

Monthly Market Update: April, 2013

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- ➡ Economic Calendar – May 2013
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Mail box

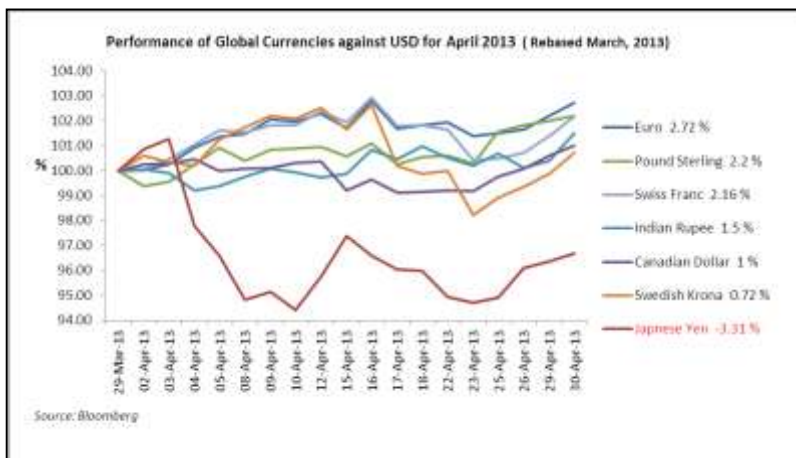
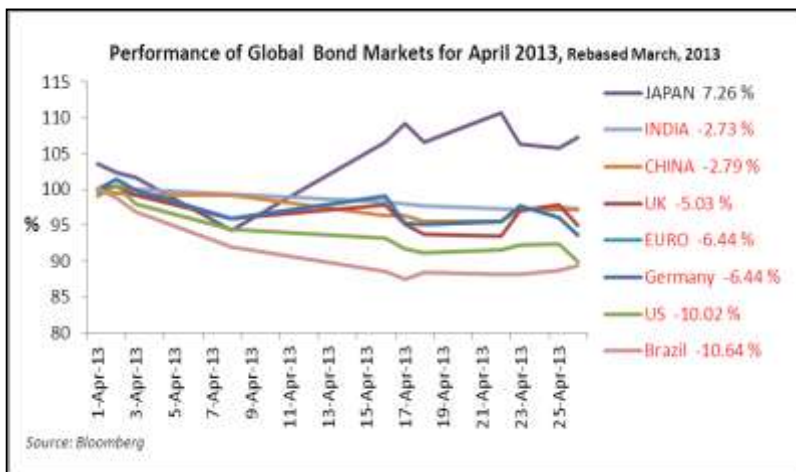
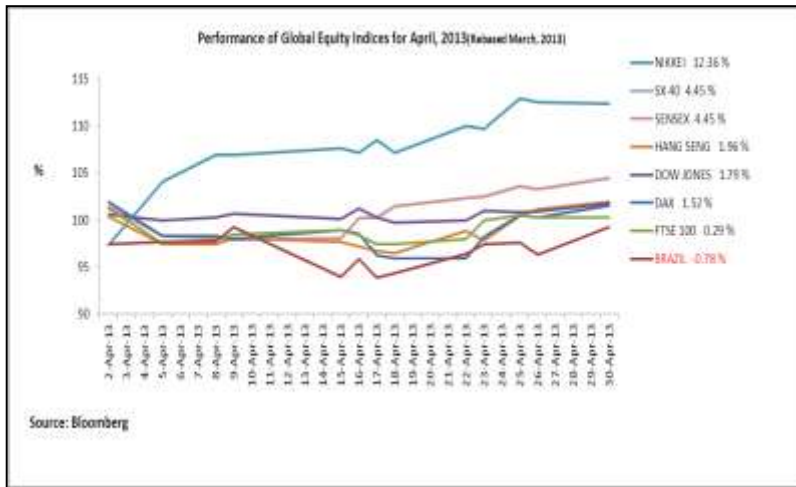
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Summary of Mid – Quarter Monetary Policy Review – March 2013

