

Monthly Market Update: July, 2013

Highlights of the Issue

- ➡ First Quarter Monetary Policy Review
- ➡ Global Market Connect
- ➡ Indian Market Connect
- ➡ MCX-SX Corner – Equity and Derivatives Segment
- ➡ MCX-SX Corner – Currency Derivatives Segment
- ➡ MCX-SX Corner –SX40
- ➡ MCX-SX Circulars
- ➡ Regulatory Developments
- ➡ Key Market Developments
- ➡ Key Indian Economic Indicators
- ➡ Economic Calendar – August 2013
- ➡ Branch Offices

Mail box

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yourviews@mcx-sx.com*

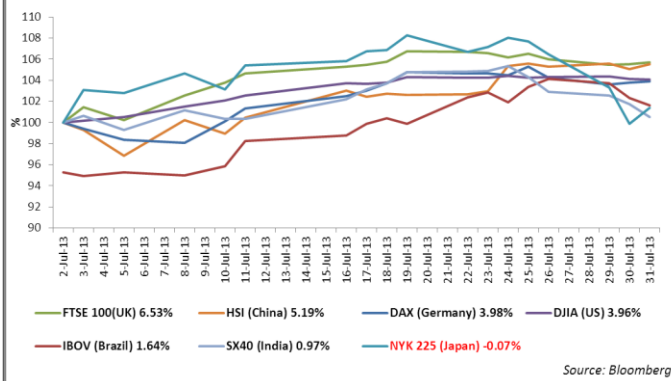
First Quarter Monetary Policy Review - Abstract

- On the basis of the current assessment of the Indian Economy and monetary conditions, the Reserve Bank announced the following monetary policy measures:
 - a. Repo rate under the liquidity adjustment facility (LAF) kept unchanged at 7.25 per cent.
 - b. The reverse repo rate under the LAF, determined with a spread of 100 basis points below the repo rate, stands at 6.25 per cent.
 - c. The MSF rate remains unchanged at 300 basis points above the repo rate at 10.25 per cent.
 - d. The Bank Rate kept at 10.25 per cent.
 - e. The cash reserve ratio of scheduled banks has been retained at 4.0 per cent of their net demand and time liabilities.
- Since early May, global growth has been uneven and slower than initially expected claimed the RBI review. The tail risks to global recovery had eased in the early part of the year, but that improvement was overtaken by the turmoil in financial markets because of the 'announcement effect' of the likely tapering of quantitative easing (QE) by the US Fed. Emerging and developing economies are slowing, and are experiencing sell-offs in their financial markets, largely due to the flight of capital.
- On the domestic front, the foreign exchange market came under severe stress starting late May, prompting RBI to initiate liquidity tightening measures to contain the volatility. As regards economic activity, risks to growth have increased notwithstanding the robust onset and spread of the monsoon claims the RBI monetary policy review. Meanwhile, depressed global conditions are undermining export performance, even as heightened volatility in capital flows has raised external funding risks.
- Headline inflation, as measured by the wholesale price index (WPI), edged up slightly to 4.9 per cent in June 2013 after declining for five months in a row, mainly driven by a spurt in food inflation. Retail inflation, as measured by the Consumer Price Index, had moderated during April-May, but it surged close to double digits in June, driven primarily by a sharp increase in food prices.
- In the May Policy, RBI projected GDP growth for 2013-14 of 5.7 per cent, conditional upon a normal monsoon returning agricultural growth to its trend level. The outlook for industrial activity, however, was expected to remain subdued, and growth in services and exports was expected to stay sluggish owing to global growth not improving significantly.
- The biggest risk to the macroeconomic outlook stems from the external sector. Financial markets around the world went into a flash turmoil on the perception of an earlier than expected tapering of QE by the US Fed. The rupee depreciated in nominal terms by as much as 5.8 per cent between May 22 and July 26, consequent on sudden stop and reversal of capital flows in reaction to the prospective change in the US monetary policy stance. India, with its large CAD and dependence on external flows for financing it, will remain vulnerable to the confidence and sentiment in the global financial markets claims the first quarter review of monetary policy 2013-14.

