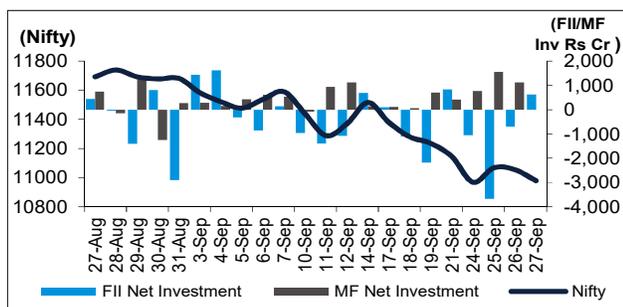


DOMESTIC EQUITY

- Indian equities ended in the red for the fourth consecutive week. S&P BSE Sensex and Nifty 50 lost about 2% each.
- A sell-off in realty, auto capital goods and metals counters dented the market. S&P BSE Realty (biggest sectoral decliner), S&P BSE Auto, S&P BSE Capital Goods and S&P BSE Metal dipped around 12%, 8%, 5.3% and 5%, respectively.
- The market fell further on expiry of September series futures and options (F&O) contracts and on caution ahead of the US Federal Reserve's (Fed) policy announcement. Later on, US Fed raised the interest rates.
- However, further decline was prevented owing to buying interest in shares of information technology (IT) firms. S&P BSE IT was the only sectoral gainer - up 1%.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-1.67	3.39	15.81
Nifty 50	-1.91	3.22	11.89
S&P BSE Midcap	-5.34	-2.72	-3.57
S&P BSE Smallcap	-8.45	-8.26	-9.47
S&P BSE Bankex	-2.47	-3.90	3.73
S&P BSE CG	-5.26	0.57	0.42
S&P BSE FMCG	-2.57	4.59	16.92
S&P BSE IT	1.03	13.34	56.69
S&P BSE Healthcare	-3.61	7.93	12.09

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

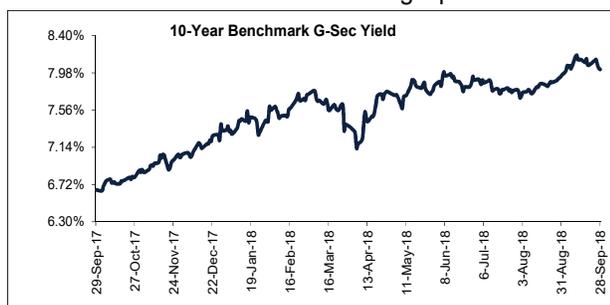
- US benchmarks ended mixed with Dow Jones falling about 1%, while Nasdaq rose 0.7%.
- Sentiments were hit earlier owing to domestic political turmoil ahead of mid-term elections and as US-China trade talks were cancelled.
- Further selling was seen after the US Fed raised interest rates by 25 basis points to a range of 2-2.25% and predicted another hike by December 2018 and three more in 2019.
- Britain's FTSE index rose 0.7% as a dip in the pound boosted the shares of exporters and owing to gains in shares of energy and mining firms.
- Asian equities posted mixed performance. Hong Kong's Hang Seng index fell 0.6% as shares of property firms were dented by news that three of the city's top banks had hiked lending rates for the first time in 12 years.
- Chinese shares rose nearly 1% buoyed by Beijing's stimulus measures to set off the impact of a trade war and on expectations that more mainland shares will be included in global benchmarks.
- Japan's Nikkei advanced 1% aided by rally in some index majors and as a weaker yen supported exporters' shares.

DOMESTIC DEBT

Indicators	Sept 28, 2018	Previous Week	Trend
Call Rate	6.50%	6.30%	↑
3 M CP	8.30%	8.10%	↑
1 Yr CP	9.10%	8.95%	↑
3 M CD	7.18%	7.36%	↓
1 Yr CD	8.65%	8.40%	↑
5 Yr AAA	8.90%	8.89%	↑
1 Yr G-Sec	7.75%	7.77%	↓
5 Yr G-Sec	8.07%	8.11%	↓
10 Yr G-Sec	8.02%	8.08%	↓
USD/INR	72.48	72.20	↑

Source: CRISIL Fixed Income Database, RBI

- Government bond prices rose sharply. Yield of the 10-year benchmark 7.17% 2028 paper settled at 8.02% on September 28, 2018 as against 8.08% on September 21, 2018.
- Prices received a boost following the central bank's announcement of an open market bond purchase auction for an aggregate amount of Rs 10,000 crore, which was conducted on September 27, 2018.
- Bonds were aided by expectations that the government would announce a lower borrowing target for the second half of the fiscal.
- The Centre announced on September 28, 2018 that it would borrow Rs 2.47 lakh crores on gross basis from the market between October 2018 and March 2019 through dated securities.
- In the weekly gilt auction, the central bank sold the 7.37% 2023 paper, the 7.17% 2028 paper, the 7.40% 2035 paper, and the 7.72% 2055 paper for a total notified Rs 12,000 crore. The 2055 paper was partially devolved on primary dealerships.
- Intermittent weakness in the rupee versus the US dollar and a rise in crude oil prices dented sentiment and limited the rise in gilt prices.



