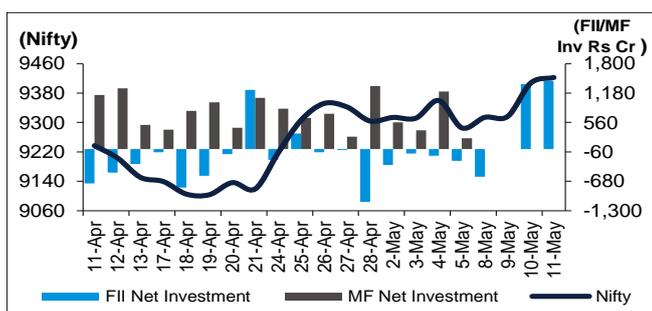


## DOMESTIC EQUITY

- Reversing the past week's negative trend, benchmarks S&P BSE Sensex and Nifty rose about 1.2% each.
- Sentiments were primarily boosted by improved monsoon prospects in the country and upbeat corporate earnings announcements.
- The market rose in line with overseas equities as well, after pro-European Union candidate Emmanuel Macron won the French presidential election.
- A rally in realty, IT, metal and auto counters also buoyed the market. S&P BSE Realty, S&P BSE Auto, S&P BSE IT and S&P BSE Metal were the top sectoral performers - up 5.7%, 3.3%, 2.8% and 2%, respectively.
- Further gains were, however, restricted owing to profit booking after the rally.
- Caution ahead of domestic inflation and industrial production data also chipped off some gains from the market.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	1.10	6.54	17.05
Nifty 50	1.24	6.91	18.99
S&P BSE Midcap	0.92	10.29	32.38
S&P BSE Smallcap	1.13	14.17	39.39
S&P BSE Bankex	0.15	10.97	33.38
S&P BSE CG	1.41	15.85	32.11
S&P BSE FMCG	1.10	6.26	22.44
S&P BSE IT	2.80	-0.47	-11.21
S&P BSE Healthcare	1.31	-1.65	-4.21

Source: BSE, NSE



Source: SEBI, NSE

## GLOBAL EQUITY

- US stocks posted mixed performance with Dow Jones edging lower following some weaker-than-expected earnings reports, concerns that President Donald Trump's pro-business agenda may face delays and as he removed Federal Bureau of Investigation (FBI) Director James Comey.
- Britain's FTSE rose 1.2% led by a rebound in energy and mining firms, and market-friendly outcome in the French presidential election.
- Asia Pacific indices posted mixed performance. Japan's Nikkei jumped 2.3% as exporters' shares were boosted by weakness in the yen.
- Hong Kong's Hang Seng (best performer) surged 2.8% owing to persistent inflows from mainland China, a rally in shares of energy firms amid a rebound in oil prices, positive US jobs data and Emmanuel Macron's victory in the French presidential election.
- China's Shanghai Composite fell 0.6% on worries over tighter financial regulations and economic growth.

## DOMESTIC DEBT

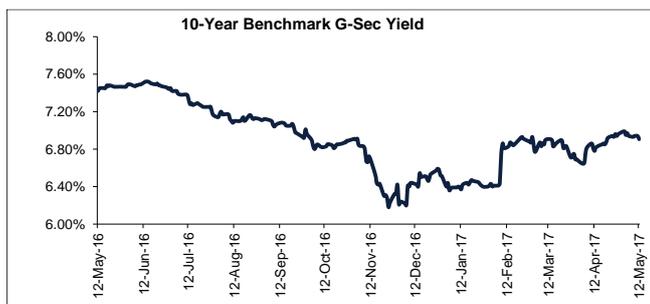
Indicators	May 12, 2017	Previous Week	Trend
Call Rate	6.05%	6.00%	↑
3 M CP	6.87%	6.85%	↑
1 Yr CP	7.40%	7.40%	↔
3 M CD	6.40%	6.40%	↔
1 Yr CD	6.80%	6.80%	↔
5 Yr AAA	7.45%	7.49%	↓
1 Yr G-Sec	6.46%	6.49%	↓
5 Yr G-Sec	7.03%	7.04%	↓
10 Yr G-Sec	6.91%	6.94%	↓
USD/INR	64.31	64.37	↓

Source: CRISIL Fixed Income Database, RBI

- Government bond prices ended the week higher after moving in a tight range. The yield of the 10-year benchmark 6.97% 2026 paper settled at 6.91% on May 12 2017 as against 6.94% a week ago.
- Market players remained mostly on the sidelines eyeing the heavy supply of securities, including state

development bonds and gilts, scheduled for sale during the holiday-shortened week.

- In the state development bond auction, seven states sold debt for a total notified Rs 8,900 crore.
- An intermittent rise in US benchmark Treasury yields provided negative cues.
- The Reserve Bank of India's (RBI) decision to auction a new 10-year paper in the week's bond auction lent some support to prices intraweek. In the auction, the central bank sold the 7.73% 2034 paper, the 7.06% 2046 paper, a floating rate bond maturing in 2024, and a new 10-year bond maturing in 2027. The coupon for the new 10-year bond has been set at 6.79%.
- In the last session, market players purchased debt on the view that consumer inflation figures for April 2017 will be favorable.



Source: CRISIL Fixed Income Database

## GLOBAL DEBT

- US treasury prices ended lower in the week ended May 11, 2017 due to upbeat US jobs data and Emmanuel Macron's victory in the French presidential election.
- The yield on the 10-year benchmark bond rose to 2.40% on May 11, 2017 from 2.36% on May 4, 2017.
- Bond prices fell sharply after the US non-farm payrolls increased by 211,000 in April 2017 versus 79,000 in March 2017 and unemployment rate fell to a 10-year low of 4.4% which raised the likelihood of the interest rate hike by the US Federal Reserve (Fed) in June 2017.

