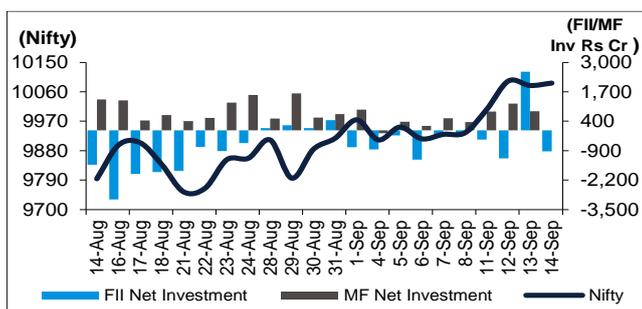


DOMESTIC EQUITY

- Indian equities bounced back strongly after the previous week's losses. S&P BSE Sensex and Nifty 50 gained 1.9% and 1.5%, respectively.
- The market was boosted earlier by broad-based buying amid receding concerns over the impact of hurricane Irma.
- A rally in pharmaceutical shares on positive news flow for various companies, including some favourable rulings by the US drug regulator, and value-buying supported the market further. S&P BSE Healthcare was the topmost sectoral gainer – up 4.8%.
- Buying interest in shares of capital goods, power and banking firms also propped up the benchmarks.
- Further gains were, however, restricted owing to profit booking, weak economic data from China and as North Korea launched another missile over Japan early on Friday.
- Intermittent selling by foreign institutional investors (FIIs) also trimmed some gains.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	1.85	3.85	13.58
Nifty 50	1.52	5.30	15.36
S&P BSE Midcap	1.38	8.06	22.00
S&P BSE Smallcap	2.22	6.66	30.93
S&P BSE Bankex	1.77	5.73	23.05
S&P BSE CG	2.85	3.88	21.49
S&P BSE FMCG	0.60	0.57	15.63
S&P BSE IT	1.54	1.04	-1.29
S&P BSE Healthcare	4.79	-4.19	-16.20

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

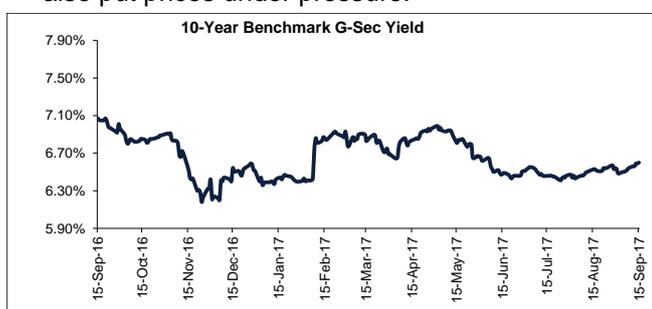
- US stocks were positive as the impact of hurricane Irma was less forceful than expected, and as shares of financials, technology, energy and consumer discretionary firms rallied.
- Some gains were, however, cut short on possibility of tighter monetary policy from the US Federal Reserve (Fed) following strong inflation data.
- Britain's FTSE fell 1% as shares of exporters dipped after the pound jumped owing to better-than-expected domestic inflation numbers and as the Bank of England (BoE) hinted that it might raise interest rates within the coming months to rein in inflation.
- Asia Pacific indices posted mixed performance. Japan's Nikkei (best performer) surged 3.3% buoyed by a weaker yen, positive trend in US equities and a rally in financial stocks.
- Hong Kong's Hang Seng rose moderately as earlier gains on tracking better-than-expected Chinese inflation numbers and strength on the Wall Street were cut short by lower-than-expected industrial output, fixed asset investments and retail sales numbers from the mainland.
- China's Shanghai Composite fell 0.4% as some downbeat domestic data raised concerns that the world's second largest economy is losing steam.

DOMESTIC DEBT

Indicators	Sept 15 2017	Previous Week	Trend
Call Rate	6.10%	5.85%	↑
3 M CP	6.67%	6.62%	↑
1 Yr CP	7.10%	7.10%	↔
3 M CD	6.13%	6.13%	↔
1 Yr CD	6.48%	6.48%	↔
5 Yr AAA	7.10%	7.04%	↑
1 Yr G-Sec	6.29%	6.26%	↑
5 Yr G-Sec	6.55%	6.51%	↑
10 Yr G-Sec	6.60%	6.54%	↑
USD/INR	64.07	63.78	↑

Source: CRISIL Fixed Income Database, RBI

- Government bond prices weakened during the week mostly owing to domestic cues. Yield of the 10-year benchmark 6.79% 2027 paper settled at 6.60% on September 15, 2017 as against 6.54% on September 8, 2017.
- Prices remained range bound at the start of the week as market players avoided building positions prior to the release of domestic inflation figures.
- The supply of securities that hit the market through the central bank's open market bond sale on September 14, 2017 and the state development bond auction on September 12, 2017 also kept market sentiment subdued.
- Market players remained wary of further open market sale announcements from the banking regulator given that systemic liquidity continued to remain in surplus.
- Mid-week, prices dipped after government data showed a sharp rise in domestic consumer inflation figures for August 2017, as it diminished hopes of policy easing by the Reserve Bank of India (RBI) in the coming months.
- Intermittent rise in US benchmark Treasury yields also put prices under pressure.



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- US treasury prices ended lower in the week ended September 14, 2017 as increase in the domestic consumer prices raised the likelihood of the interest rate hike by the US Fed in its December 2017 meeting.

