

WEALTHWHISPER



Weekly Review
March 22, 2019

Key Economic News

International

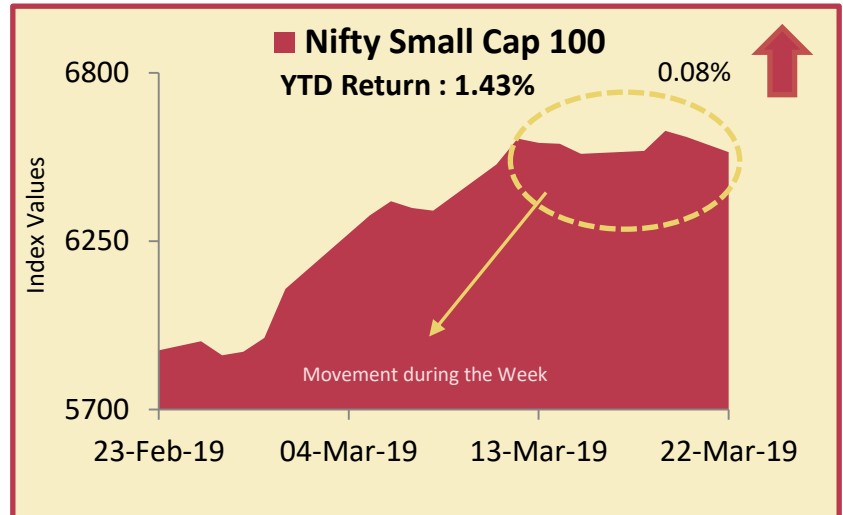
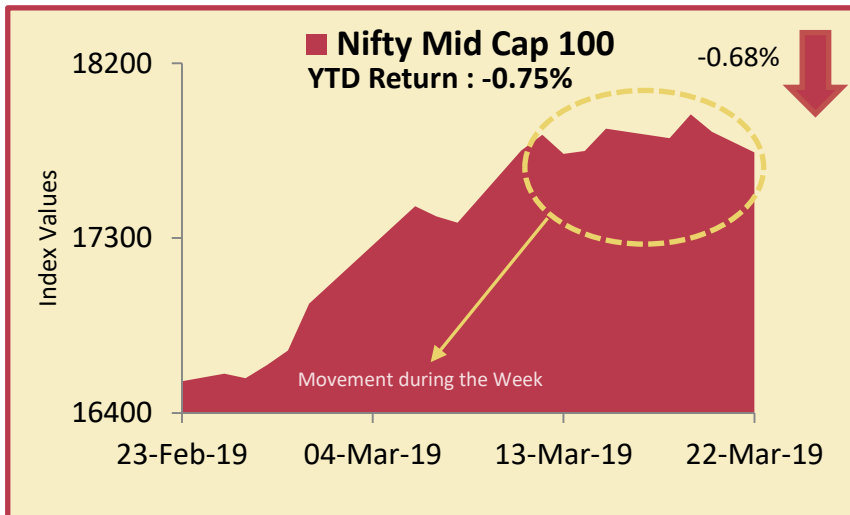
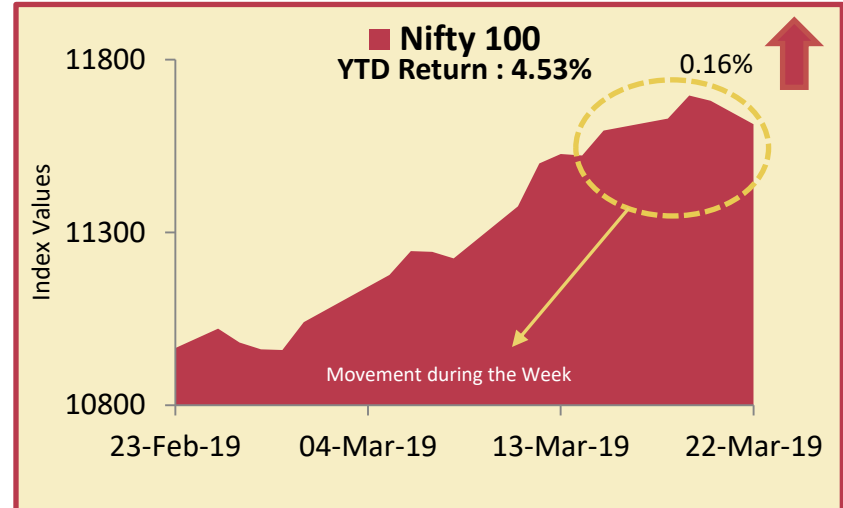
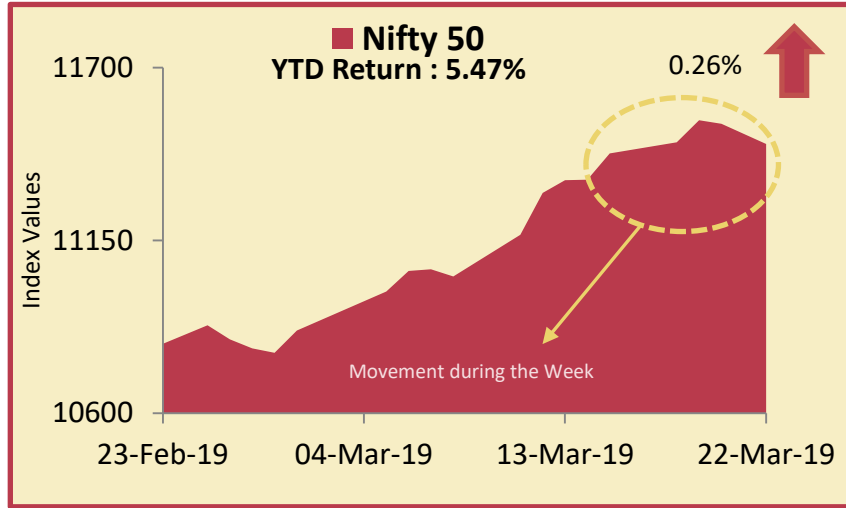
- ✓ The U.S. Federal Reserve left key interest rates unchanged following a two-day monetary policy meeting. The Fed decided to maintain the target range for the federal funds rate at 2.25% to 2.50% in support of its mandate of fostering maximum employment and price stability. The central bank's forward projections also indicated interest rates are likely to remain unchanged for the remainder of 2019.
- ✓ Bank of England policymakers decided to keep interest rate and monetary stimulus unchanged as U.K. lawmakers hasten to secure an extension of the deadline for leaving the European Union. The bank also released the results of a survey which showed that "a significantly greater number of companies had judged themselves ready for a no-deal, no-transition Brexit scenario."
- ✓ The Ministry of Internal Affairs and Communications said overall nationwide inflation in Japan increased 0.2% YoY in Feb 2019. That was shy of expectations and unchanged from the Jan 2019 reading. Core inflation rose 0.7% in Feb 2019 as against 0.8% in the previous month.

