • US Advance Retail Sales, April 2017 • US Business Inventories, March 2017 • US University of Michigan Consumer Sentiment Index, May 2017 • Eurozone Industrial Production, March 2017 • India's Consumer Price Index Inflation, April 2017 • India's Index of Industrial Production, March 2017

Source: CRISIL

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