

# MARKET UPDATE

FEBRUARY 2014

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[www.mcx-sx.com](http://www.mcx-sx.com)

## Message from MD & CEO

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Greetings from MCX-SX!

Since the last few months, the eminent board of MCX-SX has put in numerous efforts to ring-fence the Exchange and protect interest of investors and members. Having successfully achieved this, our focus now is to reinstate confidence and trust among members, attract participation from institutional investors, and make MCX-SX the preferred destination for members, institutional investors and listing companies.

MCX-SX is built on strong fundamentals and has positive inherent factors such as renowned shareholders - which include India's top Public & Private Sector Banks and domestic Financial Institutions - together holding over 88% stake in the Exchange, an eminent Board, and professional management team that can be benchmarked to the best globally. The transparent systems such as CAG audits, adherence to regulatory norms and implementing global best practices will ensure that our Exchange will set new milestones in the times to come.

With nationwide presence of trading terminals, robust risk management processes and technology infrastructure, MCX-SX has great potential as the country's third stock exchange. The Exchange remains committed to market development, to drive inclusive growth, to launch new products and segments to meet investor needs and to achieve global recognition for the Indian capital market.

**Saurabh Sarkar**  
MCX-SX, MD & CEO

## Board of Directors

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The Board of Directors of the Exchange are eminent personalities from different fields. Their vision, experience and expertise will enable MCX-SX to grow the Indian securities market and provide world-class services to all stakeholders.

- **Mr. Gopal K. Pillai, IAS (Retd.)** - Chairman and Public Interest Director  
Former Union Home Secretary, Govt. of India
- **Mr. Thomas Mathew T.,** - Vice Chairman and Public Interest Director  
Retired as Current-in-Charge Chairman of LIC
- **Prof. (Mrs.) Ashima Goyal** - Public Interest Director  
Professor, Indira Gandhi Institute of Development Research
- **Mr. D. R. Dogra** - Public Interest Director  
MD & CEO, Credit Analysis and Research Ltd.
- **Mr. Saurabh Sarkar** - MD & CEO  
Former MD & CEO, United Stock Exchange

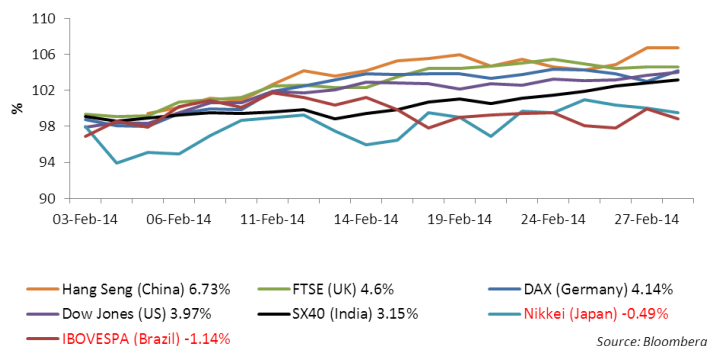
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# Global Market Connect

Financial markets are undergoing a significant transition as strengthening growth in high-income economies is prompting an end to the extraordinary stimulus measures taken in wake of the global financial crisis. - Financial Markets Outlook (World Bank, February 2014)

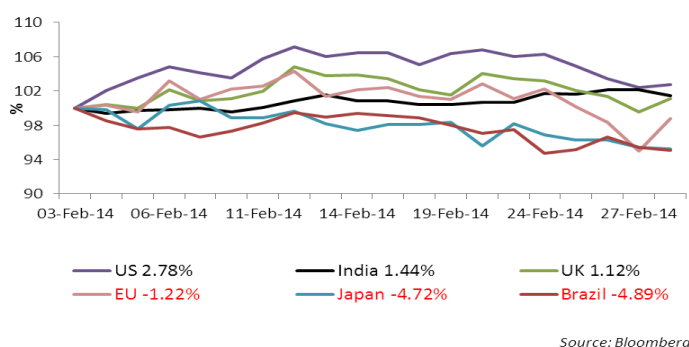
## Performance of Global Indices

for the month of February, 2014 (Rebased)



