

Monthly Market Update: October, 2013

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Mail box

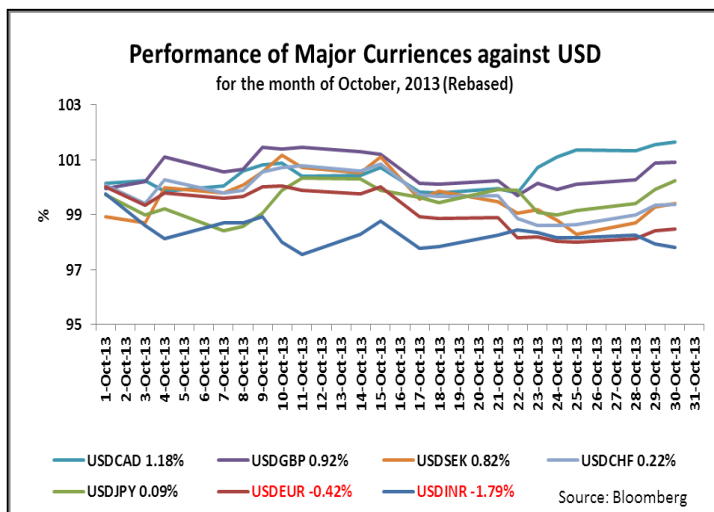
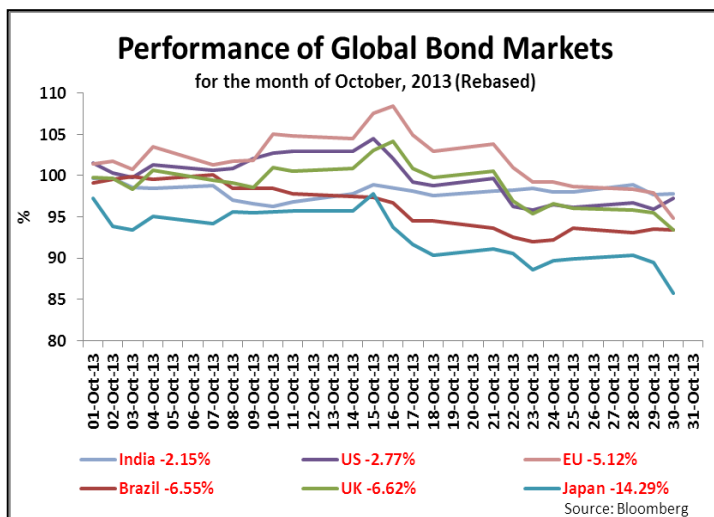
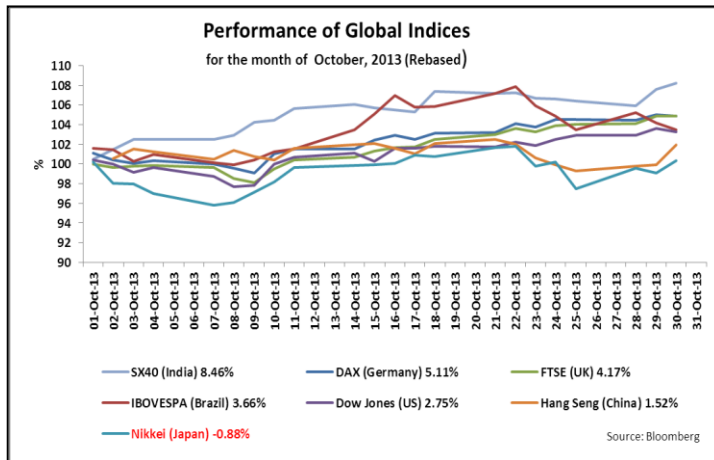
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Second Quarter Review of Monetary Policy 2013-14 - Abstract