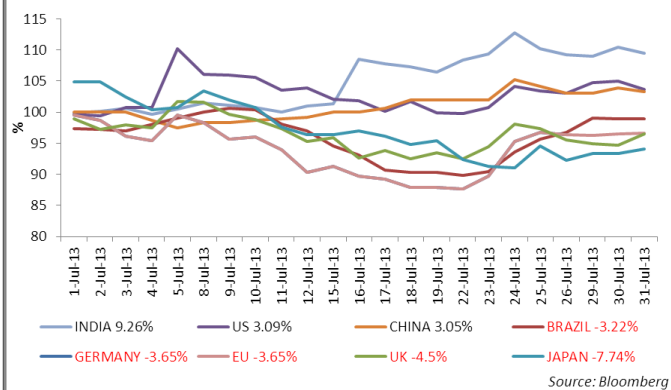
[Detailed Report](#)

Global Market Connect

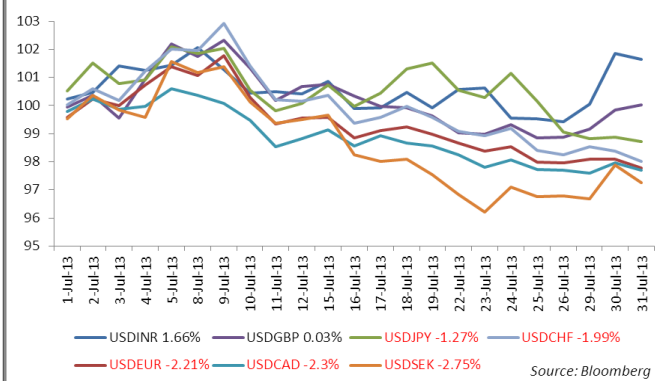
**Performance of Global Indices
for the month of July 2013 (Rebased)**



**Performance of Global Bond Markets
for the month of July 2013 (Rebased)**



**Performance of Major Currencies against USD
for the month of July 2013, (Rebased)**



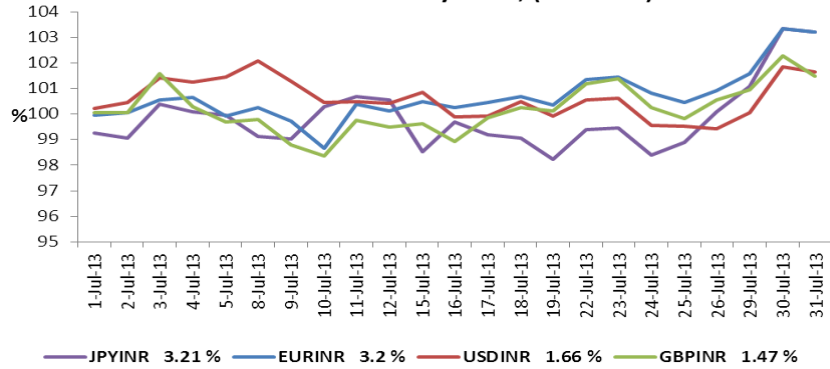
**Top 10 Exchanges by
Market Capitalization
for the month of June, 2013**

Exchanges	USD billions	% Change
NYSE Euronext (US)	15,632.59	-1.49%
NASDAQ OMX	5,253.64	-0.49%
Japan Exchange Group - Tokyo	4,026.07	1.27%
London SE Group	3,626.65	-5.05%
NYSE Euronext (Europe)	2,908.48	-4.23%
Hong Kong Exchanges	2,669.60	-7.09%
Shanghai SE	2,277.35	-13.93%
TMX Group	1,897.22	-5.62%
Deutsche Börse	1,517.41	-6.16%
SIX Swiss Exchange	1,336.80	-1.85%

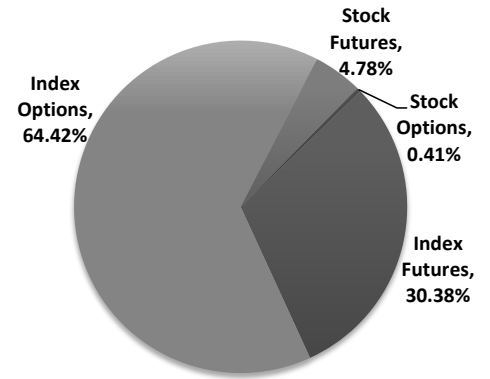
Source: World Federation of Exchanges

Indian Market Connect

Performance of Currencies in Spot Markets for the month of July 2013, (Rebased)