Monetary and Liquidity Measures

- Based on an assessment of the prevailing macroeconomic situation, RBI in its recent monetary policy announcement had decided to:
 1. reduce the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 7.75 per cent to 7.5 per cent with immediate effect;
 2. Consequently, the reverse repo rate under the LAF stands adjusted to 6.5 per cent and the marginal standing facility (MSF) rate and the Bank Rate to 8.5 per cent with immediate effect.
- According to the central bank, money supply (M_3) and bank credit growth have broadly moved in alignment with their revised indicative trajectories. With government cash balances with the central bank at a higher than normal level, the liquidity deficit, as reflected by the net drawals by banks under the liquidity adjustment facility (LAF), has remained above the indicative comfort zone says the central bank in its monetary review of the financial system. The reduction in the cash reserve ratio (CRR) of banks by 25 basis points, effective from February 9 and open market purchases of `200 billion since February shall enable money market rates to remain anchored to the policy repo rate.
- The key challenge on the external front as mentioned by the central bank assessment has been to reduce the CAD, which is well above the sustainable threshold. This adjustment requires measures to improve the competitiveness of exports and wean away demand for unproductive imports, will inevitably take time. Meanwhile, financing of the CAD with stable flows remains a challenge.
- The foremost challenge for returning the economy to a high growth trajectory is to revive investment, as mentioned by RBI. A competitive interest rate is necessary for this, but not sufficient. Sufficiency conditions include bridging the supply constraints, staying the course on fiscal consolidation, both in terms of quantity and quality, and improving governance.

Global Market Connect



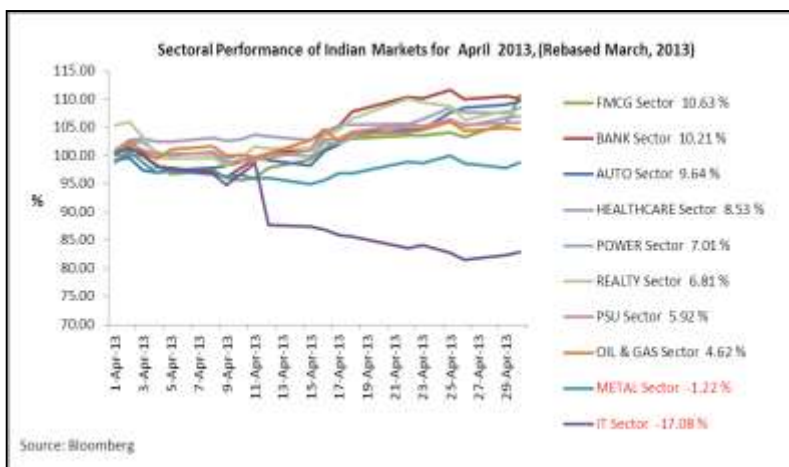
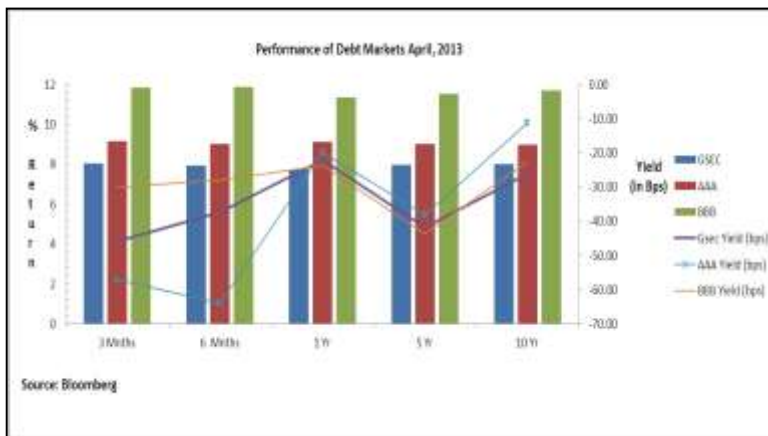
Top 20 Exchanges by Market Capitalization for 31st March 2013