- The Reserve Bank of India announced the following monetary policy measures in its second quarter review of monetary policy statement :
 - a) Reduced the marginal standing facility (MSF) rate by 25 basis points (bps) to 8.75%;
 - b) Increased the policy repo rate under the liquidity adjustment facility (LAF) by 25 bps to 7.75%; together bringing the MSF rate and the Bank Rate gap back to 100 bps
 - c) Kept cash reserve ratio unchanged at 4.0% of net demand and time liability (NDTL);
 - d) Increased the liquidity provided through term repos of 7-day and 14-day tenor from 0.25% of NDTL of the banking system to 0.5%;
 - e) The reverse repo rate under the LAF stands adjusted to 6.75% and the Bank Rate stands reduced to 8.75%
- Since the Mid-Quarter Review in September, the outlook for global growth has improved modestly, with fiscal concerns abating in the US and lead indicators of activity firming up in the Euro area and the UK.
- The prospect of delay in the taper of the Federal Reserve's bond purchases has brought calm to emerging and developing economies' financial markets, and capital flows have resumed. However, headwinds to growth from domestic constraints continue to pose downside risks, and vulnerabilities to sudden shifts in the external environment remain.
- On the domestic front, industrial activity has weakened, while consumer durables and growth in capital goods have contracted, reflecting the ongoing downturn in both consumption and investment demand. Strengthening export growth and signs of revival in some services, along with the expected pick-up in agriculture, could support an increase in growth in the second half of 2013-14 relative to the first half, **raising real GDP growth from 4.4% in Q1 to a central estimate of 5.0% for the year.**
- Inflation measured by the wholesale price index (WPI) rose in September for the fourth month in succession. The pass-through of rupee depreciation into prices of manufactured products, along with elevated food and fuel inflation have acted more to offset possible disinflationary effects of low growth. **Overall WPI inflation is expected to remain higher than current levels through most of the remaining part of the year.**
- Retail inflation measured by the CPI has also risen sharply across food and non-food constituents, including services, keeping inflation expectations high. Notwithstanding the expected edging down of food inflation, **retail inflation is likely to remain around or even above 9% in the months ahead, absent policy action.**
- Improvement in export performance over the last two months, coupled with the contraction in non-oil import demand, has enabled a perceptible narrowing of the trade deficit with favourable implications for the current account deficit going forward. However, normalcy will be restored to the exchange market only when the demand for dollars from public sector oil marketing companies is fully returned to the market.

[Detailed](#)

Global Market Connect



Average Market Capitalisation for Sept, 2013

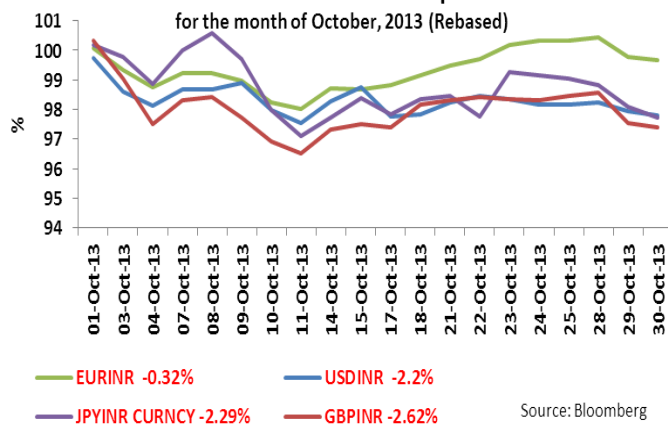
Rank*	Exchange	Mrkt. Capitalization	No. of listed companies	Avg. Mrkt. Capitalisation
Figs in USD Bns				
1	NYSE Euronext (US)	16,534	2,353	7.03
2	SIX Swiss Exchange	1,470	274	5.37
3	Mexican Exchange	494	141	3.50
4	NYSE Euronext (Europe)	3,355	1,061	3.16
5	Irish SE	151	49	3.08
6	BM&FBO VESPA	1,083	364	2.97
7	Moscow Exchange	771	267	2.89
8	Colombia SE	226	81	2.79
9	Shanghai SE	2,518	953	2.64
10	Saudi Stock Exchange - Tadawul	423	161	2.63