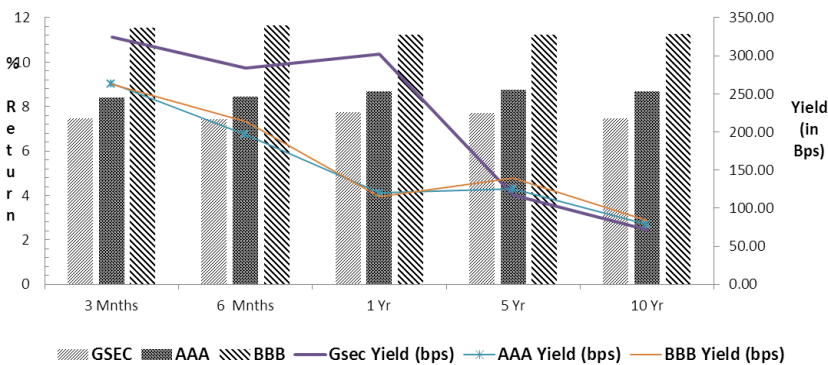


FII exposure (Net) in Derivatives Segment for the month of July 2013

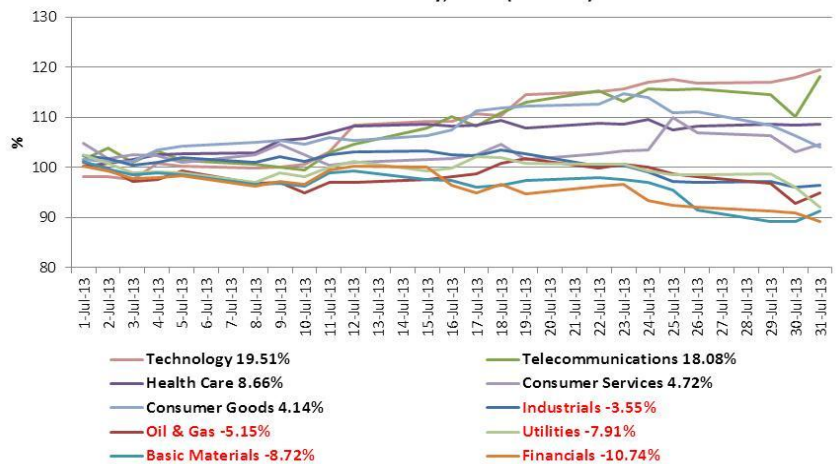


Source: SEBI

Performance of Debt Markets July, 2013



Performance of Industry groups in SX40 as per ICB for the month of July, 2013 (rebased)

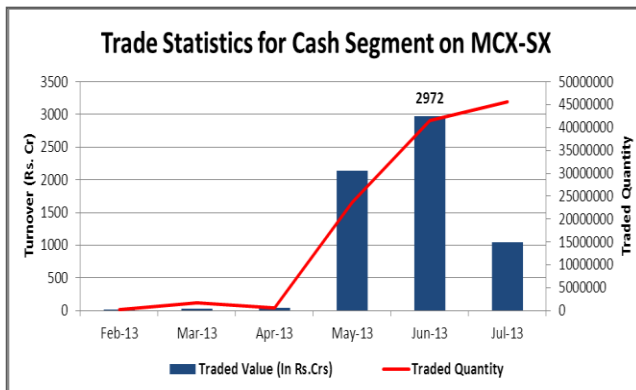


Corporate Bonds trading details (Rs. Cr)

Parameter	Exchanges Platform	FIMMDA
June 2013		
No. of Trades	2,642	3,199
Amount	35,560.44	51,666.05
July 2013		
No. of Trades	3,321	4,049
Amount	47,791.78	62,890.74