Stock Exchanges	USD bn	m-o-m change
NYSE Euronext (US)	15223	3%
NASDAQ OMX	4991	4%
Japan Exchange Group - Tokyo	3887	5%
London SE Group	3713	0%
NYSE Euronext (Europe)	2903	-1%
Hong Kong Exchanges	2828	-3%
Shanghai SE	2531	-5%
TMX Group	2086	1%
Deutsche Börse	1487	-2%
Australian SE	1481	0%
SIX Swiss Exchange	1353	1%
Shenzhen SE	1229	-3%
BM&FBOVESPA	1215	-2%
BSE India	1175	-2%
Korea Exchange	1155	-3%
NSE - India	1148	-2%
NASDAQ OMX Nordic Exchange	1077	-1%
BME Spanish Exchanges	957	-3%
Johannesburg SE	866	-1%
Singapore Exchange	800	2%

Source: World Federations of Exchanges

Top 20 Exchanges account for 91% of the Global Market Capitalization as on 31st March 2013

Indian Market Connect



Exchange Traded funds

Bombay Stock Exchange

Parameters	For 31st March, 2013	For 30th April, 2013
No. of ETF's listed	30	30
Trading Value of ETF's (USD mns)	23.43	590.95
Total No. of trades in ETF (in 000's)	33.96	102.9

National Stock Exchange

Parameters	For 31st March, 2013	For 30th April, 2013
No. of ETF's listed	34	34
Trading Value of ETF's (USD mns)	159.34	254.9
Total No. of trades in ETF (in 000's)	234.72	496.52

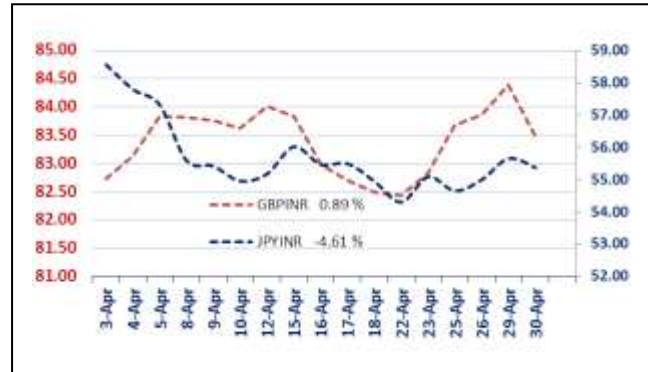
Source: World Federation of Exchanges

MCX-SX Corner

The Rupee appreciated against the Dollar, with the close price of USDINR for April 2013 moving from Rs. 54.6725 to Rs. 53.9475 during the period, experiencing a high of Rs. 55.16 and a low of Rs. 53.9475

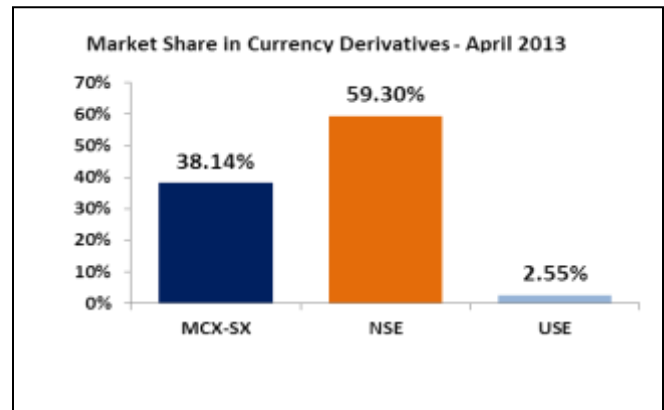
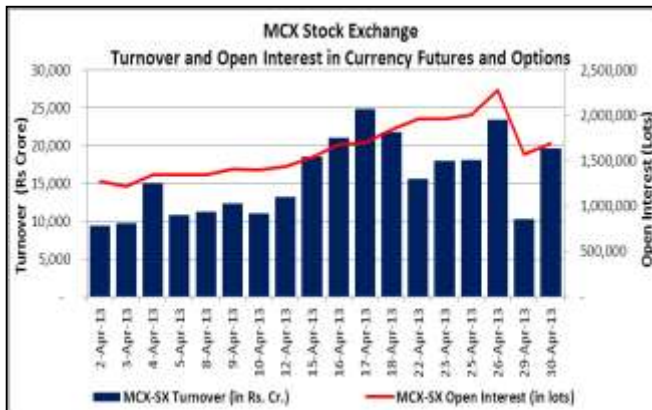