Source: WFE

* Ranked on the basis of Avg. Mrkt Capitalisation

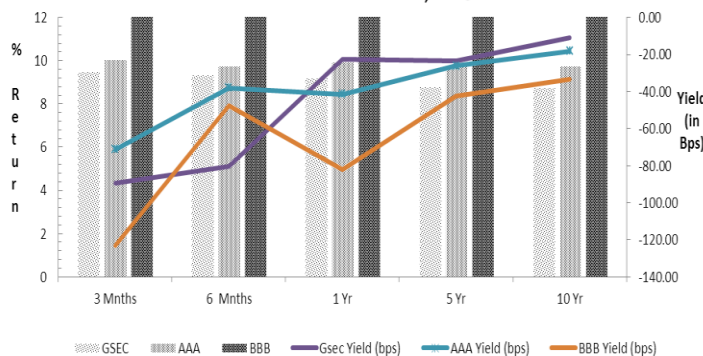
Indian Market Connect

Performance of Currencies in Spot Markets



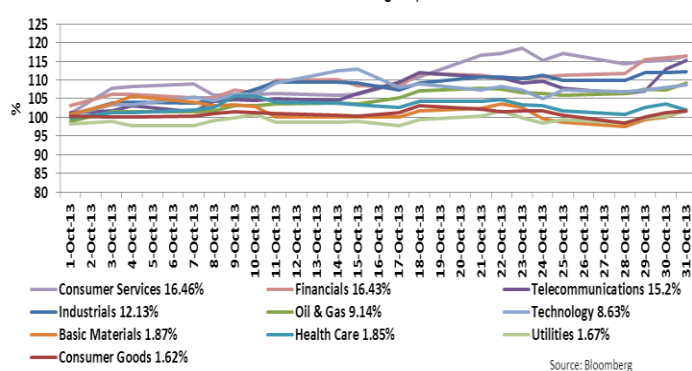
Performance of Debt Market

for the month of October, 2013



Performance of Industry Groups in SX40 as per the ICB Classification

for the month ending Oct, 2013



FII Investments Route for the month of October, 2013

Debt/ Equity	Route	Net Investment (Rs Crore)	Net Investment (USD Mn)
Equity	Stock Exchange	15,667.20	2,547.09
	Primary market & others	39.30	6.29
	Sub-total	15,706.20	2,553.40
Debt	Stock Exchange	(13,134.70)	(2,124.41)
	Primary market & others	(443.60)	(72.48)
	Sub-total	(13,578.00)	(2,196.90)
Total		2,128.20	356.50

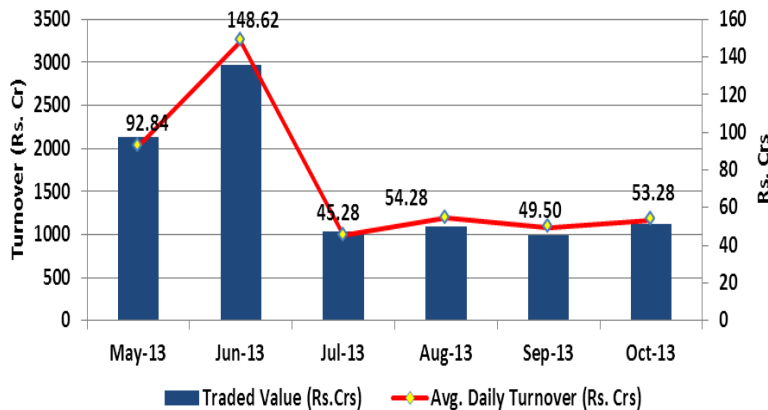
FII Statistics

As on	No. of registered FII	No. of registered Sub-accounts
30.09.2013	1,746	6,354
31.10.2013	1,749	6,369

Source: SEBI

MCX-SX Corner- Equity & Equity Derivatives Segment

Trade Statistics for Cash Segment on MCX-SX



MCX-SX Cash Segment Turnover

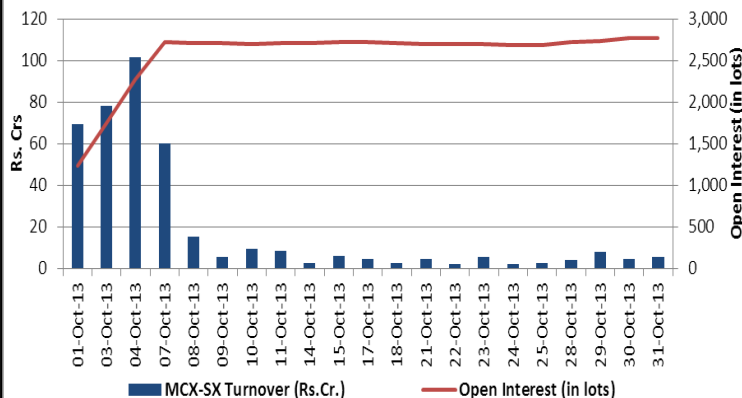
increased by 13% from Rs. 990 crs to Rs. 1,119 crs on a month on month basis. The Average Daily Turnover increased by a little less than 8% i.e 7.64% for the same period.