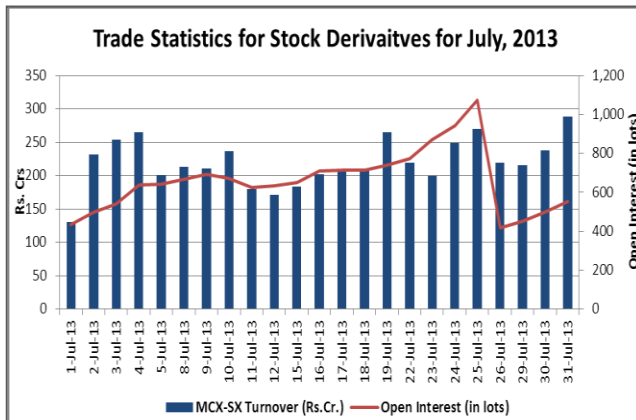
Source: SEBI

MCX-SX Corner- Equity & Equity Derivatives Segment



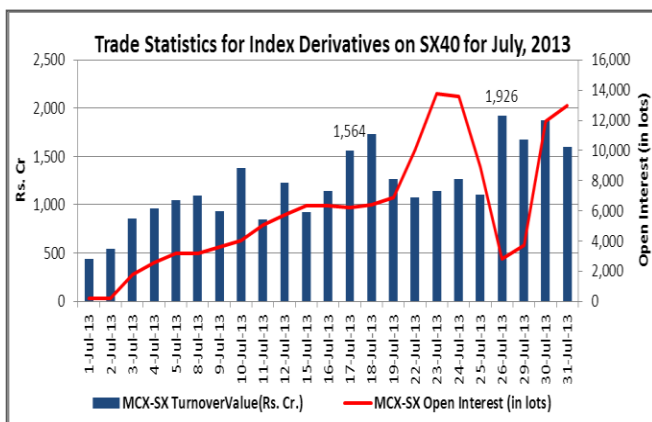
MCX-SX Cash Segment

- No. of Trades for July 2013: 155,328 (Feb 2013 – 4043).
- No. of Securities traded for July 2013: 1131.
- The monthly turnover for in cash segment) at MCX-SX increased by 39.2% from 2,135.3 crore in May 2013 to 2,972.3 crore in June 2013.



MCX-SX Equity Derivatives Segment

- Volume on Equity Derivatives increased from 5,012 to 12,167 during the 23 trading sessions in the month of July 2013.
- Average daily traded volume on Equity Derivatives segment is 9,068 for month of July, 2013.

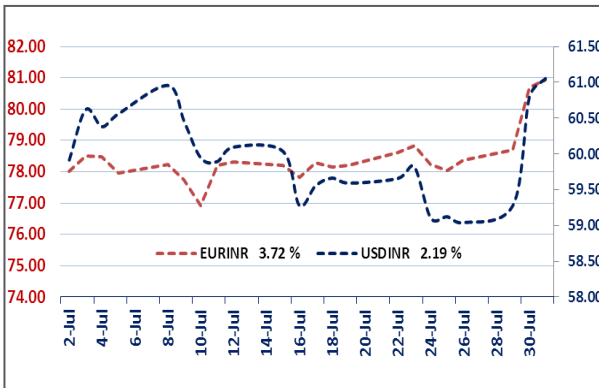


MCX-SX Index Derivatives Segment

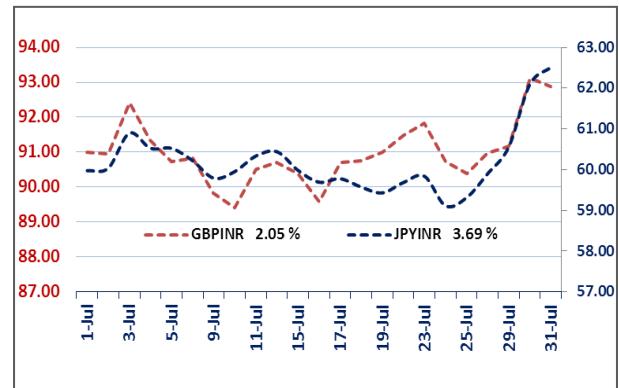
- Investor participation in SX40 derivatives is on a steady rise with volumes touching Rs 1500 crore (17th July, 2013) in just two months
- MCX-SX flagship index 'SX40' wins Golden Peacock Eco- Innovation Award 2013.
- SX40 uses ICB's capping methodology to eliminate industry bias, which has led to higher returns for investors compared to other indices

MCX-SX Corner- Currency Segment

The Rupee depreciated against the Dollar, with the close price of USDINR for June 2013 moving from Rs. 59.745 to Rs. 61.055 during the period, experiencing a high of Rs. 61.055 and a low of Rs. 59.04