Domestic

- ✓ The International Monetary Fund (IMF) said India has been one of the fastest growing large economies in the world. The bank asserted that the country has carried out several key reforms in the last five years. It also added that more needs to be done. Indian economy details will be revealed in the scheduled World Economic Outlook (WEO) survey report, which will be released by IMF before the annual spring meeting with the World Bank in Apr 2019.
- ✓ The government has crossed its disinvestment target for FY19 by Rs. 5,000 crore and the proceeds have touched Rs. 85,000 crore. The government has mopped up Rs. 9,500 crore from the fifth tranche of CPSE ETF and Rs. 14,500 crore from the REC-PFC deal. The disinvestment target has been fixed at Rs. 90,000 crore for the next fiscal.
- ✓ Data from the Petroleum Planning & Analysis Cell showed that the total usage of oil products by the country increased 3.8% to 17.4 million tonnes in Feb 2019 compared with the same period of the previous year. The increase in oil consumption can be attributed to increased demand for cooking fuel and transportation fuel.

Domestic Equity Market

Indian equity markets witnessed modest weekly gains amid strength in rupee



Domestic Equity Market

Ratios	S&P BSE Sensex	Nifty 50	Nifty Mid Cap 100	Nifty Small Cap 100
P/E	27.7	28.1	39.2	38.1
P/B	3.1	3.6	2.6	1.8
Dividend Yield	1.2	1.2	1.0	0.9