- Demand for the bonds dented after the pro-European Union candidate Emmanuel Macron won the French Presidential election.
- Increase in the US producer price index to 0.5% in April 2017 after slipping 0.1% in March 2017 and rise in the US corporate supply also added upward pressure on the yields and pulled down prices.
- Further losses in the bonds prices was however capped due to political uncertainty in the US after President Donald Trump's ousted of the FBI chief James Comey and fall in the US equities following some weaker-than-expected earnings reports.

## DOMESTIC NEWS

- India's index of industrial production (IIP) rose 2.7% in March 2017 as against 1.9% in February 2017.
- India's consumer inflation declined to 2.99% in April 2017 as against 3.81% in the previous month.
- India's wholesale price inflation declined to a four-month low of 3.85% in April 2017 as compared to 5.29% in the previous month.
- International Monetary Fund (IMF) said India's growth is expected to rebound to 7.2% in the 2017-18 fiscal and 7.7% in 2018-19 after disruptions caused by demonetization.
- A United Nations report said the Indian economy will grow 7.5% next year by virtue of consumption revival and higher infrastructure spending.
- Prime Minister directed that all proposals sent to the cabinet must state the number of jobs they can generate.
- Finance Ministry imposed definitive anti-dumping duty on 'Elastomeric Filament Yarn' imports from China, South Korea, Taiwan and Vietnam.
- Finance Ministry set weekly targets for banks for seeding Aadhaar and mobile numbers with savings bank accounts.
- India for the first time signed a contract to import Liquefied Petroleum Gas (LPG) from Iran as it looks at additional sources of cooking fuel to meet rising domestic demand.
- Government is readying a flurry of initial public offers (IPOs) by public sector firms this year.

- Indian Meteorological Department (IMD) said the monsoon this year could be normal and 100% of the long-period average (LPA), up from its earlier forecast of 'near normal' and 96% of the LPA.
- Central Board of Direct Taxes (CBDT) proposed new rules for bringing the value of unquoted shares on par with the fair market value of underlying assets.
- Income-Tax Department launched a new e-facility to link a person's Aadhaar with the Permanent Account Number (PAN); also proposed to introduce new accounting standards for real estate developers to compute their tax outgo.
- RBI issued new guidelines to fasten stressed asset resolutions through the joint lender forums (JLFs).
- RBI advised public sector banks to put in place a fair and transparent mechanism for appointment of statutory branch auditors.
- Securities & Exchange Board of India (SEBI) said promoters and directors of a listed company are required to disclose details about shares received by way of gift and through off-market transactions.
- SEBI allowed investors to buy mutual fund schemes for up to Rs 50000 through e-wallets.
- Insurance Regulatory and Development Authority of India (IRDAI) issued guidelines on outsourcing activities by insurers.
- IRDAI formed a 17-member committee to conduct a review of the existing reinsurance framework.
- Telecom Regulatory and Development Authority (TRAI) to introduce an app to measure call quality and also keep a tab on unwanted calls.

## GLOBAL NEWS

- US consumer credit increased \$16.4 billion in March 2017 compared with a revised \$13.8 billion in February 2017.
- US consumer prices rose 0.2% in April 2017 after a 0.3% drop in March 2017.
- US retail sales rose 0.4% in April 2017 compared to March 2017's increase of 0.1%.
- Euro zone Sentix investor confidence index rose to 27.4 points in May 2017, from 23.9 points in April 2017.
- Bank of England left interest rates unchanged at a record low of 0.25% and the bank's Quantitative Easing (QE) programme at 435 billion pounds; also reduced its forecast for 2017 economic growth to 1.9% from 2%.
- China's consumer price index rose 1.2% from a year earlier in April 2017, compared with a 0.9% rise in March 2017, while producer price index rose 6.4% from a year earlier in April 2017, compared with a gain of 7.6% in March 2017.
- China's trade surplus in April 2017 was \$38.05 billion, compared with \$23.93 billion reported in March 2017.
- Japan's leading index rose to 105.5 in March 2017 from 104.7 in February 2017; the coincident index declined to 114.6 in March 2017 from 115.2 in the prior month.

DAY	ECONOMIC EVENTS IN THE WEEK AHEAD
Monday May 15, 2017	<ul style="list-style-type: none"> <li>• US NAHB Housing Market Index, May 2017</li> <li>• China's Industrial Production, April 2017</li> <li>• China's Retail Sales, April 2017</li> </ul>
Tuesday May 16, 2017	<ul style="list-style-type: none"> <li>• US Housing Starts &amp; Building Permits, April 2017</li> <li>• US Industrial Production &amp; Capacity Utilisation, April 2017</li> <li>• Eurozone GDP (Preliminary), Q1 2017</li> <li>• Eurozone Trade Balance, March 2017</li> </ul>

	<ul style="list-style-type: none"> <li>• UK Consumer Price Index, April 2017</li> <li>• Japan's Tertiary Industry Index, March 2017</li> </ul>
Wednesday May 17, 2017	<ul style="list-style-type: none"> <li>• Eurozone Consumer Price Index, April 2017</li> <li>• UK ILO Unemployment Rate, March 2017</li> <li>• UK Labour Market Report, April 2017</li> <li>• Japan's GDP, Q1 2017</li> <li>• Japan's Industrial Production, March 2017</li> </ul>
Thursday May 18, 2017	<ul style="list-style-type: none"> <li>• UK Retail Sales, April 2017</li> </ul>
Friday May 19, 2017	<ul style="list-style-type: none"> <li>• Eurozone Consumer Confidence, May 2017</li> </ul>

**Source: CRISIL**

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