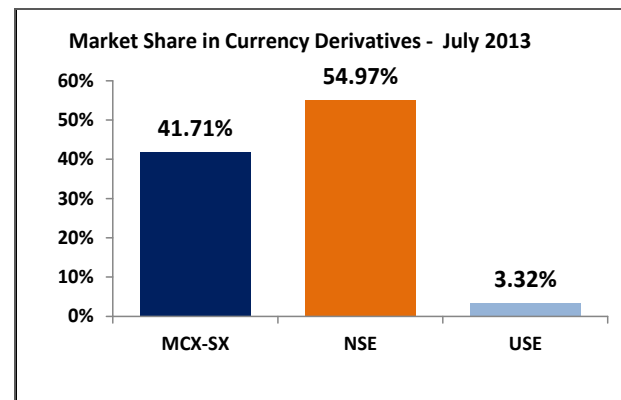
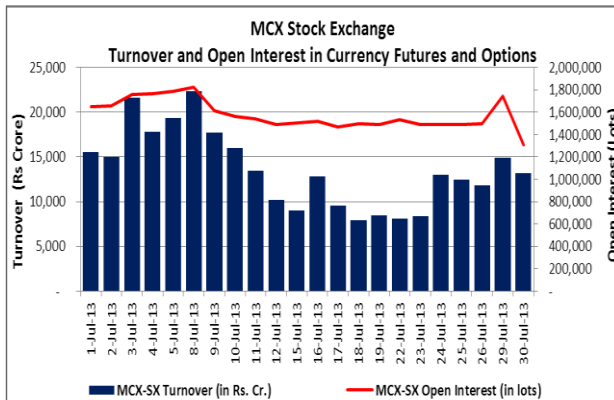


The Rupee depreciated against the British Pound, with the close price of GBPINR for June 2013 moving from Rs. 91.0225 to Rs. 92.8875 during the period, experiencing a high of Rs. 93.12 and a low of Rs. 89.4075



The Rupee depreciated against the EURO, with the close price of EURINR for June 2013 moving from Rs. 78.0375 to Rs. 80.9425 during the period, experiencing a high of Rs. 80.9425 and a low of Rs. 76.9150

The Rupee depreciated against the Japanese Yen, with the close price of JPYINR for June 2013 moving from Rs. 60.29 to Rs. 62.5125 during the period, experiencing a high of Rs. 62.5125 and a low of Rs. 59.1125

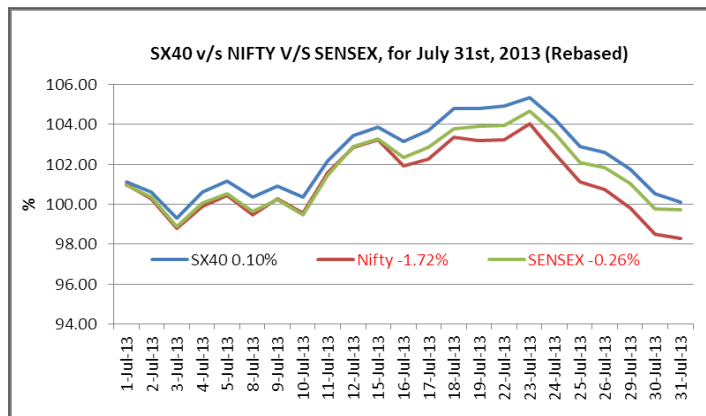


During July 2013, the market share of the Exchange in the Currency derivatives segment stood at 41.71% in the Currency Futures and Options segment. The average daily turnover in MCX-SX across Currency Futures and Options segment was Rs. 13,517.35 with average daily volume of 2,203,251 lots during the same period.

MCX-SX Corner- SX40

Index Returns and Movements for the month of July, 2013

Return of SX40 v/s Nifty and Sensex			
Index	As on 1st July,2013	As on31st July, 2013	Return (%)
SX40	11,620.81	11,505.51	-0.99%
Sensex	19,577.39	19,345.70	-2.66%
Nifty	5898.85	5742.00	-1.18%
Source: Exchange Websites			