Source: BSE, NSE

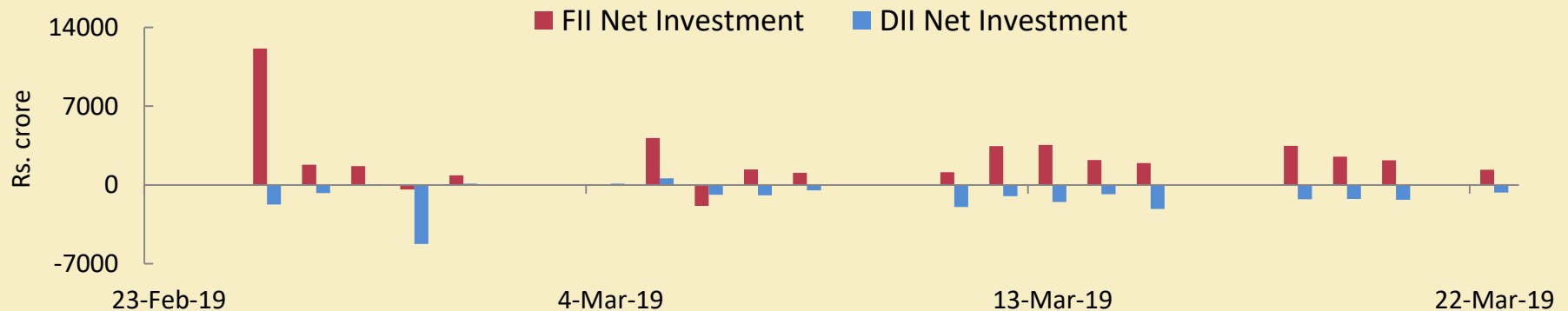
Values as on Mar 22, 2019

NSE Advance/Decline Ratio

Date	Advances	Declines	Advance/Decline Ratio
18-Mar-19	777	1,073	0.72
19-Mar-19	963	882	1.09
20-Mar-19	691	1,160	0.60
22-Mar-19	644	1,192	0.54

Source: NSE

- ✓ Indian equity markets witnessed volatility before ending the week with modest gains. Buying interest found initial support amid strength in rupee and upbeat global cues.
- ✓ Global markets got a fillip earlier from reports suggesting U.S. and China have made concrete progress in their trade talks. Additionally, investors remained hopeful of a stable government post election and the Reserve Bank of India (RBI) cutting rates in its next meeting.
- ✓ Later, most of the gains were eroded as trade worries re-emerged on media reports that China is not conceding to U.S. demands.



Source: SEBI

Domestic Equity Market

Sectoral Indices

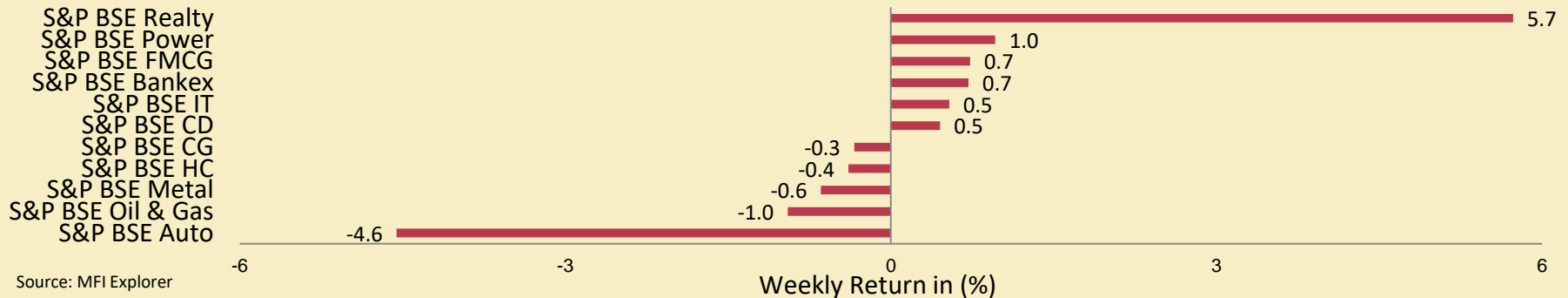
Indices	Last Closing*	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	18,798.43	-4.6	1.0
S&P BSE Bankex	33,150.80	0.7	10.2
S&P BSE CD	23,141.99	0.5	8.7
S&P BSE CG	18,340.55	-0.3	9.1
S&P BSE FMCG	11,692.75	0.7	3.1
S&P BSE HC	14,182.20	-0.4	4.4
S&P BSE IT	15,240.23	0.5	0.9
S&P BSE Metal	11,151.85	-0.6	4.5
S&P BSE Oil & Gas	14,812.87	-1.0	8.6
S&P BSE Realty	2,063.70	5.7	13.5
S&P BSE Power	2,000.75	1.0	10.3

