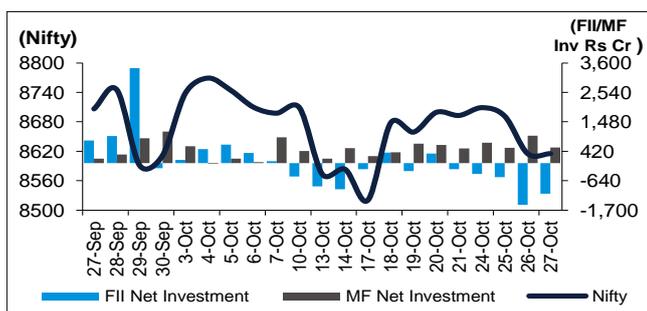


## DOMESTIC EQUITY

- Indian equity benchmarks S&P BSE Sensex (down 0.5%) and Nifty 50 (down 0.6%) reversed the positive momentum seen in the past week.
- Stock-specific selling amid some disappointing corporate earnings announcements weighed on the market.
- IT and capital goods counters witnessed heavy selling. S&P BSE IT and S&P BSE Capital Goods were the biggest sectoral decliners – down 3.5% and 1.5%, respectively.
- More losses were seen as investors trimmed their positions ahead of the long Diwali weekend.
- Intermittent weakness in global equities also affected the benchmarks.
- Further decline in the market was capped owing to gains in oil & gas and healthcare counters. S&P BSE Oil & Gas and S&P BSE Healthcare were the topmost sectoral gainers – up 0.5% and 0.2%, respectively.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-0.48	-0.95	3.33
Nifty 50	-0.63	-0.33	5.71
S&P BSE Midcap	-1.43	6.64	21.49
S&P BSE Smallcap	0.16	9.55	17.48
S&P BSE Bankex	-0.89	2.60	12.99
S&P BSE CG	-1.50	-4.60	-4.17
S&P BSE FMCG	0.08	-2.59	4.93
S&P BSE IT	-3.45	-7.87	-12.25
S&P BSE Healthcare	0.20	1.18	-9.55

Source: BSE, NSE



Source: SEBI, NSE

## GLOBAL EQUITY

- US equity benchmarks closed mixed in the week with earlier losses owing to stock-specific selling and a dip in domestic consumer confidence numbers getting arrested by better-than-expected results from some corporates.
- Britain's FTSE ended 0.5% lower amid stock-specific selling.
- Losses were capped from the British benchmark owing to gains in shares of mining firms and after data showed that the domestic economy grew stronger-than-expected in the period following the country's Brexit vote.
- Asia-Pacific indices ended mixed. Japan's Nikkei (best performer) rose 1.5% as the exporters' heavy benchmark was buoyed by a weak yen.
- Hong Kong's Hang Seng lost 1.8% in the week on concerns about the health of the mainland economy and on caution ahead of the US elections and the US Federal Reserve's (Fed) policy meeting.
- China's Shanghai Composite rose 0.4%, primarily bolstered by gains in shares of resources firms on signs that government efforts to reduce overcapacity in industries such as coal and steel were starting to bear fruit.
- Further rally was, however, restricted in the wake of slowing industrial profit growth, yuan weakness and growing concerns over tighter liquidity.

## DOMESTIC DEBT

Indicators	Oct 28, 2016	Previous Week	Trend
Call Rate	6.20%	6.35%	↓
3 M CP	7.12%	7.04%	↑
1 Yr CP	7.65%	7.65%	↔
3 M CD	6.61%	6.54%	↑
1 Yr CD	6.90%	6.90%	↔
5 Yr AAA	7.31%	7.26%	↑
1 Yr G-Sec	6.57%	6.54%	↑
5 Yr G-Sec	6.70%	6.72%	↓
10 Yr G-Sec	6.89%	6.85%	↑
USD/INR	66.79	66.89	↓

Source: CRISIL Fixed Income Database, RBI

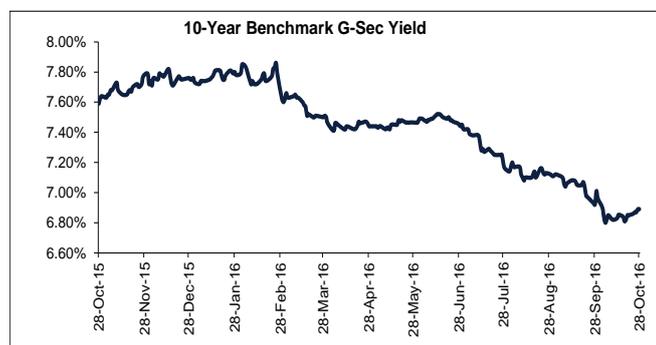
- Government bonds weakened during the week as market players trimmed positions ahead of key events in the US. The yield of the 10-year benchmark 7.59% 2026 paper settled at 6.89% on October 28, 2016 as against 6.85% on October 21, 2016.
- The US Federal Open Market Committee (FOMC) is scheduled to hold a two-day meeting next week prior to making a policy announcement. The US presidential election is scheduled for November 8, 2016.
- On the domestic front, cut-off prices at the Reserve Bank of India's (RBI) open market bond purchase auction on October 25, 2016 were lower than expected, and weighed on sentiment.
- Market players sold bonds to make room for the fresh supply of dated securities scheduled to hit the market through the weekly gilt sale. In the auction, the RBI sold the 6.84% 2022 paper, the 6.97% 2026 paper, the 7.73% 2034 paper, and the 7.72% 2055 paper for a total notified Rs 15,000 crore. Rs 1,212 crore of the 6.84% 2022 paper was devolved on primary dealerships.

the country's 'Brexit' vote. The yield of the 10-year benchmark bond rose sharply to 1.84% on October 27, 2016 from 1.75% on October 20, 2016.

