

Fixed Income

The liquidity surplus contracted marginally yesterday and slipped below the Rs. 3 lakh crore mark. The shorter end of the yield curve eased in the range of 1bp to 5bps for varying securities and maturities. The longer end of the curve too moved downwards yesterday. The 10yr gsec yield eased by 3bps to close at 6.46%. The CPI based inflation eased further and was reported at 1.54% for the month of June 2017. The IIP growth cooled further, for the month of May 2017 the growth came in at 1.7%. The slowing inflation and IIP growth could lead to rising expectations of a rate cut. The global bond yields traded with softening bias yesterday.

Equity

The domestic markets continued their upward march. The Sensex and Nifty ended the day with gains of 0.18% and 0.31% respectively. The Mid Cap 100 and Small Cap 100 moved up sharply to report gains of 0.69% and 0.95% respectively. Banking was the best performing sector for the day with gains of 0.47%. IT was the worst performing one with losses of 0.27%. The US markets closed with healthy gains owing to dovish comments from Fed Chair Janet Yellen. The Asian markets were trading in the green with positive cues from US markets. The domestic markets were not to be left behind and opened in line with the global trend. Nifty was trading with gains of close to 0.7%. The market breadth remained positive as 1363 stocks advanced against 617 declining ones. The key result for today is TCS.

Money Market Rates

		12-Jul-17	11-Jul-17	1 Week ago	1 Month ago	3 Month ago	6 Month ago
Call Rate		6.02	6.00	6.05	6.05	6.00	6.30
Treasury Bills	3 Months	6.24	6.27	6.28	6.27	5.83	6.19
	6 Months	6.30	6.31	6.32	6.29	6.06	6.18
	12 Months	6.31	6.35	6.38	6.38	6.14	6.18
CD	3 Months	6.33	6.33	6.41	6.38	6.35	6.28
	6 Months	6.48	6.43	6.50	6.53	6.45	6.48
	12 Months	6.63	6.63	6.73	6.73	6.73	6.58
CP	3 Months	6.65	6.70	6.69	6.68	6.73	6.94
	6 Months	6.90	6.90	6.93	6.91	6.99	7.10
	12 Months	7.18	7.20	7.19	7.21	7.25	7.31

G-sec & Corporate Bond Rates

		12-Jul-17	11-Jul-17	1 Week ago	1 Month ago	3 Month ago	6 Month ago
Benchmark/Spreads							
10 year G-Sec		6.46	6.49	6.55	6.52	6.78	6.39
10 year Corp. AAA		7.53	7.55	7.61	7.61	7.93	7.77
10 year Corp AA		8.22	8.25	8.31	8.15	8.46	8.33
Credit Spread (in Bps)	AAA	107	107	106	109	114	137
	AA	177	176	176	163	168	194
Yield Spread (in Bps)	5 – 1 Yrs.	26	22	29	24	69	28
	10 – 1 Yrs.	15	14	17	14	64	22

Global Bond Yields

	12-Jul-17	11-Jul-17	1 Week ago	1 Month ago	3 Month ago	6 Month ago
Country Benchmarks						
US 10 year	2.32	2.36	2.32	2.21	2.24	2.37
UK 10 year	1.26	1.28	1.26	0.97	1.05	1.35
Germany 10 year	0.58	0.55	0.47	0.25	0.20	0.33
Japan 10 year	0.09	0.10	0.09	0.06	0.03	0.07

Credit Spread Analysis (in Bps)

	Govt	AAA PSU	AAA Corp	AA+	AA	AA-
3 Months	6.24	58	72	82	110	136
6 Months	6.30	61	75	85	113	139
1 Years	6.43	49	63	78	101	129
2 Years	6.33	85	87	102	128	156
3 Years	6.51	65	89	103	131	160
4 Years	6.58	68	86	101	127	159
5 Years	6.57	73	93	106	130	167
6 Years	6.70	64	81	96	120	156
7 Years	6.80	63	77	92	117	152
8 Years	6.86	61	80	91	123	151
9 Years	6.66	81	104	113	151	171
10 Years	6.46	99	127	132	177	190

Liquidity Update in Rs. Crs.

