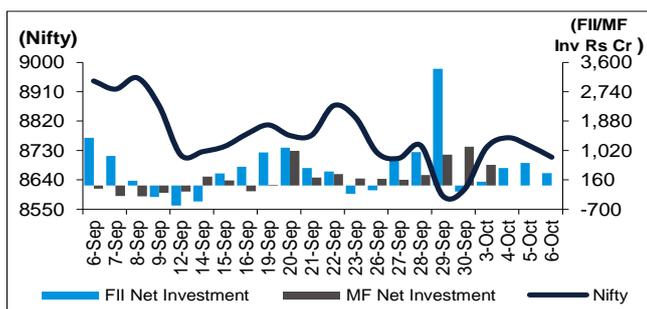


WEEKLY YIELD – October 7, 2016
DOMESTIC EQUITY

- The Indian equity market recouped the previous week's sharp losses. S&P BSE Sensex and Nifty 50 rose nearly 1% each.
- The market started on a robust note on hopes of a rate cut by the Reserve Bank of India (RBI). Investors were not disappointed as the central bank cut the repo rate by 25 basis points to 6.25%.
- More gains were seen after shares of oil & gas firms rallied as a rise in global prices of crude oil improved prospects of higher inventory gains. S&P BSE Oil & Gas was the topmost sectoral gainer – up 6.2%.
- Buying interest in metal, realty and auto stocks boosted the market further.
- Further gains were, however, restrained owing to uncertainty over the US interest rate hike, fears of the Brexit fallout and renewed worries over possible monetary tightening by the European Central Bank (ECB).

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	0.70	3.16	3.79
Nifty 50	1.00	4.31	6.36
S&P BSE Midcap	2.86	14.12	22.49
S&P BSE Smallcap	3.46	10.21	16.56
S&P BSE Bankex	0.48	7.04	10.14
S&P BSE CG	1.77	-3.06	-5.69
S&P BSE FMCG	0.90	-0.31	6.19
S&P BSE IT	-1.43	-8.29	-11.33
S&P BSE Healthcare	0.37	1.68	-11.39

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

- US equity benchmarks edged lower mainly on concerns over the sooner-than-expected beginning of the Brexit process.
- More gains were seen following a jump in oil prices and upbeat domestic manufacturing and services sector data.
- Britain's FTSE rallied 1.5% as weakness in the pound aided shares of exporters.
- However, some gains were chipped off the British benchmark owing to a pullback in shares of mining and oil firms and on concerns that the ECB may scale back its easing program sooner than planned.
- Asia-Pacific indices posted robust performance. Japan's Nikkei (best performer) surged 2.5% primarily boosted by a weak yen.
- Hong Kong's Hang Seng rose 2.4% following a rally in shares of gaming, consumer staples and energy firms.
- China's Shanghai Composite was closed for the week due to 'National Day Golden week' holidays.

DOMESTIC DEBT

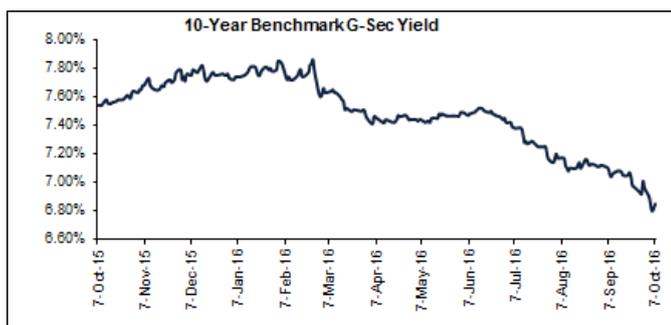
Indicators	Oct 7, 2016	Previous Week	Trend
Call Rate	6.20%	6.45%	↓
3 M CP	6.98%	6.64%	↑
1 Yr CP	7.40%	7.60%	↓
3 M CD	6.49%	6.45%	↑
1 Yr CD	6.80%	6.94%	↓
5 Yr AAA	7.24%	7.41%	↓
1 Yr G-Sec	6.54%	6.68%	↓
5 Yr G-Sec	6.73%	6.87%	↓
10 Yr G-Sec	6.85%	6.96%	↓
USD/INR	66.68	66.62	↑

Source: CRISIL Fixed Income Database, RBI

- Government bond prices strengthened in the week, with the yield of the 10-year benchmark 7.59% 2026 paper settling at 6.85% on October 7, 2016 against 6.96% on September 30, 2016.

WEEKLY YIELD – October 7, 2016

- Bonds registered sharp gains in the first four sessions, as sentiment for dated securities was buoyed by the RBI's decision to slash interest rates.
- Comments made by RBI Governor Urjit Patel in the customary analyst conference call following the policy announcement hinted that the central bank may ease monetary policy further, thereby spurring further gilt buying.
- Expectation of benign domestic consumer inflation figures also supported prices intra-week.
- Prices gave up some gains in the last few sessions on profit sales, and as market players trimmed positions ahead of the weekly debt sale and the release of US non-farm payrolls data.
- Sporadic rise in global crude oil prices and US benchmark treasury yields also weighed on bonds.



