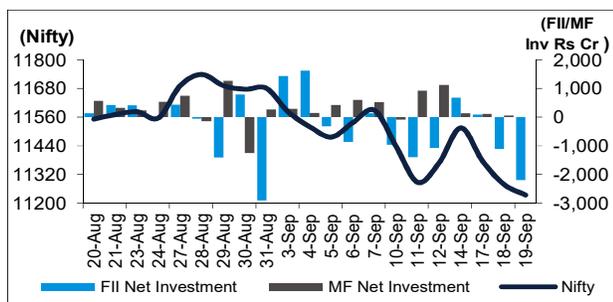


DOMESTIC EQUITY

- Indian equities declined for the third consecutive week. S&P BSE Sensex and Nifty 50 dipped about 3% each.
- Sentiments were dented owing to the persisting weakness in the rupee and a sell-off in financial firms after a non-banking financial company defaulted on interest payment of its commercial papers. S&P BSE Bankex was the biggest sectoral decliner – down 6.3%.
- A pullback in realty, power and auto counters also weighed on the benchmarks.
- More losses were seen as shares of select asset management companies fell sharply after SEBI cut the total expense ratio (TER) on mutual fund schemes.
- Some losses were, however, trimmed due to a rise in shares of oil & gas firms. S&P BSE Oil & Gas was the only sectoral gainer – up 1.2%.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-3.28	3.98	13.81
Nifty 50	-3.23	3.74	10.09
S&P BSE Midcap	-4.61	-1.09	-2.80
S&P BSE Smallcap	-5.45	-4.63	-6.09
S&P BSE Bankex	-6.27	-3.02	2.78
S&P BSE CG	-2.67	1.62	-1.59
S&P BSE FMCG	-2.17	6.93	16.52
S&P BSE IT	-1.76	13.48	52.64
S&P BSE Healthcare	-3.99	10.45	10.14

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

- US benchmarks ended higher following gains in shares of consumer-discretionary, industrial, banking and technology firms.
- Britain's FTSE index rose about 1% as worries about US-China trade tensions abated, and as shares of mining and insurance firms rallied.
- Asian equities posted robust performance. Hong Kong's Hang Seng index jumped 2.5% on tracking upbeat Chinese markets which were boosted by hopes that the country's government will help increase domestic consumption to counter the impact of trade tensions with the US.
- Sentiments strengthened further amid expectations that the US and China will strike a deal to avoid an all-out trade war.
- Chinese shares soared 4.3% on hopes that Beijing will unveil stimulus measures to prop up its economy.
- Japan's Nikkei rose 3.4% as a weaker yen buoyed the exporters' heavy benchmark.

DOMESTIC DEBT

Indicators	Sept 21, 2018	Previous Week	Trend
Call Rate	6.30%	6.30%	↔
3 M CP	8.10%	8.00%	↑
1 Yr CP	8.95%	8.95%	↔
3 M CD	7.36%	7.41%	↓
1 Yr CD	8.40%	8.33%	↑
5 Yr AAA	8.89%	8.87%	↑
1 Yr G-Sec	7.77%	7.86%	↓
5 Yr G-Sec	8.11%	8.19%	↓
10 Yr G-Sec	8.08%	8.13%	↓
USD/INR	72.20	71.84	↑

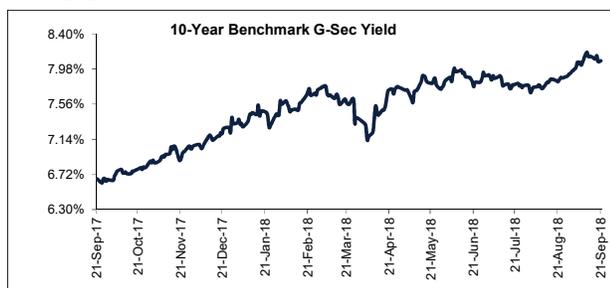
Source: CRISIL Fixed Income Database, RBI

- Government bond prices ended a volatile week higher.
- Yield of the 10-year benchmark 7.17% 2028 paper settled at 8.08% on September 21, 2018 as against 8.13% on September 14, 2018.

- Prices initially received a lift from the government's announcement of an open market bond purchase auction.
- Prices fell sharply mid-week as the rupee plunged to a record low against the US dollar.
- Bonds staged a recovery later in the week as the rupee reversed some of its losses and on hopes of more open market bond purchase announcements.
- Prices also received a boost on reports that the Reserve Bank of India (RBI) was mulling a special window through which oil companies could buy dollars directly from the central bank instead of the spot market.
- The move, if brought into force, would substantially reduce the demand for dollars in the spot market, and boost the rupee.
- In the weekly gilt auction, the RBI sold the 6.65% 2020 paper, the 7.59% 2026 paper, the 7.5% 2034 paper, the 7.06% 2046 paper, and a floating rate bond maturing in 2031 for a total notified Rs. 12,000 crore.
- Bond prices fell owing to positive US economic cues including rise in the domestic retail sales and industrial production.
- More losses were seen after the release of the better-than-expected US jobless claims and jump in Philly Fed's index for current general activity to 22.9 in September 2018 after tumbling to 11.9 in August 2018.
- Heavy corporate debt supply and gains in the US equities also pulled down the treasury prices.
- Further losses were however capped as escalating US-China trade tensions and uncertainty over Brexit prompted investors to seek the safety of government bonds.