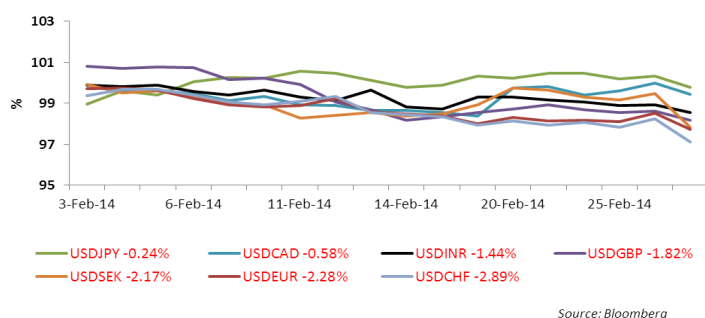
## Performance of Global Bond Markets

for the month of February, 2014 (Rebased)



## Performance of Major Currencies against USD

for the month of February, 2014 (Rebased)



## Value of Share Trading – Top 15 Exchanges

| Rank* | Exchange                   | 2013<br>(USD Bns) | 2012<br>(USD Bns) | %<br>Change<br>(Y-o-Y) |
|-------|----------------------------|-------------------|-------------------|------------------------|
| 1     | NYSE Euronext (US)         | 13,700.45         | 13,442.72         | 1.92                   |
| 2     | NASDAQ OMX                 | 9,584.74          | 9,784.21          | -2.04                  |
| 3     | Japan Exchange Group       | 6,304.93          | 3,463.09          | 82.06                  |
| 4     | Shenzhen SE                | 3,858.51          | 2,369.08          | 62.87                  |
| 5     | Shanghai SE                | 3,731.13          | 2,598.81          | 43.57                  |
| 6     | NYSE Euronext (Europe)     | 1,661.88          | 1,576.12          | 5.44                   |
| 7     | TMX Group                  | 1,371.48          | 1,357.29          | 1.05                   |
| 8     | Deutsche Börse             | 1,334.54          | 1,275.95          | 4.59                   |
| 9     | Hong Kong Exchanges        | 1,323.37          | 1,106.07          | 19.65                  |
| 10    | Korea Exchange             | 1,284.60          | 1,517.90          | -15.37                 |
| 11    | BME Spanish Exchanges      | 893.57            | 851.83            | 4.90                   |
| 12    | Australian SE              | 881.56            | 935.99            | -5.82                  |
| 13    | BM&FBOVESPA                | 810.60            | 875.42            | -7.40                  |
| 14    | SIX Swiss Exchange         | 676.96            | 585.20            | 15.68                  |
| 15    | NASDAQ OMX Nordic Exchange | 625.83            | 586.97            | 6.62                   |

\*Rank on the basis of Value of Share trading for 2013 (H to L)  
Source: World Federation of Exchanges

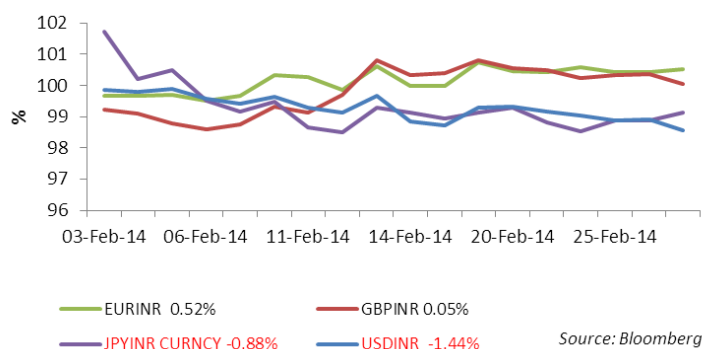
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## Indian Market Connect

As per the advance estimates of GDP for the year 2013-14, India's GDP at factor cost at constant (2004-05) prices, is expected to grow by 4.9% over previous year, in comparison to GDP growth of 4.5% in 2012-13. - SEBI Bulletin (February-2014)

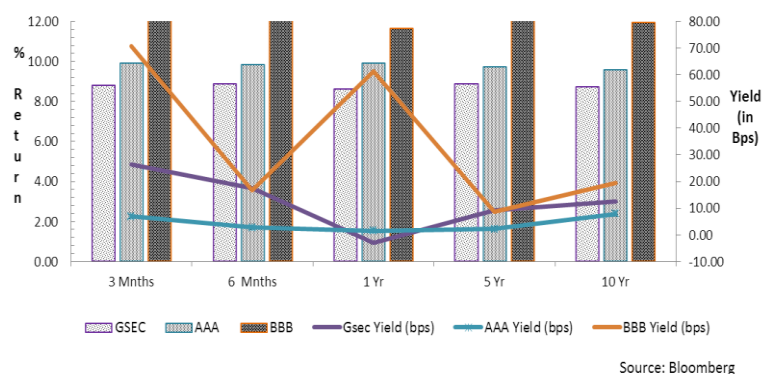
### Performance of Currencies in Spot Markets

for the month of February, 2014 (Rebased)



