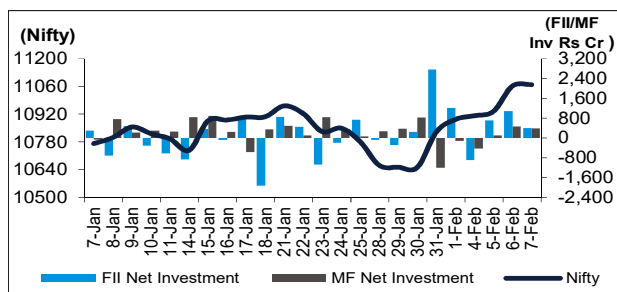


DOMESTIC EQUITY

- Indian equities advanced for the second consecutive week. S&P BSE Sensex and Nifty 50 rose 0.2% and 0.5%, respectively.
- The market was enthused earlier, in line with global equities, on optimism ahead of US President Donald Trump's State of the Union address.
- Investors also cheered the Reserve Bank of India's (RBI) unexpected decision to slash the repo rate by 0.25%.
- Gains in some index heavyweights and the central bank's repo rate cut propelled the market higher.
- Buying interest in information technology (IT), consumer durables and banking counters supported the benchmarks further.
- However, some gains were cut short later in the week on renewed concerns over US-China trade tiff and selling pressure in power, capital goods and metal firms.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	0.21	3.71	6.20
Nifty 50	0.46	3.26	3.47
S&P BSE Midcap	-2.13	-3.49	-13.94
S&P BSE Smallcap	-2.11	-6.38	-24.68
S&P BSE Bankex	0.44	5.19	3.91
S&P BSE CG	-3.53	-7.42	-13.08
S&P BSE FMCG	-1.41	3.28	9.57
S&P BSE IT	1.23	8.83	27.95
S&P BSE Healthcare	-0.10	-3.80	-2.52

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

- US stocks registered moderate gains following upbeat domestic jobs data, a rally in technology stocks, some encouraging corporate earnings and optimism ahead of President Donald Trump's State of the Union address.
- Britain's FTSE rose 1% owing to a jump in shares of heavyweights.
- Some gains were cut short on stock-specific selling and as shares of banking firms retreated after the Bank of England (BoE) warned of weaker growth due to Brexit.
- Asian equities were mixed in the week. Hong Kong's Hang Seng index ended marginally higher as gains on tracking robust US monthly jobs report were offset by renewed worries about US-China trade tensions.
- Japan's Nikkei index lost 2.2% on worries about global economic outlook and receding hopes for smooth progress in US-China trade talks.

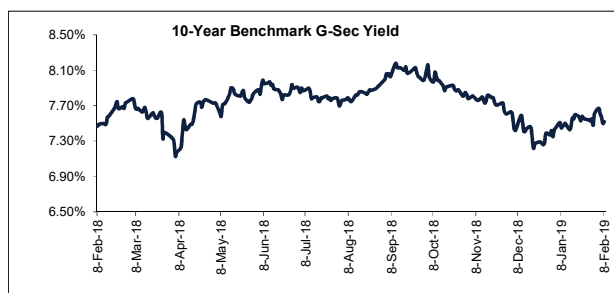
DOMESTIC DEBT

Indicators	Feb 8, 2019	Previous Week	Trend
Call Rate	6.35%	6.45%	↓
3 M CP	7.60%	7.68%	↓
1 Yr CP	8.55%	8.78%	↓
3 M CD	7.10%	7.24%	↓
1 Yr CD	7.80%	7.95%	↓
5 Yr AAA	8.18%	8.34%	↓
1 Yr G-Sec	6.61%	6.78%	↓
5 Yr G-Sec	7.20%	7.38%	↓
10 Yr G-Sec	7.52%	7.61%	↓
USD/INR	71.30	71.24	↑

Source: CRISIL Fixed Income Database, RBI

- Government bond prices ended higher following the RBI's policy announcement. Yield of the 10-year benchmark 7.17% 2028 paper settled at 7.52% on February 8, 2019 as against 7.61% on February 1, 2019.

- Yield of the 7.26% 2029 paper settled at 7.33% on February 8, 2019 as against 7.38% on February 1, 2019.
- Bond prices began the week on a dim note as higher market borrowing numbers announced by the Centre in the interim budget last week dented sentiment.
- Prices thereafter recovered as market players anticipated a softer monetary policy stance by the banking regulator.
- These beliefs proved to be true, as the apex bank switched its policy stance from 'calibrated tightening' to 'neutral' taking into consideration the cooling in domestic inflation in the past few months.
- In an unanticipated move, the central bank also reduced the policy repo rate by 25 basis points, marking the first change in the repo rate since August 2018.
- Bond prices rose sharply following the announcement, fuelled by hopes that the central bank would announce more policy easing in coming months.
- The yield of the 10-year benchmark bond rose slightly to 2.65% on February 6, 2019 from 2.63% on January 31, 2019.
- Bond prices were supported by economic growth warnings from the European Commission and BoE and after Germany's economy reported weakest growth in five years in 2018.
- Weaker-than-expected US service sector data and US Federal Reserve's (Fed) dovish bent on the interest rate also boosted the sentiments.
- Renewed worries about US-China trade negotiations after President Donald Trump confirmed that he did not plan to meet with Chinese President Xi Jinping before the March 1, 2019 deadline set by the two countries to achieve a trade deal also supported treasury prices.
- Some gains were however chipped off due to release of strong US monthly jobs data, corporate earnings and rally in the US technology shares.