Source: MFI Explorer

*Values as on Mar 22, 2019

- ✓ On the BSE sectoral front, majority of the sectors closed in the green. S&P BSE Realty was the top gainer, up 5.73%, followed by S&P BSE Power and S&P BSE FMCG, which edged up 0.96% and 0.73%, respectively.
- ✓ During the week, the real estate industry achieved a major milestone after 'Embassy Office Parks', a joint venture between the real estate company Embassy and private equity firm Blackstone launched the country's first Real Estate Investment Trust (REIT).
- ✓ Meanwhile, S&P BSE Auto turned out to be a major loser (-4.55%) during the week followed S&P BSE Oil & Gas (-0.95%) and S&P BSE Metal (-0.64%).

1-Week Return as of March 22, 2019



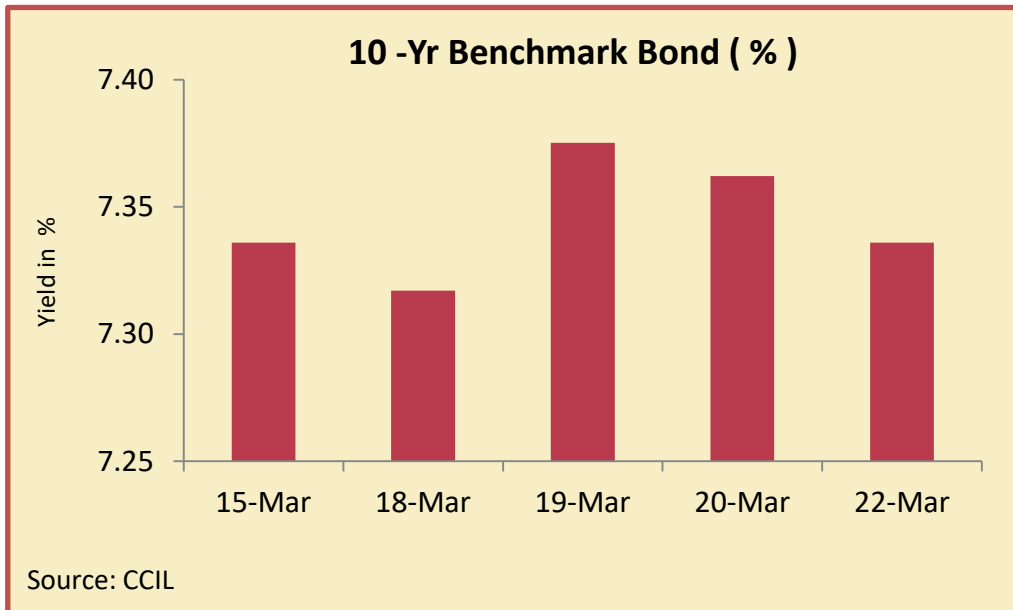
Source: MFI Explorer

Domestic Debt Market

Bond yields closed steady amid profit booking

Debt Indicators (%)	Current Value*	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	6.19	6.23	6.34	6.58
91 Day T-Bill	6.28	6.32	6.43	7.1
07.32% 2024, (5 Yr GOI)	6.97	6.95	7.06	--
07.26% 2029, (10 Yr GOI)	7.34	7.34	7.41	--

Source: Thomson Reuters Eikon; CCIL *Values as on Mar 22, 2019



- ✓ Bond yields fell after the U.S. Federal Reserve (Fed) in its much-awaited monetary policy review kept interest rates on hold as expected and indicated that interest rates are likely to remain unchanged for the remainder of the year. This boosted market sentiment and allayed concerns over foreign fund outflow from the Indian economy.
- ✓ The stance comes as the U.S. Federal Reserve pointed to a slowdown in economic growth due to slower growth of household spending and business fixed investment in the first quarter of 2019. However, profit booking wiped out the gains.
- ✓ Yields on the 10-year benchmark paper (7.26% GS 2029) stood unchanged at 7.34% from the last week's close, after trading in the range of 7.29% to 7.39%.

