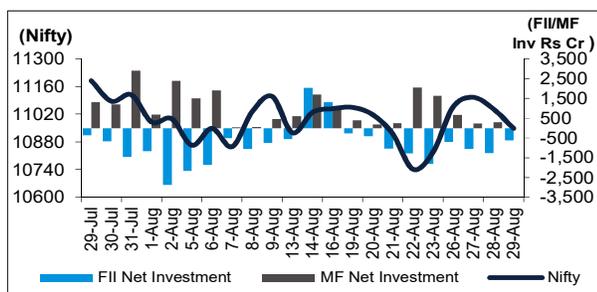


DOMESTIC EQUITY

- The two-week negative trend in Indian equities came to a halt. S&P BSE Sensex and Nifty 50 gained nearly 2% each.
- The market was primarily boosted by the government's rollback of surcharge on foreign portfolio investors (FPIs), announcement of a fiscal package for state-owned banks, and stimulus for the auto sector to revive the economy.
- Expectations of more measures from the government following a huge dividend from the Reserve Bank of India (RBI) buoyed the market further.
- On the global front, sentiments were supported by hopes of progress in Sino-US trade talks.
- Buying interest in realty, fast moving consumer goods, healthcare and capital goods firms brought more gains into the market.
- However, further rally was prevented on worries over a global slowdown.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	1.72	-6.27	-3.51
Nifty 50	1.79	-7.72	-5.60
S&P BSE Midcap	2.01	-10.58	-19.95
S&P BSE Smallcap	2.86	-16.24	-26.70
S&P BSE Bankex	1.66	-12.70	-2.66
S&P BSE CG	3.01	-15.20	-9.89
S&P BSE FMCG	3.46	-4.82	-12.90
S&P BSE IT	1.13	3.55	5.30
S&P BSE Healthcare	3.33	-3.38	-17.50

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

- US stocks jumped nearly 3% on hopes that US-China trade negotiations will resume soon, and due to a rally in financial and energy stocks.
- Britain's FTSE rose 1.3% on reports of progressive US-China trade talks and rally in the exporters following weaker pound.
- Asian equities posted downbeat performance. Japan's Nikkei ended flat as losses triggered by global growth concerns were offset by renewed optimism over US-China trade talks and a rally in telecom and consumer shares.
- Hong Kong's Hang Seng index dipped 1.7% weighed down by uncertainty over US-China trade deal and deepening political crisis in the city.
- China's Shanghai Composite fell 0.4% on worries of a global recession and rising probability of a no-deal Brexit.

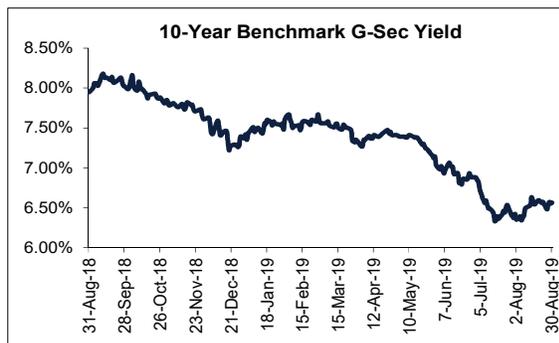
DOMESTIC DEBT

Indicators	August 30, 2019	Previous Week	Trend
Call Rate	5.20%	5.45%	↓
3 M CP	5.90%	5.90%	↔
1 Yr CP	7.20%	7.30%	↓
3 M CD	5.50%	5.55%	↓
1 Yr CD	6.39%	6.60%	↓
5 Yr AAA	7.25%	7.25%	↔
1 Yr G-Sec	5.78%	5.81%	↓
5 Yr G-Sec	6.39%	6.37%	↑
10 Yr G-Sec	6.56%	6.57%	↓
USD/INR	71.41	71.66	↓

Source: CRISIL Fixed Income Database, RBI

- Government bond prices gave up intraweek gains to end nearly level. Yield of the 10-year benchmark 7.26% 2029 paper settled at 6.56% on August 30, 2019 as against 6.57% on August 23, 2019.
- Prices received a boost in the first half of the week tracking a decline in crude oil prices and US benchmark treasury yields, which fell amid fears of escalation of trade war between the US and China.

- Market perception that the fiscal impact of the measures announced by the Centre last week to spur growth would not be too severe, also gave bond prices support.
- More bond buying was seen after the central bank's board approved a higher-than-expected transfer of surplus reserves to the Centre.
- Some short covering by market players prior to the release of domestic Gross Domestic Product (GDP) data for the June 2019 quarter also aided bonds.
- Towards the end of the week, concerns over how the surplus fund transfer would be used by the Centre took over, with some market players expecting more spending by the Centre to revive the economy, thereby denting sentiment for bonds.
- Supply pressure from the weekly gilt sale also erased some bond price gains.