- The yield on the 10-year benchmark bond rose sharply to 2.20% on September 14, 2017 from 2.06% on September 7, 2017.
- Yields on the 10-year benchmark bond which were falling over last few weeks amid geopolitical risk and soft US economic cues, rose sharply to 2.20% on September 14, 2017 from 2.06% on September 7, 2017.
- Demand for the bonds also dented due to rebound in the global equities.
- Prices also fell as investors reduced their bond holdings to make room for the week's government and corporate debt supply and after US Treasury Secretary Steven Mnuchin's reaffirmed the Trump administration's commitment to tax reform.

DOMESTIC NEWS

- India's current account deficit (CAD) in the first quarter ended June 2017 widened sharply to 2.4% of the gross domestic product (GDP) at \$14.3 billion, from 0.1% a year ago and 0.6% in the fourth quarter of the last fiscal.
- India's consumer price index (CPI)-based inflation for the month of August 2017 stood at 3.36%, compared with 2.36% in July 2017.
- India's index of industrial production grew by 1.2% in July 2017 as against a contraction of 0.1% in June 2017.
- India's trade deficit widened to \$11.64 billion in August 2017 from a month ago; the trade shortfall was \$11.45 billion in July 2017.
- Government's net direct tax collections in the first five months of the current fiscal grew 17.5% to Rs 2.24 lakh crore.
- The United Nations Conference on Trade and Development (UNCTAD) expects India's economy to expand 6.7% in 2017, down from 7% in 2016, due to demonetisation and the introduction of the Goods & Services Tax (GST).
- India and Japan to work to elevate special strategic and global partnership; signed 15 agreements in the summit and also laid the foundation for a high-speed rail link between Mumbai and Ahmedabad.

- India and Belarus signed 10 pacts to expand cooperation in a range of areas.
- The GST Council decided to change GST rates for 30 items; also accepted a demand of the automobile industry and introduces gradation in the cess imposition rate.
- The GST Council extended the return filing date deadline of GSTR-1 by a month till October 10, 2017.
- The income tax department and the ministry of corporate affairs (MCA) signed a pact to regularly share data, including Permanent Account Number (PAN) and audit reports of firms, to crack down on shell companies.
- The Cabinet approved an additional 1% dearness allowance (DA) for central government employees.
- The Cabinet approved setting up of a Dairy Processing and Infrastructure Development Fund to help improve technology and infrastructure of milk cooperatives.
- Government disqualified about 1.06 lakh directors for associating with shell companies.
- Government ruled out intervention on daily fuel price revision.
- Department of Telecom said all telecom equipment used by operators will have to undergo mandatory testing and get certified by authorized agencies from October 1, 2018.
- RBI told banks that if any resolution plan is finalized outside the scope of Insolvency and Bankruptcy Code, the residual debt would have to be rated as investment grade by two external credit rating agencies for bank loan rating.
- According to RBI data, India Inc's foreign direct investment (FDI) fell by about 15% to \$1.34 billion in August 2017.
- Securities & Exchange Board of India (SEBI) decided to retain the power to take a final call on the definition of 'control' in mergers and acquisitions.
- SEBI directed bourses and clearing corporations to prepare a framework for appointing third-party vendors; also asked market infrastructure institutions not to outsource core and critical operations.

GLOBAL NEWS

- US retail sales dropped 0.2% in August 2017, the biggest decline in six months; data for July 2017 was revised to show sales increasing 0.3%.
- US consumer price index climbed by 0.4% in August 2017 after inching up by 0.1% in July 2017.
- Eurozone industrial production grew 0.1% month-on-month in July 2017, in contrast to a 0.6% fall in June 2017.
- The Bank of England retained its record low interest rate at 0.25%, but hints at raising rates over the coming months to bring inflation back to the target
- China's industrial production rose 6.0% in August 2017 from a year earlier, compared with a 6.4% increase in July 2017.
- China's retail sales expanded 10.1% in August 2017 from a year earlier, slowing from a 10.4% increase in July 2017.
- China's consumer price index rose 1.8% year-on-year in August 2017, from the 1.4% posted in July 2017, while producer price index rose 6.3% in August 2017, compared with a 5.5% increase in July 2017.
- Japan's industrial production fell 0.8% month-over-month in July 2017, reversing a 2.2% rise in June 2017.

DAY

ECONOMIC EVENTS IN THE WEEK AHEAD

Monday September 18, 2017

- US NAHB Housing Market Index, September 2017
- Eurozone Consumer Price Index, August 2017
- Bank of England Governor Carney Speaks at IMF in Washington, DC

	<ul style="list-style-type: none"> • China Property Prices, August 2017
Tuesday September 19, 2017	<ul style="list-style-type: none"> • US Housing Starts & Building Permits, August 2017 • US Import & Export Prices, August 2017
Wednesday September 20, 2017	<ul style="list-style-type: none"> • US Federal Open Market Committee Meeting Announcement & Forecasts • US Existing Home Sales, August 2017 • UK Retail Sales, August 2017 • Bank of Japan Monetary Policy Announcement • Japan's All Industry Index, July 2017
Thursday September 21, 2017	<ul style="list-style-type: none"> • US Philadelphia Fed Business Outlook Survey, September 2017 • US Leading Indicators, August 2017 • Eurozone Consumer Confidence, September 2017
Friday September 22, 2017	<ul style="list-style-type: none"> • US Manufacturing, Services & Composite PMI, September 2017 • Eurozone Manufacturing, Services & Composite PMI, September 2017

Source: CRISIL

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