Source: CRISIL Fixed Income Database

DOMESTIC NEWS

- RBI reduced the repo rate by 25 basis points to 6.25%.
- Finance ministry expects India's economic growth to accelerate to 7.5% in 2019-20 from 7.2% projected for the current fiscal.
- Goods & Services Tax (GST) collections in January 2019 rose to Rs. 1.02 lakh crore, compared with Rs 94725 crore in December 2018.
- RBI projected the Gross Domestic Product (GDP) growth for 2019-20 at 7.4% – in the range of 7.2-7.4% in H1, and 7.5% in Q3 – with risks evenly balanced.
- India's fiscal deficit stood at Rs 7.01 lakh crore at the end of December 2018, 112.4% of the full-year budget target of Rs 6.24 lakh crore, on account of lower revenue collections.
- India's Nikkei manufacturing Purchasing Managers' Index (PMI) rose from 53.2 in December 2018 to

GLOBAL DEBT

- US treasury prices remained volatile in the week ended February 6, 2019 with prices falling earlier and rising later due to concerns about state of euro zone economy, Brexit and US-China trade relations.

53.9 in January 2019, while services PMI declined to 52.2 in January 2019 from 53.2 in December 2018.

- Government decided to raise additional Rs 36000 crore through dated securities in the current fiscal to fund its expenses.
- The Cabinet approved proposals to amend the Banning of Unregulated Deposit Schemes Bill, 2018.
- Finance Ministry said 10 central public sector enterprises have been lined up for initial public offerings (IPO) next fiscal.
- The Centre came up with a draft national logistics policy to create a national logistics e-marketplace.
- RBI relaxed the provision that Foreign Portfolio Investors (FPI) cannot have an exposure of more than 20% of its corporate bond portfolio to a single corporate.
- RBI raised the limit of collateral-free agricultural loans to Rs 1.6 lakh from the current Rs 1 lakh with a view to help small and marginal farmers.
- Banks to treat Rs 2 crore and more as bulk deposits, as RBI doubled the limit for the same from the earlier Rs 1 crore.
- RBI eased norms for maintaining risk weights on bank lending to non-banking finance companies (NBFCs); also announced harmonization of different categories of NBFCs to provide them with higher flexibility in their operations.

- Securities and Exchange Board of India (Sebi) directed market infrastructure institutions, which are using applications based on artificial intelligence and machine learning, to make quarterly disclosures about it to the regulator.
- Sebi came out with a strict framework for public interest directors serving at stock exchanges, clearing corporations and depositories.

GLOBAL NEWS

- US Institute for Supply Management's manufacturing index rose to 56.6 in January 2019 from 54.3 in December 2018.
- US trade gap narrowed in November 2018 to \$49.3 billion from \$55.7 billion in October 2018.
- Eurozone manufacturing Purchasing Managers' Index (PMI) was 50.5 in January 2019 compared to December 2018's reading of 51.4.
- Eurozone consumer price index rose 1.4% year-on-year in January 2019 after a 1.6% increase in December 2018.
- BoE policymakers voted unanimously to keep rates at 0.75%.
- UK manufacturing PMI fell to 52.8 in January 2019, down from the 54.2 score in December 2018.
- China's Caixin / Markit services PMI fell to 53.6 in January 2019 from 53.9 in December 2018.
- Japan's Nikkei services PMI rose to 51.6 in January 2019 from 51.0 in December 2018.

DAY	ECONOMIC EVENTS IN THE WEEK AHEAD
Monday, Feb 11, 2019	<ul style="list-style-type: none"> • UK GDP, Q4 2018 • UK Industrial Production, December 2018
Tuesday, Feb 12, 2019	<ul style="list-style-type: none"> • India's Consumer Price Index Inflation, January 2019 • India's Index of Industrial Production, December 2018

Wednesday, Feb 13, 2019	<ul style="list-style-type: none"> • US Consumer Price Index, January 2019 • Eurozone Industrial Production, December 2018 • UK Consumer Price Index, January 2019 • Japan's GDP, Q4 2018
Thursday, Feb 14, 2019	<ul style="list-style-type: none"> • US Business Inventories, November 2018 • Eurozone GDP, Q4 2018 • China's Consumer Price Index, January 2019
Friday, Feb 15, 2019	<ul style="list-style-type: none"> • US Retail Sales, January 2019 • US Industrial Production & Capacity Utilisation, January 2019 • US Export & Import Prices, January 2019 • US University of Michigan Consumer Sentiment, February 2019 • Japan's Industrial Production, December 2018

Source: CRISIL

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