MCX-SX Circulars

- List of Approved Securities CDS, ECM, EDS and Debt; dated July 1, 2013
Ref. No: MCX-SX/C&S/1286,1287,1288 & 1289/2013
- All securities available TWS Debt Segment; dated July 5, 2013;
Ref. No: MCX-SX/LIST/1297/2013
- Revised Position Limits for Exchange Traded Currency Derivatives; dated July 9, 2013 ;
Ref.No: MCX-SX/C&S/1308/2013
- Revision In Spread Charge – USDINR; dated July 15, 2013;
Ref. No: MCX-SX/C&S/1318/2013
- Trade to Trade Settlement; dated July 15, 2013;
Ref. No: MCX-SX/SURV/1317/2013
- Settlement schedule for August 2013 for DMS, CDS,EDS and EMC; dated July 16, 2013;
Ref.No: MCX-SX/C&S/1322,1321,1320 & 1319/2013
- Revision in Liquidity Enhancement Scheme (SX-LES); dated July 17, 2013;
Ref.No: MCX-SX/BD/1324/2013

Regulatory Developments and Reports

Securities and Exchange Board of India

- Utilisation period for Government Debt Limits, dated July 31st, 2013. Ref: [CIR/IMD/FIIC/11/2013](#)
- Operational, prudential and reporting requirements for Alternative Investment Funds, dated July 29th, 2013. Ref: [CIR/IMD/DF/10/2013](#)
- FII/QFI investments in Security Receipts; dated July 9th, 2013. Ref: [CIR/IMD/FIIC/9/2013](#)
- Modification of Position limits and increasing margins in the Currency Derivative Segment, dated July 8th, 2013. Ref: [CIR/IMD/FIIC/11/2013](#)

Reserve Bank of India

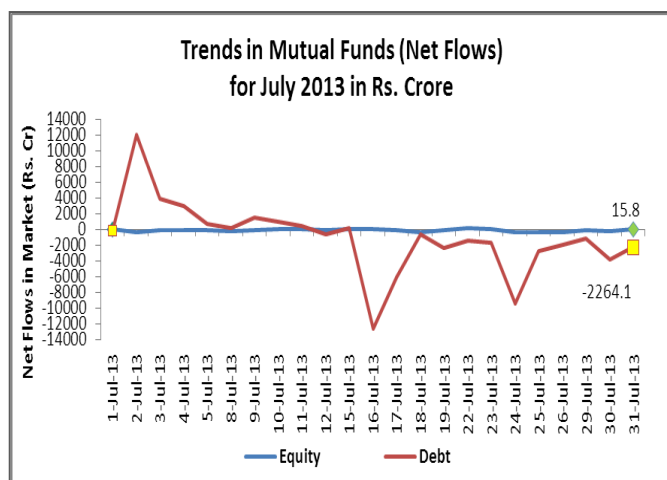
- First Quarter Review of Monetary Policy 2013-14, dated July 30th, 2013....[Report](#)
- Risk Management and Inter-Bank Dealings – Reporting of Unhedged Foreign Currency Exposures of Corporates, dated July 23rd, 2013. Ref: [RBI/2013-14/151](#),
- Special Repo Window for Liquidity Requirement of Mutual Funds, dated July 17th, 2013. Ref: [RBI/2013-14/143](#) ;
- External Commercial Borrowings (ECB) Policy – Review of all-in-cost ceiling, dated July 11th, 2013. Ref: [RBI/2013-14/134](#)
- Risk Management and Interbank dealings, regarding participation of AD's in Currency Futures/Exchange traded currency options markets, dated July 8th, 2013. Ref: [RBI/2013-14/127](#)
- Foreign Investment in India – Guidelines for calculation of total foreign investment in Indian companies, transfer of ownership and control of Indian companies and downstream investment by Indian companies; dated July 4th, 2013. Ref: [RBI/2013-14/117](#)
- Basel III Capital Regulations; dated July 1st, 2013. Ref: [RBI/2013-14/70](#)

International Organization of Securities Commissions

- Principles for Financial Benchmarks, dated July 17th, 2013. Ref: [IOSCO/MR/27/2013](#)
- Paper on cyber-crime, systemic risk and global securities markets, dated July 16th, 2013. Ref: [IOSCO/MR/26/2013](#)
- IOSCO meets with stakeholders on the global financial regulatory reform agenda, dated July 2nd, 2013. Ref: [IOSCO/MR/25/2013](#)