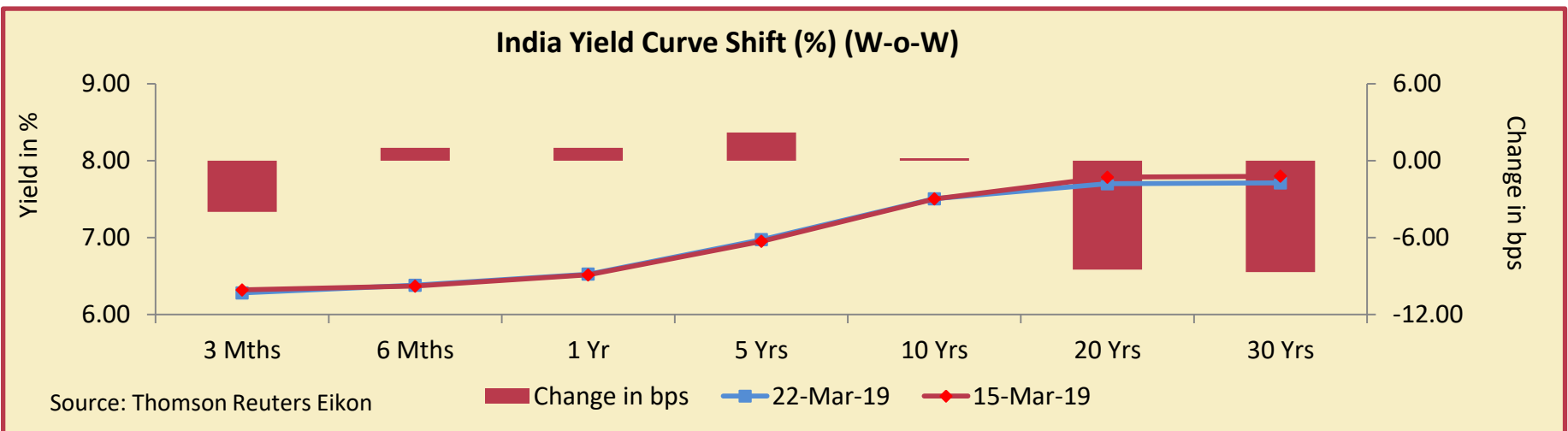
Domestic Debt Market

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	6.63	8.12	149
3 Year	6.73	8.16	143
5 Year	7.09	8.38	129
10 Year	7.64	8.60	95

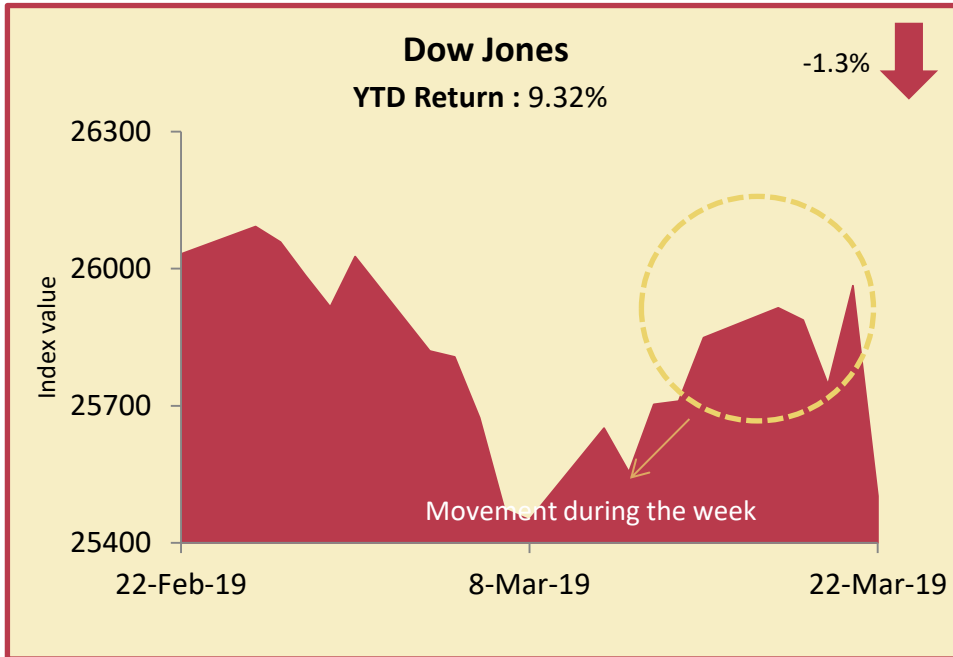
Source: Thomson Reuters Eikon

Values as on Mar 22, 2019

- ✓ Yields on gilt securities fell across maturities by up to 9 bps, barring 10- and 11-year papers that remained flat. Yields on 1-, 2-, 5- and 6-year papers increased by up to 2 bps.
- ✓ Corporate bond yields increased on 5 to 7 years' papers in the range of 6 to 10 bps, while it remained unchanged on 4- and 8-year papers. Remaining securities dropped by up to 31 bps.
- ✓ Spread between AAA corporate bond and gilt expanded by up to 9 bps on 4 to 7 years' papers while remaining securities contracted in the range of 3 to 23 bps.