- Demand for the bonds dented due to stronger pickup in US economic growth in the third quarter, narrowing of the trade deficit in September and fall in the initial jobless claims for the week ended October 22, 2016
- More losses were however capped after the US consumer confidence index dropped to 98.6 in October 2016 from a downwardly revised 103.5 in September 2016.

### DOMESTIC NEWS

- India moved up one rank to 130 on the World Bank's ease of doing business ranking this year.
- Economic Affairs Secretary said the recent series reforms would help the economy grow at close to 8% in 2016-2017 with the farm sector clocking 4%-4.5% growth.
- The SBI annual Composite Index for October 2016 remained stationary at 50.2, compared to September 2016; the monthly index declined marginally to 52.1 in October 2016 from 52.6 in September 2016.
- India notified the revised double tax avoidance agreement with South Korea under which capital gains tax will be levied at the source with effect from April 1, 2017.
- Government allowed 100% foreign direct investment (FDI) in 'other financial services' carried out by non-banking finance companies (NBFCs).
- Finance Ministry finalised draft norms for computing the fair market value of assets of charitable institutions that convert into for-profit entities.
- Finance Ministry to encourage banks to acquire struggling assets in steel, power and shipping sectors and rope in state-run companies to manage them.
- The Centre approved 2% dearness allowance and relief benefitting about 50.68 lakh employees and 54.24 lakh pensioners.
- The Cabinet gave in-principle approval to strategic sale and disinvestment in the public sector units as



Source: CRISIL Fixed Income Database

### GLOBAL DEBT

- US treasury prices ended lower in the week ended October 27, 2016 due to upbeat domestic economic cues.
- Bond prices fell while the yields rose in line with the global bond yields after the UK's economy reported stronger-than-expected growth data in Q3 following

recommended by the NITI (National Institute for Transforming India) Aayog.

- Government unveiled final guidelines of India's regional flights connectivity scheme called UDAN (Ude Desh ka Aam Nagrik) which might start in January next year.
- The Centre approved 11 FDI proposals worth Rs 2160 crore.
- The Central Board of Direct Taxes launched the service alert for salaried employees in a bid to cut down Tax Deducted at Source (TDS) mismatches.
- RBI allowed startups recognised by the government to borrow up to \$3 million per financial year for a three-year tenure through external commercial borrowings (ECBs).
- RBI told banks to strictly adhere to the cyber security guidelines issued in June this year; the central bank is also looking to audit the cyber security at banks.
- Securities & Exchange Board of India (SEBI) issued norms for listed insurance companies in disclosing their quarterly results.
- SEBI decided to freeze holdings of promoters and promoter group entities of companies that fail to pay fines imposed by stock exchanges, to ensure effective enforcement of listing regulations.
- SEBI warned investment bankers against aggressive pricing in initial public offerings (IPOs).

- Insurance Regulatory and Development Authority of India (IRDAI) allowed micro-insurance agents to solicit and market crop insurance schemes.

## GLOBAL NEWS

- US gross domestic product increased at a 2.9% annual rate in Q3 after rising at a 1.4% pace in the second quarter.
- US employment cost index remained unchanged at a seasonally adjusted 0.6% in Q3 compared to the preceding quarter.
- US new home sales increased 3.1% in September 2016 to a seasonally adjusted annual rate of 593,000 compared to August 2016 figure of 575,000.
- Eurozone manufacturing purchasing managers' index (PMI) was 53.3 in October 2016 versus 52.6 in September 2016, while services PMI rose to 53.5 in October 2016 from 52.2 in September 2016.
- The UK economy expanded 2.3% annually in Q3 compared to 2.1% growth in Q2.
- China's industrial profits grew 7.7% in September 2016, slowing sharply from August 2016's 19.5% pace.
- Japan reported a trade surplus of 498.3 billion yen in September 2016, compared to a deficit of 18.7 billion yen in August 2016.

DAY	ECONOMIC EVENTS IN THE WEEK AHEAD
Monday, October 31, 2016	<ul style="list-style-type: none"> <li>• US Personal Income and Spending, September 2016</li> <li>• Eurozone GDP (Annualised), Q3 2016</li> <li>• Eurozone Consumer Price Index Estimate, October 2016</li> <li>• China's Caixin Manufacturing PMI, October 2016</li> <li>• Bank of Japan Policy Announcement</li> <li>• Japan's Industrial Production, September 2016</li> <li>• Japan's Nikkei Manufacturing PMI, September 2016</li> <li>• India's Government finances, April-September 2016</li> <li>• India's Core Sector Growth, September 2016</li> </ul>

Tuesday, November 1, 2016	<ul style="list-style-type: none"> <li>US Institute of Supply Management (ISM) Manufacturing index, October 2016</li> <li>US Manufacturing PMI, October 2016</li> <li>Eurozone Markit Manufacturing PMI, October 2016</li> <li>India Nikkei Manufacturing PMI, October 2016</li> </ul>
Wednesday, November 2, 2016	<ul style="list-style-type: none"> <li>US Federal Open Market Committee Meeting Announcement</li> <li>US ADP Employment Report, October 2016</li> </ul>
Thursday, November 3, 2016	<ul style="list-style-type: none"> <li>US Productivity and Costs, Q3 2016</li> <li>US Initial Jobless Claims, October 29, 2016</li> <li>Eurozone Unemployment Rate, September 2016</li> <li>Bank of England (BoE) Policy Announcement</li> </ul>
Friday, November 4, 2016	<ul style="list-style-type: none"> <li>US Employment Situation, October 2016</li> <li>US Trade Balance, September 2016</li> </ul>

**Source : CRISIL**

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