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- US treasury prices ended higher in the week ended September 27, 2018 due to domestic political turmoil ahead of midterm elections, global trade war worries and uncertainty over Brexit

negotiations between UK and European Union (EU).

- Meanwhile, the yield on the 10-year benchmark bond fell to 3.06% on September 27, 2018 from 3.08% on September 20, 2018.
- Bond prices rose while the yields fell after the US Fed raised interest rates as expected and signalled it a gradual and not aggressive rate-hike path in response to solid economic growth.
- More gains were seen on few discouraging domestic economic cues including fall in the New orders for key US-made capital goods, widening of the goods trade deficit and rise in the weekly jobless claims.
- Demand for the bonds was also boosted by concerns about the Italian government's struggle to reach a budget deal.
- Further gains were however capped owing to upbeat domestic economic cues.

DOMESTIC NEWS

- India's budgetary fiscal deficit for April 2018 – August 2018 was at Rs 5.91 lakh crore, which accounted for 94.7% of the full year's target of Rs 6.24 lakh crore.
- Asian Development Bank (ADB) said India's economy continues on a robust growth path, while maintaining the growth forecast for the current fiscal at 7.3%.
- Fitch Ratings raised India's growth forecast for the current fiscal to 7.8%, from 7.4% projected earlier.
- Prime Minister Narendra Modi launched the Ayushman Bharat scheme.
- Government hiked import duty on 19 items to curb widening current account deficit and to support the rupee.
- The Cabinet approved the new telecom policy, now named National Digital Communications Policy (NDCP) 2018.

- The Cabinet cleared a proposal to convert GST Network (GSTN), which provides IT infrastructure for the new indirect tax regime, into a 100% government-owned company.
- Finance Ministry said the fifth tranche of electoral bonds sale will take place from October 1, 2018 to October 10, 2018.
- The Centre approved Rs 8606 crore for 60 projects being implemented under the umbrella scheme of Border Infrastructure and Management (BIM) to meet special development needs of people living in those areas.
- Government approved a Rs 5500 crore package for the sugar industry.
- Government extended by a fortnight till October 15, 2018 the deadline for filing Income Tax Return (ITR) and audit report for financial year 2017-18.
- Reserve Bank of India (RBI) allowed banks to dip further into statutory liquidity reserves to help them meet their liquidity coverage ratio (LCR) needs.
- RBI said urban cooperative banks planning to become small finance banks will need to promote public limited companies and then transfer assets and liabilities into that new entity.
- RBI issued guidelines on co-origination of loans by banks and non-deposit taking non-banking finance companies (NBFCs) in the priority sector.
- Securities & Exchange Board of India (SEBI) came out with revised Know Your Client (KYC) norms as well as eligibility conditions for foreign portfolio investors.
- Insurance Regulatory and Development Authority of India (IRDAI) raised the minimum insurance cover for owner-driver to Rs 15 lakh for a premium of Rs 750 per annum.
- The Supreme Court declared the Centre's Aadhaar scheme as constitutionally valid, but struck down Section 57, which is a provision that enables private bodies like telecom companies, banks, and e-commerce firms to ask for Aadhaar details from their customers.

GLOBAL NEWS

- US gross domestic product (GDP) increased at an annual rate of 4.2% in the second quarter compared to 2.2% growth in the previous quarter.
- US durable goods orders surged up by 4.5% in August 2018 after falling by a revised 1.2% in July 2018.
- US new home sales soared by 3.5% to an annual rate of 629,000 in August 2018 after slumping by 1.6% to a revised rate of 608,000 in July 2018.
- Eurozone manufacturing purchasing managers' index (PMI) was 53.3 in September 2018 compared to 54.6 in August 2018.
- Eurozone inflation rose marginally to 2.1% in September 2018 from 2% in August 2018.
- The UK economy expanded 1.2% annually in Q2 2018 compared to 1.1% in Q1 2018.
- Japan's manufacturing PMI score was 52.9 in September 2018, up from 52.5 in August 2018.

DAY	ECONOMIC EVENTS IN THE WEEK AHEAD
Monday, Oct 01, 2018	<ul style="list-style-type: none"> • US Construction Spending, August 2018 • US ISM Manufacturing Index, September 2018 • UK Manufacturing PMI, September 2018 • Eurozone Manufacturing PMI, September 2018

	<ul style="list-style-type: none"> India Manufacturing PMI, September 2018
Tuesday, Oct 02, 2018	<ul style="list-style-type: none"> UK Construction PMI, September 2018 Japan Consumer Confidence, September 2018
Wednesday, Oct 03, 2018	<ul style="list-style-type: none"> US ADP Employment, September 2018 Eurozone Retail Sales, August 2018
Thursday, Oct 04, 2018	<ul style="list-style-type: none"> US Factory Orders, August 2018 US Durable Goods Orders, August 2018
Friday, Oct 05, 2018	<ul style="list-style-type: none"> US Trade Balance, August 2018 US Non- Farm Payrolls, September 2018 US Unemployment Rate, September 2018 Japan Leading Index, August 2018 India Monetary Policy Announcement

Source: CRISIL

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