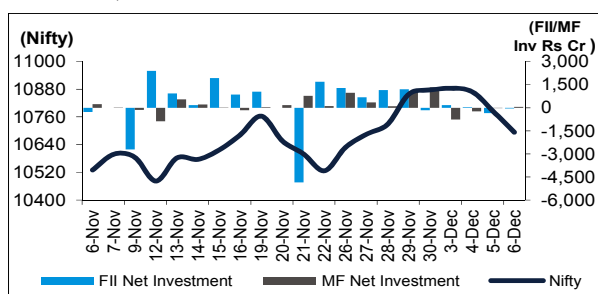


DOMESTIC EQUITY

- Indian equities reversed the previous week's positive trend. S&P BSE Sensex and Nifty 50 lost 1.4% and 1.7%, respectively.
- The market was dented after the Reserve Bank of India (RBI) did not change key interest rates. Also, the interest rate setting panel voted 5-1 in favour of maintaining the policy stance at "calibrated tightening".
- Renewed worries about US-China trade tensions also weighed on the benchmarks.
- A sell-off in healthcare, auto and metal counters brought in more losses.
- However, further losses were prevented due to buying in IT stocks and as investors optimistically awaited cues from exit polls of elections in five states.
- Sentiments also got support to a certain extent after the US Federal Reserve (Fed) signalled a pause in rate hikes.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-1.44	-7.08	8.27
Nifty 50	-1.68	-7.73	5.18
S&P BSE Midcap	-2.14	-10.83	-12.88
S&P BSE Smallcap	-2.24	-16.53	-21.78
S&P BSE Bankex	-0.96	-4.35	4.48
S&P BSE CG	-2.02	-1.51	-0.76
S&P BSE FMCG	-1.60	-5.95	10.93
S&P BSE IT	0.77	-8.70	33.39
S&P BSE Healthcare	-4.71	-16.27	-1.29

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

- Wall Street stocks declined on fears of a possible economic slowdown amid a flattening yield curve.
- The market was positive earlier in the week as the US and China agreed on a temporary trade truce.
- Britain's FTSE index plunged nearly 4% as the arrest of a top executive of an Asian company escalated worries about US-China trade tensions and as a stronger pound weighed on exporters' shares.
- Asian equities were mixed in the week. Hong Kong's Hang Seng declined 1.7% as shares of technology firms plunged after a senior executive of a major Asian company was arrested in relation to alleged violations of US sanctions.
- China's Shanghai Composite index posted moderate gains mainly supported by the temporary trade truce entered between the country and the US.
- Japan's Nikkei lost 3% on worries about the slowdown in the global economy and due to massive selling in technology stocks following the arrest of a top executive of an Asian company.

DOMESTIC DEBT

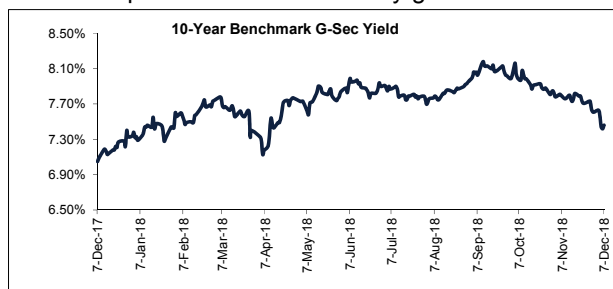
Indicators	Dec 7, 2018	Previous Week	Trend
Call Rate	6.40%	6.25%	↑
3 M CP	7.40%	7.75%	↓
1 Yr CP	9.01%	9.17%	↓
3 M CD	7.00%	7.20%	↓
1 Yr CD	8.20%	8.30%	↓
5 Yr AAA	8.43%	8.54%	↓
1 Yr G-Sec	7.12%	7.18%	↓
5 Yr G-Sec	7.39%	7.51%	↓
10 Yr G-Sec	7.46%	7.61%	↓
USD/INR	70.81	69.58	↑

Source: CRISIL Fixed Income Database, RBI

- Government bond prices rose sharply. Yield of the 10-year benchmark bond settled at 7.46% on

December 7, 2018 as against 7.61% on November 30, 2018.

- Bonds gained as the central bank's Monetary Policy Commentary (MPC) was perceived as dovish.
- Sentiment was also boosted as the apex bank lowered its domestic inflation projection.
- Further, the central bank's open market bond purchase auction gave gilt prices positive cues. In the auction, the banking regulator bought back five dated securities for an aggregate amount of Rs 10,000 crore.
- Fall in crude oil prices prior to the outcome of the mid-week Organization of Petroleum Exporting Countries (OPEC) meeting also supported bonds.
- Some gains were erased as market players sold debt to absorb the fresh supply from state development bonds and weekly gilt auctions.