International Markets



- ✓ Most of the U.S. markets remained low amid lingering uncertainty about trade talks between the U.S. and China, ahead of another round of high-level negotiations.
- ✓ Meanwhile, the U.S. Fed kept interest rates unchanged and indicated no further rate hike in 2019. Although the same brought some relief to the investors, the central bank's reduced growth outlook for 2019 weighed on market sentiments.

Indices	Last Closing*	Returns (in %)		
		1-Wk	1-Mth	YTD
Europe				
CAC-40 Index	5,269.92	-2.5	1.0	11.4
DAX Index	11,364.17	-2.8	-0.8	7.6
FTSE 100	7,207.59	-0.3	0.4	7.1

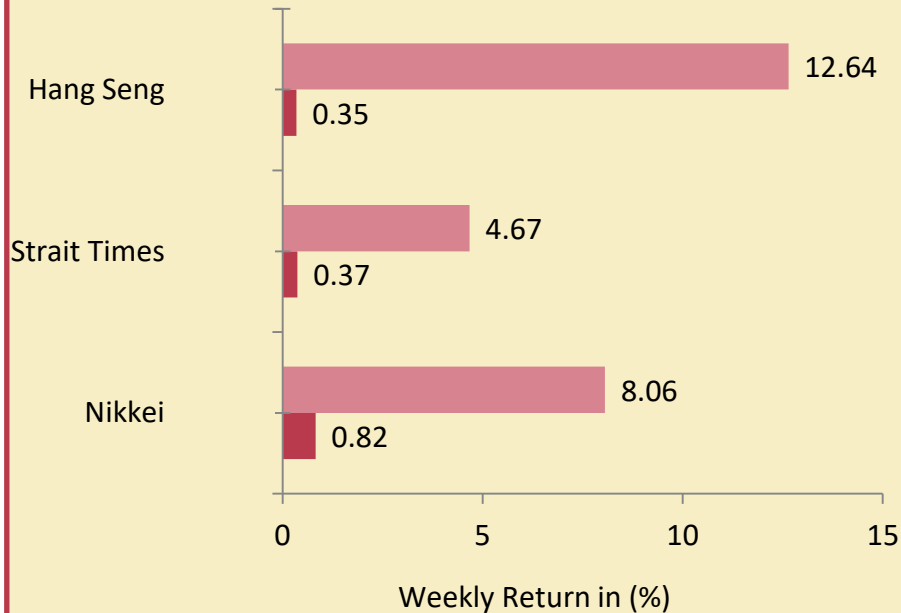
Source: Thomson Reuters Eikon

*Values as on Mar 22, 2019

- ✓ European markets mostly traded down as weak economic data in the euro zone resurfaced growth concerns. Eurozone manufacturing and services PMI fell in Mar 2019 and eurozone construction output fell in Jan 2019. Concerns over U.S.-China trade negotiations further weighed on the sentiment.
- ✓ However, the downside was limited as Bank of England kept interest rates on hold and the U.S. Fed hinted that it could no longer raise rates in 2019.