DOMESTIC NEWS

- Prime Minister Narendra Modi said the size of the Indian economy will double to \$5 trillion by 2022 with manufacturing and agriculture contributing \$1 trillion each.
- International Monetary Fund (IMF) said the real effective depreciation of the rupee this year, compared to December 2017, was 6-7%.
- Government announced a series of measures including curbing non-essential imports and incentivising exports.
- Government proposed the merger of Bank of Baroda, Vijaya Bank and Dena Bank.
- Government hiked interest rate on small saving schemes by 30-40 basis points.
- Government exempted interest payment on debt raised through offshore rupee denominated bonds from tax, in an attempt to improve capital inflow and help the domestic currency strengthen against the US dollar.
- India will settle payments for Iranian oil using rupees through local banks starting in November 2018.
- India deferred the imposition of retaliatory tariffs on some US imports to November 2, 2018.



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- US treasury prices ended lower in the week ended September 20, 2018 as upbeat US economic data raised expectations of the interest rate hike by the US Federal Reserve (Fed) next week.
- The yield on the 10-year benchmark bond rose to 3.08% on September 20, 2018 from 2.96% on September 13, 2018.

- Government modified operational guidelines of the Pradhan Mantri Fasal Bima Yojana (PMFBY).
- Defence Ministry approved the procurement of military equipment and weapons worth Rs 9100 crore.
- RBI eased norms for companies in manufacturing sector to raise overseas funds and allowed banks to market 'masala' bonds in line with the government's measures to support the rupee.
- Securities Exchange Board of India (SEBI) approved a slew of proposals, including revised framework for settlement of cases and new Know Your Customer (KYC) norms for foreign portfolio investors.
- SEBI allowed foreign companies having exposures in the Indian commodity market to hedge their positions in derivatives.
- SEBI revised the regulations for share buyback to provide more clarity on the requirement to make public announcements.
- SEBI relaxed initial public offer (IPO) norms to allow companies to announce the price band two days before an offering.
- SEBI capped the total expense ratio (TER) for fund houses with equity assets of Rs 50000 crore to 1.05% down from as much as 1.75% charged earlier.
- Pension Fund Regulatory and Development Authority (PFRDA) capped investment in equity mutual funds at 5% of total corpus.
- Insurance Regulatory and Development Authority of India (IRDAI) decided to develop a 'regulatory sandbox' to enable testing of products in a controlled

environment so that the industry could keep pace with the fast-evolving financial technology (fintech).

GLOBAL NEWS

- US housing starts spiked by 9.2% to an annual rate of 1.28 million in August 2018 from the revised July 2018 estimate of 1.17 million; building permits tumbled by 5.7% to an annual rate of 1.23 million in August 2018 from a revised 1.30 million in July 2018.
- US manufacturing purchasing managers' index (PMI) was 55.6 in September 2018 compared to 54.7 in August 2018.
- Eurozone consumer inflation came in at 2% in August 2018 versus 2.1% in July 2018.
- UK consumer price inflation increased to 2.7% in August 2018 from 2.5% in July 2018.
- China industrial production climbed 6.1% year-on-year in August 2018, slightly faster than the 6% increase seen in July 2018.
- China retail sales growth rose to 9% in August 2018 from 8.8% in July 2018.
- Bank of Japan (BoJ) retained the -0.1% interest rate on current accounts that financial institutions maintain at the bank.
- Japan's exports rose 6.6% in August 2018 from a year earlier, while imports rose 15.4% in the year to August 2018, resulting in a trade deficit of 444.6 billion yen.

DAY	ECONOMIC EVENTS IN THE WEEK AHEAD
Tuesday, Sept 25, 2018	<ul style="list-style-type: none"> • US Consumer Confidence, September 2018 • US Case-Shiller Home Price Index, July 2018
Wednesday, Sept 26, 2018	<ul style="list-style-type: none"> • US Federal Reserve Policy Decision • US New Home Sales, August 2018

<p>Thursday, Sept 27, 2018</p>	<ul style="list-style-type: none"> • US GDP, Q2 2018 • US Durable Goods Orders, August 2018 • US Advance Goods Trade Balance, August 2018 • US Pending Homes Index, August 2018 • Eurozone Economic Sentiment, September 2018
<p>Friday, Sept 28, 2018</p>	<ul style="list-style-type: none"> • US Personal Income and Spending, August 2018 • Eurozone Consumer Inflation Estimate, September 2018 • UK GDP, Q2 2018 • UK GfK Consumer Confidence, September 2018 • Japan Industrial Production, August 2018 • India Infrastructure Output, August 2018

Source: CRISIL

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