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- US treasury prices rose sharply in the week ended December 6, 2018 due to worries about Brexit and rising US-China trade tensions.
- The yield on the 10-year benchmark bond declined to 2.88% on December 6, 2018 from 3.04% on November 29, 2018.
- Bond prices rallied after the arrest of a top executive of Chinese technology giant reignited fears over US-China relations.
- More gains were seen on release of weaker-than-expected US private sector jobs after US employers added 179,000 jobs in November 2018, compared with 225,000 in October 2018.
- Demand for the bonds was also boosted on expectations that US Fed might reduce number of the interest rate hikes amid weak economic cues and market volatility.
- Further gains were capped due to temporary trade truce between US and China announced earlier in the week.

DOMESTIC NEWS

- Goods and Services (GST) collection in November 2018 fell to Rs 97637 crore, compared with Rs 1 lakh crore collected in October 2018.
- India's Nikkei manufacturing Purchasing Managers' Index (PMI) strengthened from 53.1 in October 2018 to 54.0 in November 2018, while services PMI rose from 52.2 in October 2018 to 53.7 in November 2018.
- The Centre raised Rs 17000 crore through the fourth tranche of the Central Public Sector Enterprises Exchange Traded Fund (CPSE ETF).
- The Cabinet cleared a new agriculture export policy.
- India signed an agreement with Iran to pay for crude oil it imports from the Persian Gulf nation in rupees.
- Government plans to set up a non-banking financial company with an initial corpus of Rs 2000 crore to fund food processing industries.
- Government extended the due date of filing tax deducted at source (TDS) returns under goods & services tax (GST) laws for the October-December 2018 period till January 31, 2019.
- RBI kept the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.5%.

- In order to align the Statutory Liquidity Ratio (SLR) with the Liquidity Coverage Ratio (LCR) requirement, the MPC decided to reduce the SLR by 25 basis points every calendar quarter until the SLR reaches 18% of Net Demand and Time Liabilities (NDTL).
- RBI projects inflation at 2.7-3.2% for second half of FY2018-19 and 3.8-4.2% for the first half of FY 2019-20 with risks tilted to the upside; projects Gross Domestic Product (GDP) growth at 7.4% for fiscal 2019.
- RBI to set up an expert committee to identify causes and propose long-term solutions for the economic and financial sustainability of the Micro Small and Medium Enterprises (MSME) sector.
- RBI decided to link retail and MSME loans to an external benchmark from April 2019.
- Securities and Exchange Board of India (Sebi) decided to increase the trading time in the commodity segment by an hour.
- A high-level panel recommended Sebi to allow direct listing of Indian companies on overseas bourses and of foreign firms on Indian exchanges.
- Sebi extended the deadline for compulsory dematerialisation of shares held in physical form to April 1, 2019.

GLOBAL NEWS

- US non-farm payroll employment rose by 155,000 jobs in November 2018 after surging up by a downwardly revised 237,000 jobs in October 2018; the unemployment rate was steady in November 2018 at 3.7%.
- US Institute of Supply Management (ISM) manufacturing index rose to 59.3 in November 2018 from 57.7 in October 2018.
- Eurozone GDP advanced 1.6% in Q3 2018 compared to 2.2% in the previous quarter.
- Eurozone consumer inflation rose 2% year-on-year in November 2018 following a 2.2% increase in October 2018.
- Eurozone manufacturing PMI was 51.8 in November 2018 compared to October 2018's 52, while services PMI was 53.4 in November 2018 compared to 53.7 in October 2018.
- UK manufacturing PMI rose to 53.1 in November 2018, up from October 2018's 51.1.
- China's official manufacturing PMI fell to 50 in November 2018, down from 50.2 in October 2018.
- Japan's industrial production jumped 2.9% in October 2018 from the previous month, following a revised 0.4% fall in September.

DAY	ECONOMIC EVENTS IN THE WEEK AHEAD
Monday, Dec 10, 2018	<ul style="list-style-type: none"> • Eurozone Sentix Investor Confidence, December 2018 • Japan GDP, Q3 2018 • Japan Eco-Watchers Survey, November 2018 • India Trade Deficit, November 2018
Wednesday, Dec 12, 2018	<ul style="list-style-type: none"> • US Consumer Prices, November 2018 • Eurozone Industrial Production, October 2018 • India Consumer Prices, November 2018

	<ul style="list-style-type: none"> India Industrial Production, October 2018
Thursday, Dec 13 2018	<ul style="list-style-type: none"> ECB Refinancing Rate India Current Account, Q3 2018
Friday, Dec 14, 2018	<ul style="list-style-type: none"> US Retail Sales, November 2018 US Industrial Production, November 2018 US Manufacturing PMI, December 2018 Eurozone Manufacturing PMI, December 2018 China Industrial Output, November 2018 Japan Manufacturing PMI, December 2018 India Wholesale Prices, November 2018

Source: CRISIL

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