With reference to Circular No. MCX-SX/BD/1545/2013 dated October 25, 2013, the exchange has introduced changes in the **Liquidity Enhancement Scheme** in all asset

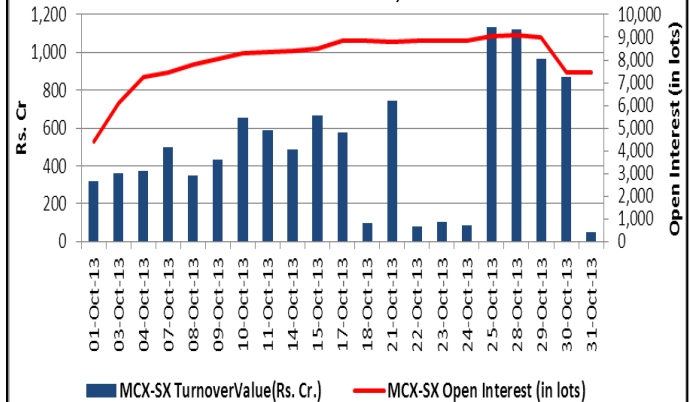
classes in an effort to create sustainable and sticky liquidity.

Trade Statistics for Stock Derivatives and Index Derivatives for October, 2013

Trade Statistics for Stock Derivatives for October, 2013



Trade Statistics for Index Derivatives on SX40 for October, 2013

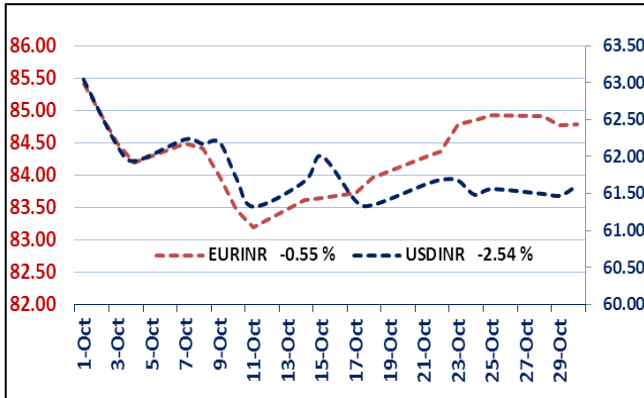


Membership base on MCX-SX (as on 31st, October, 2013)

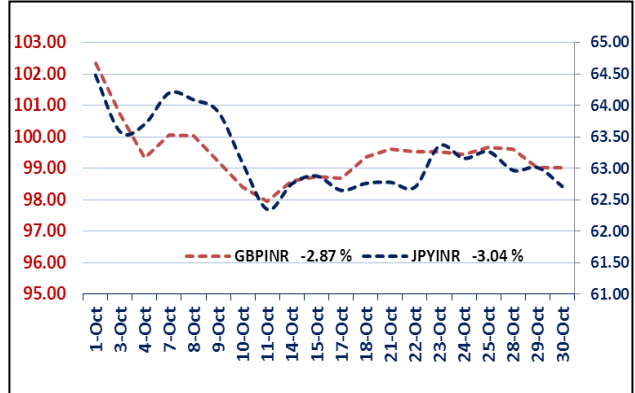
Cash Segment	Currency Derivatives Segment	Equity Derivatives Segment
534	850	535

MCX-SX Corner- Currency Segment

The Rupee appreciated against the Dollar, with the close price of USDINR for October 2013 moving from Rs. 63.2125 to Rs. 61.605 during the period, experiencing a high of Rs. 63.045 and a low of Rs. 61.3225