International Markets

Return Value as of March 22, 2019



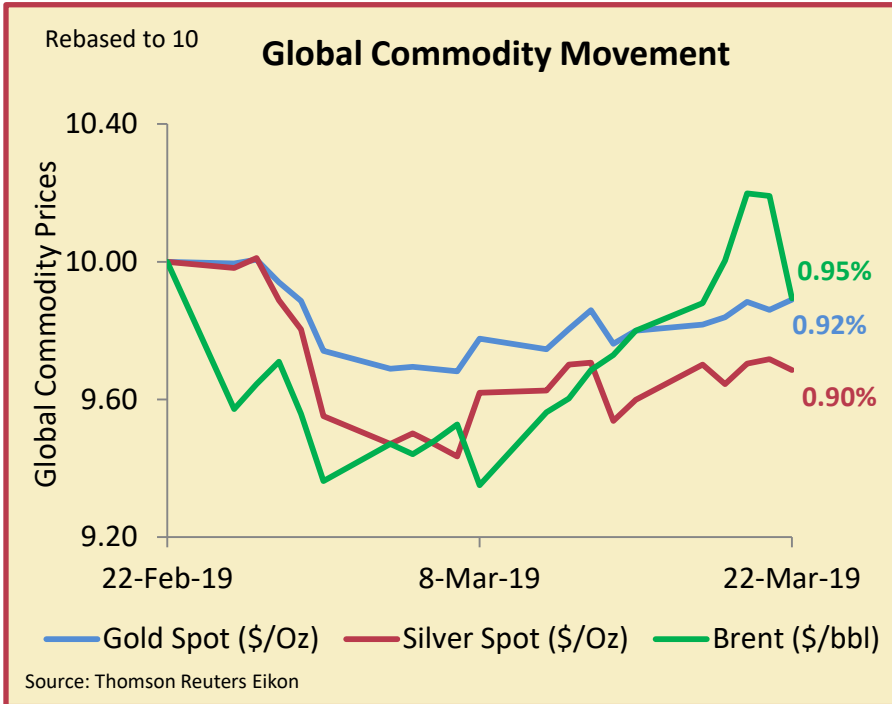
Source: MFI Explorer

■ % Change YTD

■ % Change week

- ✓ Asian markets moved up after the U.S. Fed in its meeting hinted that it could no longer raise rates in 2019. This level of dovishness was more than the markets had expected from the Fed. Expectations of more stimulus measures by China as hinted by the Chinese Premier also acted as catalyst.
- ✓ However, investors remained cautious on U.S.-China trade deal after the U.S. President warned that U.S. might maintain tariffs on Chinese goods for a "substantial period" to make Beijing comply with a trade deal. Investors will now look forward to the new round of high-level U.S.-China trade negotiations, which will start in Beijing next week.

Commodities



Gold

- ✓ Gold prices grew after the U.S. Fed, in its latest policy meeting, announced its widely expected decision to leave interest rates unchanged. It also indicated that the central bank could no longer raise rates in 2019, such dovishness was more than the markets had expected.
- ✓ Global growth concerns and feeble U.S. factory production figures that declined for the second consecutive month in Feb 2019 added to the gains. In addition, fall in Japanese exports for the third straight month in Feb 2019 added to the precious metal's appeal. However, progress in U.S.-China trade agreement limited the bullion's rise.

Brent Crude

- ✓ Brent crude prices surged as market sentiment was swayed by OPEC-led supply cut to tighten the oil market. In addition, U.S. sanction against oil exports by Iran and Venezuela aided the commodity's price.
- ✓ However, economic growth concerns weighed on sentiment. Economic growth has slowed across Asia, Europe and North America, thereby hurting fuel demand.

Baltic Dry Index

- ✓ The Baltic Dry Index fell on the back of lower capesize and panamax activities.