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- The recent surge in US treasury prices was halted in the week ended August 23, 2019 due to optimism about US-China trade talks and positive domestic economic cues.
- Bond prices declined earlier after US and China indicated that they may resume talks to resolve their trade conflict.
- Further fall was seen after data showed that US economy expanded in line with expectations in the Q2 of 2019 and growth in consumer spending, which accounts for more than two-thirds of U.S. economic activity surged at a 4.7% rate in the second quarter.
- However, losses were capped following escalation in the US-China trade war after China said that it will impose an extra 5% tariff raised concerns about an economic downturn, Brexit uncertainty and sell-off in the equities due to fears of the looming recession.
- The yield of the 10-year treasury bond fell slightly from 1.53% on August 23, 2019 to 1.52% on August 29, 2019.

DOMESTIC NEWS

- India's GDP growth decelerated to a seven-year low of 5% in the April – June 2019 quarter compared to 5.8% growth in the previous quarter and 8% in the same quarter of the previous fiscal.
- India's fiscal deficit in the four months through July 2019 stood at Rs 5.48 lakh crore, or 77.8% of the budgeted target for fiscal 2020.
- According to the RBI annual report, the slowdown in the Indian economy could be cyclical, with deep structural problems that requires urgent reforms.
- Finance Minister Nirmala Sitharaman said the government will front-load its capital spending for this fiscal in a bid to support economic growth.
- Finance Minister announced rollback of enhanced surcharge on FPIs levied in the Budget; also withdrew surcharge on long- and short-term capital gains arising from transfer of equity shares.
- The government relaxed Foreign Direct Investment (FDI) rule for foreign single brand retailers and also permitted 100% foreign investment in contract manufacturing and commercial coal mining.
- The government to infuse Rs 70000 crore into public sector banks to enable release of Rs 5 lakh crore liquidity in the market.

- Finance Minister said the government will merge 10 Public Sector Banks into 4 entities.
- The government withdrew angel tax provisions for startups.
- The Centre permitted Aadhar-based Know Your Customer for opening of demat accounts and investing in mutual funds.
- The RBI's central board decided to transfer Rs 1.76 lakh crore to the government for 2018-19.
- According to the RBI annual report, early recognition and resolution of stressed assets have helped banks contain their gross non-performing loans ratio at 9.1% in fiscal 2019 down from 11.2% a year before.
- The Securities and Exchange Board of India (SEBI) extended deadline by one month for trading members to implement new provisions related to use of clients' securities.
- SEBI Chairman Ajay Tyagi said the fall in the market could not be fully attributed to FPIs sell off as both global and domestic slowdown were weighing on market sentiments.
- SEBI chairman Ajay Tyagi directed mutual fund (MF) trustees to act with more urgency when they spot lapses, rather than wait for the regulator to intervene; adds that mutual funds cannot compromise the safety of investments for higher yields.
- US personal income inched up by 0.1% in July 2019 after climbing by an upwardly revised 0.5% in June 2019.
- US new home sales plunged by 12.8% to an annual rate of 635,000 in July 2019 after soaring by 20.9% to a sharply upwardly revised rate of 728,000 in June 2019.
- US durable goods orders surged by 2.1% in July 2019 following a downwardly revised 1.8% increase in June 2019.
- US Chicago Fed National Activity Index fell to -0.36 in July 2019 from 0.03 in June 2019.
- US consumer confidence index fell to 135.1 in August 2019 from 135.8 in July 2019.
- US S&P CoreLogic Case-Shiller national home price index rose 3.1% year-on-year in June 2019 compared with 3.3% gain in May 2019.
- US pending home sales index tumbled by 2.5% to 105.6 in July 2019 after surging up by 2.8% to 108.3 in June 2019.
- Eurozone economic sentiment index rose to 103.1 in August 2019 from a 40-month low of 102.7 in July 2019.
- UK consumer confidence fell to 14 in August 2019 from 11 in July 2019.
- China's industrial profits rose 2.6% in July 2019 from a year earlier, compared with a 3.1% decline in June 2019.
- Japan's industrial production rose 1.3% from the previous month in July 2019 following a revised 3.3% fall in June 2019.

GLOBAL NEWS

- US GDP increased by 2% in the second quarter of 2019 compared with 3.1% growth recorded in the first quarter.
- US trade deficit in goods narrowed to \$72.3 billion in July 2019 from \$74.2 billion in the prior month.

DAY	ECONOMIC EVENTS IN THE WEEK AHEAD
Monday, September 2, 2019	<ul style="list-style-type: none"> • China's Caixin Manufacturing PMI, August 2019 • Japan's Nikkei Manufacturing PM, August 2019

	<ul style="list-style-type: none"> India's Nikkei Manufacturing PMI, August 2019
Tuesday, September 3, 2019	<ul style="list-style-type: none"> US ISM Manufacturing Index, August 2019 US Markit Manufacturing PMI, August 2019 US Chicago PMI, August 2019
Wednesday, September 4, 2019	<ul style="list-style-type: none"> US Federal Reserve's Beige Book 2019 US Trade Balance, July 2019 India's Nikkei Services PMI, August 2019
Thursday, September 5, 2019	<ul style="list-style-type: none"> US ADP Employment Report, August 2019 US Nonfarm Productivity, Q2 2019 US Factory Orders, July 2019
Friday, September 6, 2019	<ul style="list-style-type: none"> India's GDP, April - June 2019 India's Fiscal Deficit, July 2019

Source: CRISIL

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