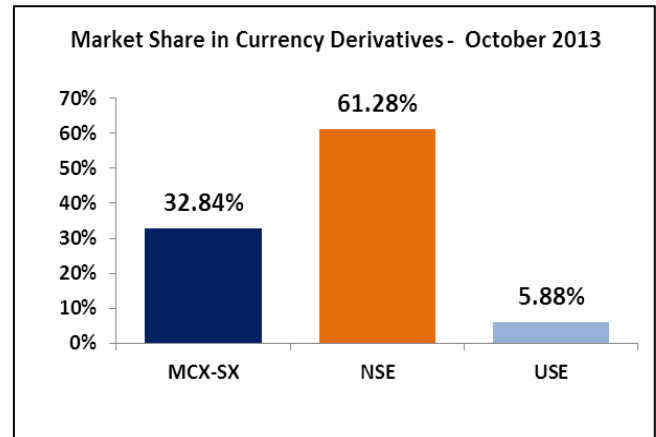
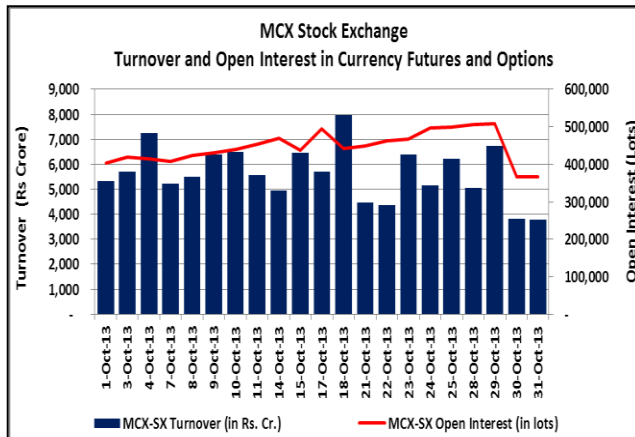


The Rupee appreciated against the British Pound, with the close price of GBPINR for October 2013 moving from Rs. 101.9525 to Rs. 99.0225 during the period, experiencing a high of Rs. 102.335 and a low of Rs. 97.9425



The Rupee appreciated against the EURO, with the close price of EURINR for October 2013 moving from Rs. 85.2425 to Rs. 84.7775 during the period, experiencing a high of Rs. 85.41 and a low of Rs. 83.1925

The Rupee appreciated against the Japanese Yen, with the close price of JPYINR for October 2013 moving from Rs. 64.6775 to Rs. 62.7125 during the period, experiencing a high of Rs. 64.48 and a low of Rs. 62.345

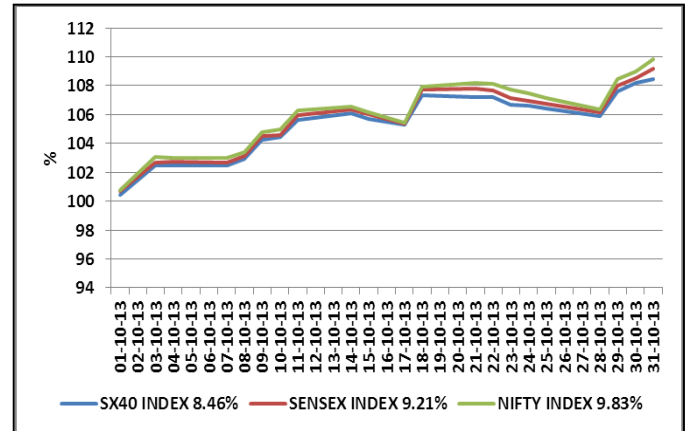


During October 2013, the market share of the Exchange in the Currency derivatives segment stood at 32.84% in the Currency Futures and Options segment. The average daily turnover in MCX-SX across Currency Futures and Options segment was Rs. 5,648 with average daily volume of 879,152 lots during the same period

MCX-SX Corner- SX40

Index Returns and Movements for the month of October, 2013

Return of SX40 v/s Nifty and Sensex			
Index	As on 1st Oct, 2013	As on 31st, 2013	Return (%)
MCX-SX SX40	11,619.91	12,545.13	7.96%
SENSEX	19,517.15	21,164.52	8.44%
NIFTY	5,780.05	6,299.15	8.98%