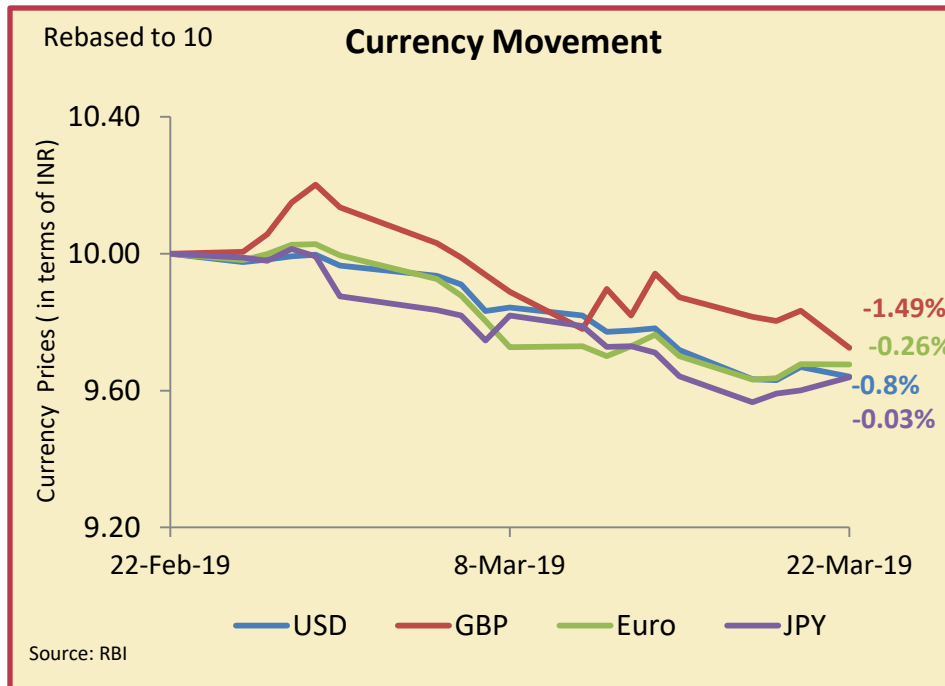
Performance of various commodities

Commodities	Last Closing*	1-Wk Ago
Brent Crude(\$/Barrel)	66.73	66.10
Gold (\$/Oz)	1,313.13	1,301.13
Gold (Rs/10 gm)	32,007	31,966
Silver (\$/Oz)	15.41	15.28
Silver (Rs/Kg)	38,160	37,993

Source: Thomson Reuters Eikon

*Values as on Mar 22, 2019

Currency



Rupee

- ✓ The rupee rose against the greenback as trade deficit declined to \$9.6 billion in Feb 2019, which is the lowest since Sep 2017. Expectations of foreign fund inflows added to the gains. However, greenback purchases by corporates and importers restricted the gains.

Euro

- ✓ The euro fell against the greenback following Germany's weaker than expected flash composite Purchasing Managers' Index for Mar 2019 and Brexit-related concerns. However, weakness in U.S. dollar after U.S. Federal Reserve indicated no plans of raising rates in 2019, restricted the losses.

Pound

- ✓ The pound weakened against the greenback initially on growing worries of a "no-deal" Brexit. However, reports that the European Union has stated that Britain can have a short delay to Brexit, as per request of the U.K.'s Prime Minister restricted the losses.

Yen

- ✓ The yen gained against the greenback as the latter fell on growing worries about the U.S. economy and as the U.S. Fed held interest rates steady and denied projections for further rate hikes in 2019.

Movement of Rupee vs. Other Currencies

Currency	Last Closing *	1-Wk Ago
US Dollar	68.66	69.21
Pound Sterling	90.28	91.64
EURO	78.14	78.34
100 Yen	61.97	61.99

Source: RBI

Figures in INR, *Values as on Mar 22, 2019

Key Mutual Funds News

- ✓ According to media reports, Aditya Birla Sun Life Mutual Fund gathered Rs. 166 crore from the New Fund Offer (NFO) of Aditya Birla Sun Life Retirement Fund. The fund drew investors from around 241 locations and received 23,743 applications, 40% of which were SIPs.
- ✓ Axis Mutual Fund announced the appointment of Boniface Noronha as Head - Digital & Marketing of Axis Asset Management Company Ltd. with effect from Mar 5, 2019.
- ✓ ICICI Prudential Mutual Fund announced the approval of re-opening / accepting subscriptions through lumpsum investments in ICICI Prudential Smallcap Fund with effect from Mar 19, 2019.
- ✓ IndiaBulls Mutual Fund revised the exit load of Indiabulls Dynamic Bond Fund to nil effective from Mar 8, 2019.
- ✓ SBI Mutual Fund announced the launch of SBI Fixed Maturity Plan (FMP) - Series 1 (3668 Days), a close-ended debt scheme. The NFO will open for subscription on Mar 26, 2019 and will close on Mar 27, 2019.
- ✓ Sundaram Prudential Mutual Fund announced the launch of Sundaram Fixed Term Plan-IS, a close-ended income scheme. The NFO opened for subscription on Mar 15, 2019 and closed on Mar 19, 2019.
- ✓ JM Financial Mutual Fund announced the launch of JM Fixed Maturity Fund - Series XXVIII – Plan A, a close-ended income fund offering fixed maturity plan. The NFO opened for subscription on Mar 20, 2019 and will close on Mar 25, 2019.
- ✓ Kotak Mutual Fund announced the launch of Kotak FMP Series 267 - 1182 Days, a close-ended debt scheme. The NFO will open for subscription on Mar 25, 2019 and will close on Mar 27, 2019.

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