The Rupee depreciated against the British Pound, with the close price of GBPINR for April 2013 moving from Rs. 82.7375 to Rs. 83.4725 during the period, experiencing a high of Rs. 84.39 and a low of Rs. 82.4375



The Rupee depreciated against the EURO, with the close price of EURINR for April 2013 moving from Rs. 70.0275 to Rs. 70.545 during the period, experiencing a high of Rs. 71.5475 and a low of Rs. 70.18

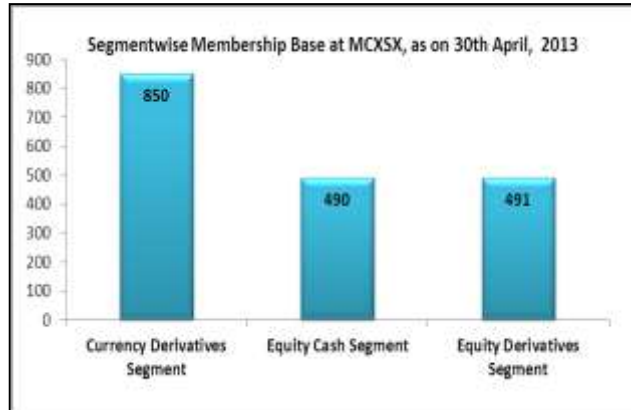
The Rupee appreciated against the Japanese Yen, with the close price of JPYINR for April 2013 moving from Rs. 58.0425 to Rs. 55.3675 during the period, experiencing a high of Rs. 58.5575 and a low of Rs. 54.3



During April 2013, the market share of the Exchange in the Currency derivatives segment stood at 38.14% in the Currency Futures and Options segment. The average daily turnover in MCX-SX across Currency Futures and Options segment was Rs. 15,782.01 with average daily volume of 2,860,791 lots during the same period.