Source: Bloomberg

MCX-SX Circulars

- Revision in Market Lot of Derivative Contracts on Individual Stocks; dated October 01, 2013. Ref. No: MCX-SX/EDS/TRD/1486/2013
- List of Approved Securities FIM, F&O, ECM, CDS; dated October 01, 2013. Ref. No: MCX-SX/C&S/1487/2013, 1488, 1489 & 1490/2013
- Investor Grievance Redressal Mechanism; dated October 04, 2013. Ref. No: MCX-SX/INSP/1494/2013
- Trade to Trade Settlement; dated October 07, 2013. Ref. No: MCX-SX/SURV/1498/2013
- Illiquid Securities; dated October 07, 2013. Ref. No: MCX-SX/SURV/1499/2013
- Index based market-wide circuit filter mechanism; dated October 11, 2013. Ref. No: MCX-SX/ECM/TRD/1512/2013
- Settlement Schedule for November 2013; dated October 15, 2013. Ref. No: MCX-SX/C&S/1514, 1515, 1516&1517
- Changes in the Constituent of SX40 Index; dated October 25, 2013. Ref. No: MCX-SX/INDEX/1543/2013
- Liquidity Enhancement Scheme (SX-LES); dated October 25, 2013. Ref. No: MCX-SX/BD/1545/2013

Regulatory Developments and Reports

Securities and Exchange Board of India

- Facilitating transaction in Mutual Fund schemes through the Stock Exchange Infrastructure; dated October 04th, 2013. Ref. No: [CIR/MRD/DSA/32/2013](#)
- Know Your Client Requirements; dated October 8th, 2013. Ref. No: [CIR/MIRSD/ 09/ 2013](#)
- Formats under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(Regulations); dated October 21st, 2013. Ref. No: [CIR/CFD/POLICYCELL/11/2013](#)
- Centralized Database for Corporate Bonds/ Debentures; dated October 22nd, 2013.Ref.No:[CIR/IMD/DF/17/2013](#)
- Listing of specified securities of small and medium enterprises on the Institutional Trading Platform in a SME Exchange without making an initial public offer; dated October 24th, 2013. Ref. No: [CIR/MRD/DSA/33 /2013](#)
- Disclosure of Investor Complaints on websites of Stock Exchanges; dated October 28th, 2013. Ref. No: [CIR/MIRSD/11/2013](#)
- Issues pertaining to primary issuance of debt securities; dated October 29th, 2013.Ref.No:[CIR/IMD/DF/18/2013](#)

Reserve Bank of India

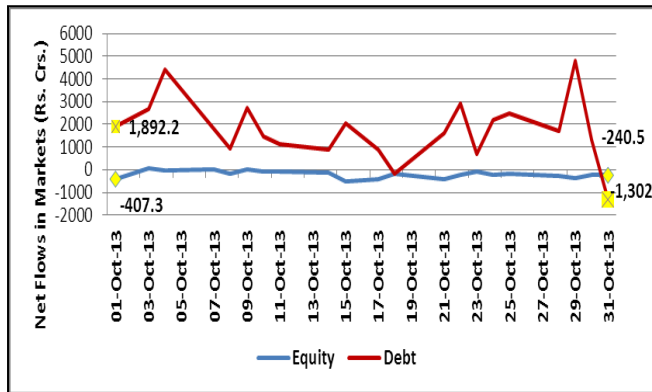
- Overseas Foreign Currency Borrowings by Authorised Dealer Banks; dated October 10th, 2013 Ref.No: [RBI/2013-14/323](#)
- Change of Name of SME Rating Agency of India Limited to SMERA Ratings Limited (SMERA) ; dated October 10th, 2013 Ref.No: [RBI/2013-14/326](#)
- Second Quarter Review of Monetary Policy 2013-14; dated October 29th, 2013[Report](#)

International Organization of Securities Commissions

- CPSS and IOSCO issue a consultative document on Quantitative disclosure by central counterparties; dated 15th October 2013. Ref. No: [IOSCO/MR40/2013](#)
- Securities Markets Risk Outlook; dated 15th October 2013. Ref. No: [IOSCO/MR/39/2013](#)
- IOSCO urges implementation of Principles for Financial Benchmarks; dated 30th October 2013. Ref. No: [IOSCO/MR/42/2013](#)
- IFSB-IOSCO-SC collaborates on disclosure Requirements for Islamic Capital Market Products....[Report](#)