Net Outstanding in LAF	12-Jul-17	11-Jul-17	1 Week ago	1 Month ago	3 Month ago
	2,98,701	3,09,406	3,80,225	3,13,391	4,37,277

Equity Market Update

Index	12-Jul-17	1 Day Change	1 Week Change	1 Month Change	3 Month Change	6 Month Change
Sensex	31,805	0.18%	1.79%	2.28%	7.29%	17.19%
Nifty	9,816	0.31%	1.85%	2.08%	6.66%	17.13%
Nifty Mid-Cap 100	18,223	0.69%	0.99%	1.93%	3.57%	20.21%
Nifty Small 100	7,601	0.95%	1.79%	3.93%	6.78%	21.64%
Auto	10,904	0.26%	1.86%	-0.54%	9.18%	12.37%
Bank	23,695	0.47%	1.47%	0.96%	9.36%	25.84%
FMCG	27,426	0.23%	0.28%	6.04%	15.87%	29.40%
IT	10,402	-0.27%	2.37%	-0.66%	0.76%	1.77%
Metal	3,127	0.38%	1.42%	4.67%	1.80%	5.81%
Pharma	9,818	0.16%	2.38%	2.44%	-6.01%	-6.18%

PE Valuation

	12-Jul-17	11-Jul-17	1 Week ago	1 Month ago	3 Month ago	6 Month ago
Nifty PE	23.05	22.98	22.63	22.50	21.63	20.68
Nifty Midcap PE	30.57	30.80	30.71	29.93	29.21	25.08
Nifty Midcap Vs Large Cap (Premium/Discount)	32.60%	34.04%	35.69%	32.98%	35.09%	21.25%

Institutional Flows in Equities in Rs. Crs.

	Latest	MTD	YTD	2016
FII	161	-1,421	54,487	18,783
MF	797	3,166	42,312	47,244

Institutional Flows in Debt in Rs. Crs.

	Latest	MTD	YTD	2016
FII	7,853	8,029	1,02,713	-44,297
MF	718	21,939	2,09,483	3,27,881

Currency Update

Currency	12-Jul-17	11-Jul-17	1 Week ago	1 Month ago	3 Month ago	6 Month ago
\$/INR	64.54	64.59	64.78	64.44	64.67	68.33
Euro/\$	1.14	1.15	1.14	1.12	1.07	1.06
\$/Yen	113.17	113.94	113.26	109.95	109.03	115.41
GBP/\$	1.29	1.28	1.29	1.27	1.25	1.22
\$/Renminbi	6.79	6.80	6.80	6.80	6.89	6.94

Commodities Update

Index/Commodity	12-Jul-17	11-Jul-17	1 Week ago	1 Month ago	3 Month ago	6 Month ago
WTI Crude \$/Barrel	45.49	45.04	45.13	46.08	53.11	52.25
Gold \$/Troy Ounce	1,220.48	1,217.80	1,226.98	1,265.90	1,286.92	1,191.63
Silver \$/Troy Ounce	15.92	15.86	16.09	16.96	18.49	16.73
Copper \$/MT	5,879.50	5,847.25	5,814.00	5,743.00	5,601.25	5,689.75
Baltic Dry Index	830	830	847	870	1,282	894

Government Borrowing (Rs. Cr.)

Budgeted G-Sec Gross Borrowings for FY18	5,80,000
Budgeted G-Sec Net Borrowings for FY18	4,23,226
Budgeted Redemptions for FY18	1,56,774
G-Sec Gross Borrowings till Date	2,01,000
G-Sec Gross Borrowing Completed (%)	34.66%
Maturities till date	92,555
Net G-Sec Borrowings till date	1,08,445
Buyback till date	0
364 Day T-Bill Gross Borrowings till date	42,000
SDL auction till date	82,149
OMO Purchases till date	0
OMO Sales till date	10,010

Policy Rates

Name	Latest	Previous	Last Change
Repo	6.25	6.5	04-Oct-16
Rev Repo	6	5.75	06-Apr-17
MSF	6.5	6.75	06-Apr-17
CRR	4	4.25	08-Feb-13
SLR*	20	21	28-Jun-17

Economic Indicators

Indicator/Ratios	As on	Latest	Previous
CPI	30-Jun-17	1.54	2.18
WPI	31-May-17	2.17	3.85
IIP	31-May-17	1.7	2.8
Eight Core Inds.	31-May-17	3.59	2.83
Exports USD Million (a)	31-May-17	24015	24635
Imports USD Million (b)	31-May-17	37856	37884
Trade Deficit (a-b)	31-May-17	-13842	-13249
Mfg PMI	30-Jun-17	50.9	51.6
Services PMI	30-Jun-17	53.1	52.2
M3 Growth	09-Jun-17	7.4	7
Credit Growth	23-Jun-17	6.03	6.03
Deposit Growth	23-Jun-17	11.13	11.19
Credit Deposit Ratio	23-Jun-17	72.26	72.41
Incremental Credit Deposit Ratio	23-Jun-17	116.75	101.43

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