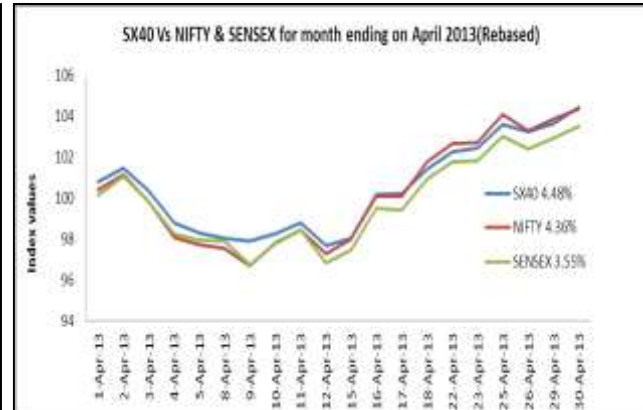
MCX-SX Corner

Segment wise Membership Base



Source: MCX-SX – Membership, as on 30th April, 2013

SX40 v/s Nifty and Sensex



Source: Exchanges Websites

MCX-SX Circulars

- ◆ List of G- Secs, Treasury Bills, Equity Shares, Exchange Traded Funds (ETFs) and Liquid Mutual Fund Schemes accepted as Collaterals, dated 1st April, 2013, Ref. No: MCX-SX/C&S/1088,1089,1090/2013
- ◆ Revision in Liquidity Enhancement Scheme (SX-LES), dated 3rd April, 2013, Ref: MCX-SX/BD/1095/2013
- ◆ Settlement Schedule for May 2013, dated 15th April, 2013, Ref.: MCX-SX/C&S/1122, 1123 & 1124/2013
- ◆ Trade to Trade Settlement, dated 22nd April, 2013, Ref: MCX-SX/SURV/1130/2013
- ◆ Revised TM, FII & MF limits for securities with revised market lot, dated 25th April, 2013, Ref.: MCX-SX/SURV/1137/2013
- ◆ Introduction of Futures and Option Contracts on SX40 Index, dated 27th April, 2013, Ref. No: MCX-SX/EDS/1144/2013
- ◆ Book Building for Public Issue, dated 30th April, 2013, Ref. No: MCX-SX/MEM/1149/2013

Regulatory Developments

Securities and Exchange Board of India

- Rationalization of Debt Limits, dated 3rd April, 2013, Ref: [CIR/IMD/FIC/6/2013](#)
- Redress of investor grievances through SEBI Complaints Redress System (SCORES), dated 17th April, 2013, Ref: [CIR/OIAE/1/2013](#)
- Circular on Infrastructure Debt Fund, dated 23rd April, 2013, Ref: [CIR/IMD/DF/7/2013](#)

Reserve Bank of India

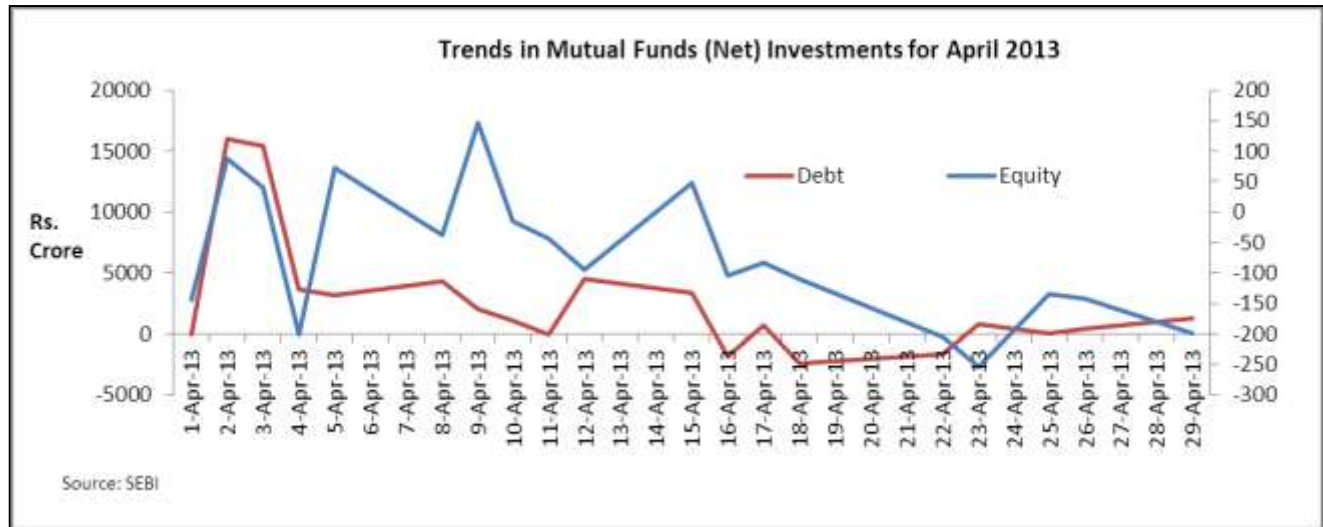
- Foreign Investment in India by SEBI registered FII's in Government Securities and Corporate Debt, dated, 1st April, 2013, Ref: [RBI/2012-2013/465](#)
- Guidelines Investment in Insurance, dated 1st April, 2013, Ref: [RBI/2012-2013/466](#)
- Trade Credits for Imports into India – Review of all-in-cost ceiling, dated 9th April, 2013, Ref: [RBI/2012-2013/475](#)
- Overseas Direct Investments – Clarification, dated 25th April, 2013, Ref: [RBI/2012-2013/481](#)