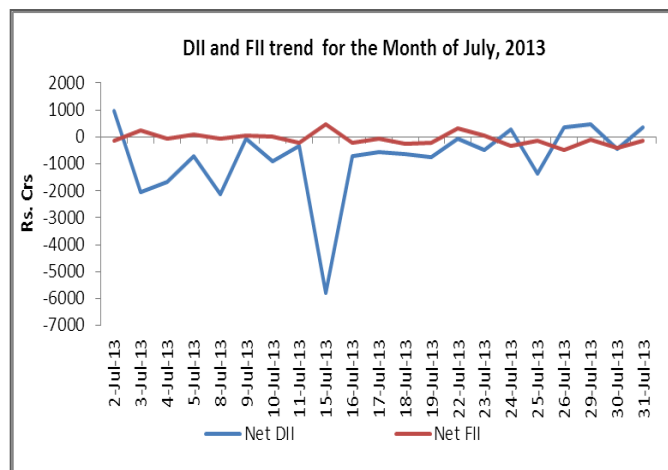
Key Indian Market Developments

Daily trend of Mutual Funds' Investments – July 2013



Source: SEBI Website

Daily trend for DII and FII – July 2013



Source: SEBI and Exchange Websites

Key Indian Economic Indicators

Key Economic Indicators - India		Percentage Change
Exports in US\$ bn		
May 2013	24.51	-2.98%
June 2013	23.78	
Imports in US\$ bn		
May 2013	44.65	-19.28%
June 2013	36.04	
International Reserves (as on 26 th July, 2013)	US \$ 280.16 Bn	
Policy Rates		
Bank Rate	10.25%	
Repo Rate	7.25%	
Reverse Repo Rate	6.25%	
Lending/ Deposit Rates		
Base Rate	9.70% - 10.25%	
Term Deposit Rate	7.50% - 9.00%	

Key Economic Indicators - India		Percentage Change
Current Account Deficit (US\$ bn) (Jan - March 13)		-18.17
% GDP		3.6%
Gold Imports (US \$ bn)		% Change
March 2013	3.15	117.78%
April 2013	6.86	
Oil Net Imports – US\$ bn		% Change
April 2013	8.99	10.37%
May 2013	9.92	
Non -Oil Net Imports – US\$ bn		% Change
April 2013	9.23	16.73%
May 2013	10.78	

Source: Ministry of Finance & RBI

Economic Calendar – August 2013

Monday	Tuesday	Wednesday	Thursday	Friday
			1	2
			EMU:ECB Announcement US:ISM Mfg Index US:EIA Natural Gas Report US: Fed Balance Sheet US: Money Supply	EMU:PPI US: Employment Situation
5	6	7	8	9
EMU:PMI Services Index EMU: Retail Sales US:ISM Non-Mfg Index	US:ICSC-Goldman Store Sales US: International Trade US: Redbook	US:EIA Petroleum Status Report	US: Export Sales US: Bloomberg Consumer Comfort Index US:EIA Natural Gas Report US: Fed Balance Sheet US: Money Supply	US: Wholesale Trade
12	13	14	15	16
US: Export Inspections US: Treasury Budget	EMU: Industrial Production US: Import and Export Prices US: Retail Sales	EMU:GDP Flash US: Producer Price Index US:EIA Petroleum Status Report	US: Export Sales US: Treasury International Capital US: Industrial Production US:EIA Natural Gas Report US: Money Supply	EMU:HICP US: Housing Starts US: Productivity and Costs
19	20	21	22	23
US: Export Inspections	US:ICSC-Goldman Store Sales US: Chicago Fed National Activity Index US: Redbook	US: Existing Home Sales US:EIA Petroleum Status Report	EMU:PMI Composite FLASH US: Export Sales US: Leading Indicators US:EIA Natural Gas Report US: Money Supply	GB:GDP
26	27	28	29	30
US: Durable Goods Orders US: Export Inspections	US:ICSC-Goldman Store Sales US: Redbook US:S&P Case-Shiller HPI	EMU:M3 Money Supply US:EIA Petroleum Status Report	US: Export Sales US:GDP US:EIA Natural Gas Report US: Money Supply	EMU:HICP Flash EMU: Unemployment Rate US: Chicago PMI US: Consumer Sentiment

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References

www.rbi.org.in; www.sebi.gov.in; www.commerce.nic.in; www.mospi.gov.in; www.tickerplantindia.com; www.finmin.nic.in;
www.bls.gov; www.reuters.com; www.cmegroup.com; www.worldbank.org.in; Bloomberg

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