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- US treasury prices ended lower in the week ended October 6, 2016 as strong domestic economic cues raised prospects of the interest rate hike by the US Federal Reserve (Fed).
- Bond prices fell after release of upbeat US Institute for Supply Management's (ISM) manufacturing and non-manufacturing index.
- Bond prices were also impacted by the hopes of strong US monthly jobs data due on October 7, 2016 which would further bolster the case for the rate increase by the US central bank.
- Meanwhile, the yield of the 10 year benchmark bond rose to 1.74% on October 6, 2016 from 1.56% on September 29, 2016.
- More losses were however, capped after minutes showed the ECB's policy makers agreed that the euro zone economy needed continued monetary support when they met in September 2016, noting underlying price growth showed no sign of recovery.

DOMESTIC NEWS

- The Monetary Policy Committee (MPC) decided to reduce the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 6.5% to 6.25% with immediate effect.
- International Monetary Fund (IMF) raised projections for India's economic growth by 0.2 percentage points to 7.6% for 2016-17 and 2017-18.
- RBI forecast upside risks to the 5% inflation target by March 2017 which emerge from food inflation, higher payout following minimum wage revision and pay commission recommendations.
- India's Nikkei/Markit manufacturing purchasing managers index (PMI) fell to 52.1 in September 2016 from August 2016's 52.6, while services PMI fell to 52.0 in September 2016 from 54.7 in August 2016.
- Government garnered Rs 65789 crore from the spectrum auction.
- Government's black money declaration scheme received disclosures worth Rs 65250 crore.
- The Cabinet rejected a proposal to bring all companies with 10 or more workers within the ambit of the Employees' Provident Fund Organisation (EPFO).
- Government set the new domestic natural gas price at \$2.5 per unit from October 2016 onwards.
- RBI Governor said the issue of non-performing assets (NPAs) particularly of state-run banks, needs to be dealt with firmly, as well as with pragmatism to ensure that economic activity is not affected by drying up of credit.

WEEKLY YIELD – October 7, 2016

- RBI proposed widening the definition of a branch to make it easier for banks to meet the norm of opening 25% banking outlets in unbanked rural areas.
- RBI said payments banks and small finance banks would be required to maintain a capital adequacy ratio of 15% when starting operations.
- RBI said start-ups can raise external commercial borrowings (ECBs) of up to \$3 million in a financial year.
- Securities and Exchanges Board of India (SEBI) hiked the foreign portfolio investors' (FPIs) investment limit in government securities to Rs 1.48 lakh crore, which will be further raised to Rs 1.52 lakh crore from next January 2016.
- SEBI is working towards further cutting down the time taken for listing of companies on stock exchanges to four days from the current norm of six days.
- According to Association of Mutual Funds in India (AMFI) data, mutual fund industry's average assets under management surged 12% to Rs 16.11 lakh crore in three months ended September 2016, from Rs 14.41 lakh crore in the previous quarter.

GLOBAL NEWS

- US nonfarm payrolls rose 156,000 in September 2016, down from a gain of 167,000 jobs in August 2016; the jobless rate rose to 5.0% in September 2016 compared to 4.9% in August 2016.
- According to Automatic Data Processing (ADP) report, US private employers added 154,000 jobs in September 2016 compared to 175,000 in August 2016.
- US ISM manufacturing index rose to 51.5 in September 2016 from 49.4 in August 2016, while non-manufacturing index surged up to 57.1 in September 2016 from 51.4 in August 2016.
- Eurozone Markit manufacturing PMI rose to 52.6 in September 2016 from 51.7 in August 2016.
- UK manufacturing PMI was 55.4 in September 2016, up from 53.4 in August 2016.
- China's official PMI stood at 50.4 in September 2016, same as that in the previous month; the non-manufacturing PMI rose to 53.7 in September 2016 from 53.5 in August 2016.
- Japan's Markit/Nikkei final manufacturing PMI rose to 50.4 in September 2016 compared with 49.5 in August 2016.

DAY	ECONOMIC EVENTS IN THE WEEK AHEAD
Monday, October 10, 2016	<ul style="list-style-type: none"> • Eurozone Sentix Investor Confidence, October 2016 • China New Yuan Loans, September 2016 • India's Index of Industrial Production, August 2016
Tuesday, October 11, 2016	<ul style="list-style-type: none"> • Japan's Eco Watchers Survey: Current & Outlook, September 2016 • Japan's Machine Orders, August 2016
Wednesday, October 12, 2016	<ul style="list-style-type: none"> • US Federal Open Markets Committee (FOMC) Meeting Minutes • US Crude Oil Inventories, October 7, 2016 • Eurozone Industrial Production, August 2016 • China Trade Balance, September 2016

WEEKLY YIELD – October 7, 2016

Thursday, October 13, 2016	<ul style="list-style-type: none"> US Initial Jobless Claims, October 8, 2016 US Import and Export Prices, September 2016 Japan's Tertiary Industry Index, August 2016 India's Consumer Price Index Inflation, September 2016
Friday, October 14, 2016	<ul style="list-style-type: none"> US Retail Sales, September 2016 US Business Inventories, August 2016 US University of Michigan's Consumer Sentiment Index, October 2016 Eurozone Merchandise Trade Balance, August 2016 China Consumer Price Index, September 2016 India's Forex Reserves, October 7, 2016

Source : CRISIL

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