International Organization of Securities Commissions

- BCBS (Basel Committee on Banking Supervision) and IOSCO publish the responses to consultation on margin requirements for non-centrally cleared derivatives, dated 2nd April, 2013, Ref: [IOSCO/MR/11/2013](#)
- Authorities access to trade repository data –consultative report issued by CPSS-IOSCO, dated 11th April, 2013, Ref: [IOSCO/MR12/2013](#)
- Principles for Financial Benchmarks which seeks public comments on a set of high-level principles for benchmarks used in global financial markets dated 16th April, 2013, Ref: [IOSCO/MR/14/2013](#)
- CPSS and IOSCO monitor the implementation of Principles for Financial Market Infrastructures, dated 17th April, 2013, Ref: [IOSCO/MR/15/2013](#)
- Consults on Regulation of Retail Structured Products, which analyses trends in the retail structured product market, and proposes a regulatory Toolkit for IOSCO members, dated 18th April, 2013, Ref: [IOSCO/MR/16/2013](#)
- Publishes Report on Technological Challenges to Market Surveillance: Issues and Regulatory Tools, which recommends to help market authorities address the technological challenges facing effective market surveillance, dated 22nd April, 2013, Ref: [IOSCO/MR/17/2013](#)

Key Indian Market Developments

Mutual Funds Investment Trend for April 2013 – Equity Market trend though sluggish, Debt market investments have tend to decline during the month, showing a marginal recovery towards the end.



Key Economic Indicators - India		Percentage Change
Exports in US\$ bn		
Feb 2013	26.26	17.48%
March 2013	30.85	
Imports in US\$ bn		
Feb 2013	41.18	-0.05%
March 2013	41.16	
International Reserves (as on 26 th April, 2013)	US \$ 296.37 Bn	
Policy Rates		
Bank Rate	8.25%	
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%	

Source: Ministry of Finance and RBI

- India Development Update of the World Bank, states that Indian economy would grow by 6.1% in 2013-14 on account of robust domestic demand, strong savings and investment rate.
- "Economic growth is likely to accelerate to over 6 per cent during the current financial year (April 2013-March 2014). Growth is expected to increase further to 6.7% in 2014-2015," said Denis Medvedev, senior country economist, World Bank India.
- As per the International Monetary Fund (IMF) report released in April 2013, India's GDP is likely to improve to 5.7% during year ending December 2013 and further to 6.2% a year after.