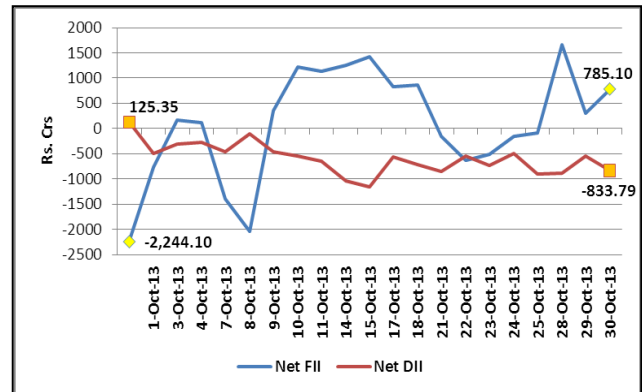
Key Indian Market Developments

Daily trend of Mutual Funds' Investments – October 2013



Source: SEBI Website

Daily trend Net for DII and FII – October 2013



Source: SEBI and Exchange Websites

Key Indian Economic Indicators

Key Economic Indicators - India		Percentage Change
Exports in US\$ bn		
Aug 13	26.14	5.89%
Sept 13	27.68	
Imports in US\$ bn		
Aug 13	37.05	-7.04%
Sept 13	34.44	
International Reserves (as on 25 th October, 2013)	US \$ 282.95 Bn	
Policy Rates		
Bank Rate	8.75%	
Repo Rate	7.75%	
Reverse Repo Rate	6.75%	
Lending/ Deposit Rates		
Base Rate	9.80% - 10.25%	
Term Deposit Rate	8.00% - 9.05%	

Source: Ministry of Finance

Particulars (as on 25 th October, 2013)	Rs. Billion	USD bn
Reserve Money	15,741	255.43
Net RBI Credit to General Govt.	6,804	110.41
RBI Credit to Commercial Sector	38	0.62
RBI Claims on Banks	447	7.25
Net Foreign Exchange Assets	17,108	277.61
INR per USD	61.6250	

Economic Calendar – November, 2013

Monday	Tuesday	Wednesday	Thursday	Friday
				1
				GB:CIPS/PMI Manufacturing Index US:PMI Manufacturing Index US:ISM Mfg. Index
4	5	6	7	8
EMU:PMI Manufacturing Index US: Export Inspections	GB:CIPS/PMI Services Index EMU:PPI US: Redbook US:ISM Non-Mfg Index	EMU:PMI Composite GB: Industrial Production GB:M4 Money Supply US: Leading Indicators US:EIA Petroleum Status Report	US: Export Sales US:GDP US: Bloomberg Consumer Comfort Index US:EIA Natural Gas Report US: Fed Balance Sheet US: Money Supply	US: Employment Situation US: Personal Income and Outlays
11	12	13	14	15
US: Banking Holidays IT: Industrial Production	GB:CPI GB: Producer Price Index US: Redbook US: Export Inspections	US: Bank Reserve Settlement GB: Labour Market Report EMU: Industrial Production US: Import and Export Prices	EMU:GDP Flash US: International Trade US: Productivity and Costs US:EIA Natural Gas Report US:EIA Petroleum Status Report US: Money Supply	EMU:HICP US: Export Sales US: Empire State Mfg Survey US: Industrial Production
18	19	20	21	22
EMU: Merchandise Trade US: Treasury International Capital US: Housing Market Index	US: Employment Cost Index US: Redbook	US: Consumer Price Index US: Business Inventories US:EIA Petroleum Status Report	US: Export Sales US: Producer Price Index US:PMI Manufacturing Index Flash US:EIA Natural Gas Report US: Money Supply	US: Kansas City Fed Manufacturing Index US: Cold Storage
25	26	27	28	29
US: Export Inspections US: Pending Home Sales Index	US: Corporate Profits US:GDP US: Redbook US: Consumer Confidence	US: Chicago PMI US: Leading Indicators US:EIA Natural Gas Report & EIA Petroleum Status Report	EMU:M3 Money Supply EMU:EC Economic Sentiment	EMU: Unemployment Rate US: Export Sales US: Fed Balance Sheet US: Money Supply

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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;
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