Key Indian Market Developments

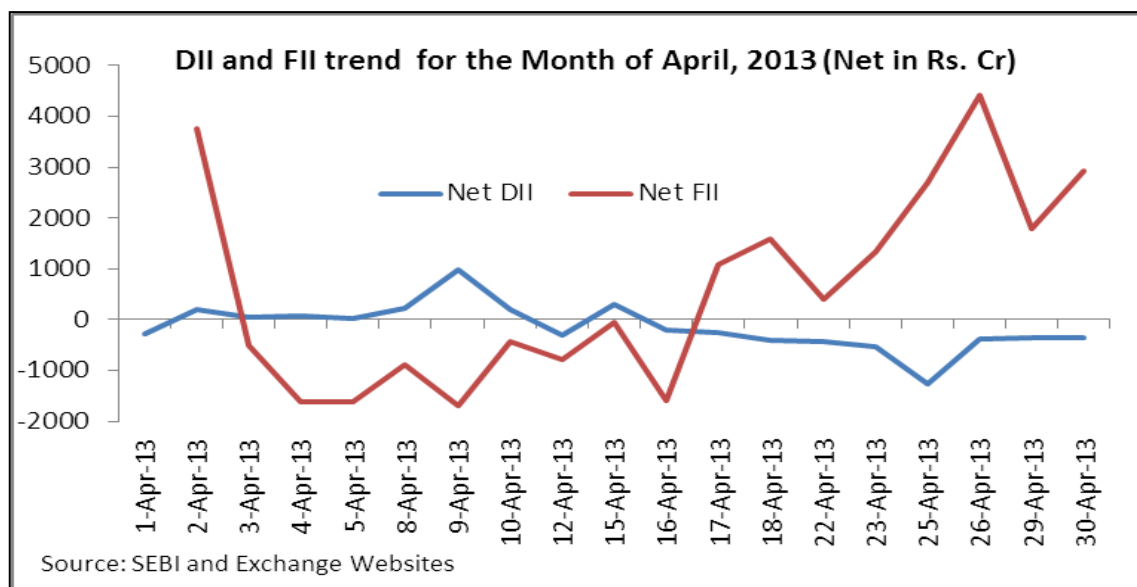
FII Investments for April 2013

<i>Debt/Equity</i>	<i>Investment Route</i>	<i>Net Investment (Rs Crore)</i>	<i>Net Investment US(\$ million)</i>
Equity	Stock Exchange	5131.40	948.35
	Primary market & others	282.80	51.93
	Sub-total	5414.10	1000.27
Debt	Stock Exchange	3699.30	692.11
	Primary market & others	1635.20	300.10

	(USD Bns)		
NYSE Euronext (US)	263.58	1	
NASDAQ OMX	172.27	2	
London SE Group	31.39	3	
Deutsche Börse	17.03	4	
Hong Kong Exchanges	15.75	5	
Korea Exchange	14.43	6	

Source: SEBI

DII and FII trend for the month of April 2013 (in Rs Core):



Monday	Tuesday	Wednesday	Thursday	Friday
		1	2	3
		US:ADP Employment Report US:ISM Mfg Index US:EIA Petroleum Status Report	EMU:PMI Manufacturing Index EMU:ECB Announcement US: Export Sales US: International Trade US:EIA Natural Gas Report	US: Fed Balance Sheet US: Money Supply US:ISM Non-Mfg Index
6	7	8	9	10

EMU:PMI Composite EMU: Retail Sales US: Export Inspections	US:ICSC-Goldman Store Sales US: Redbook	US:EIA Petroleum Status Report	US: Export Sales US:EIA Natural Gas Report	US: Money Supply US:USDA Supply/Demand
13	14	15	16	17
US: Retail Sales US: Export Inspections	EMU: Industrial Production US:ICSC-Goldman Store Sales US: Import and Export Prices US: Redbook	US: Industrial Production US: Housing Market Index US:EIA Petroleum Status Report	US: Consumer Price Index US: Export Sales US: Bloomberg Consumer Comfort Index US:EIA Natural Gas Report	US: Money Supply US: Consumer Sentiment US: leading Indicators
20	21	22	23	24
US: Export Inspections	US:ICSC-Goldman Store Sales US: Redbook	US:EIA Petroleum Status Report	US: Export Sales US: Bloomberg Consumer Comfort Index US:EIA Natural Gas Report	US: Money Supply US: Durable Goods Orders
27	28	29	30	31
JP: BoJ MPB Minutes	US: Consumer Confidence US: Export Inspections	US:ICSC-Goldman Store Sales US: Redbook	US: Corporate Profits US:GDP US: Bloomberg Consumer Comfort Index	US: Money Supply US: Export Sales US: Consumer Sentiment

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References

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www.bls.gov; www.reuters.com; www.cmegroup.com; www.worldbank.org.in; Bloomberg

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