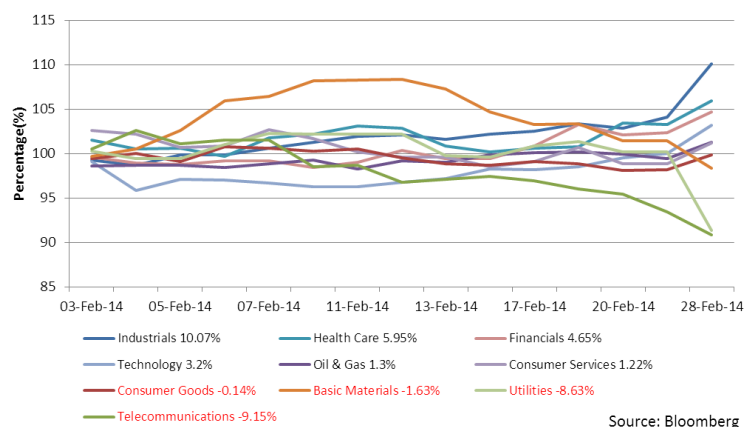
### Performance of Debt Market

for the month of February, 2014



### Performance of Industry Groups in SX40 as per the ICB Classification

for the month of February, 2014



### FII Investments Route

for the month of February, 2014

| Debt/Equity  | Route                   | Net Investment (Rs Crore) | Net Investment (USD Mn) |
|--------------|-------------------------|---------------------------|-------------------------|
| Equity       | Stock Exchange          | (73.60)                   | (7.18)                  |
|              | Primary market & others | 1,478.00                  | 236.15                  |
|              | <b>Sub-total</b>        | <b>1,404.30</b>           | <b>228.94</b>           |
| Debt         | Stock Exchange          | 13,718.30                 | 2,210.29                |
|              | Primary market & others | (2,381.40)                | (385.22)                |
|              | <b>Sub-total</b>        | <b>11,337.00</b>          | <b>1,825.08</b>         |
| <b>Total</b> |                         | <b>12,741.30</b>          | <b>2,054.02</b>         |

### FII Statistics

| As on    | No. of registered FII | No. of registered Sub-accounts |
|----------|-----------------------|--------------------------------|
| 31.01.14 | 1,726                 | 6,364                          |
| 28.02.14 | 1,721                 | 6,354                          |

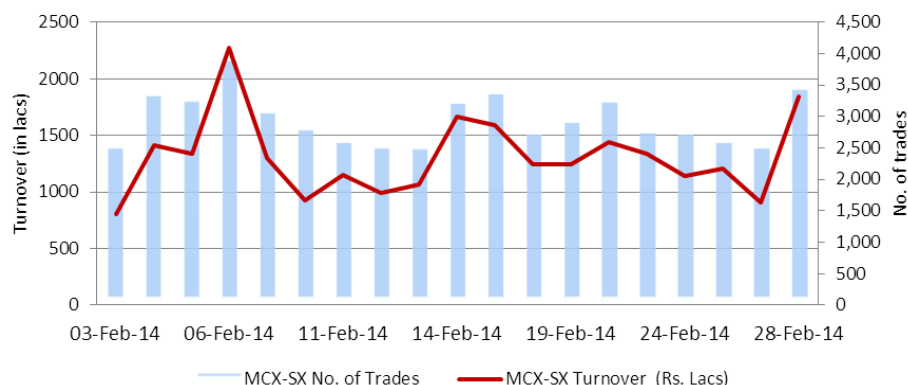
Source: SEBI

Performance of Industrial sector, appreciated by 10.07%, followed by Healthcare and Financials i.e. 5.65% and 4.65% respectively, whereas the Telecommunications and Utilities depreciated the maximum by -9.15% and -8.63% respectively

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## MCX-SX Corner- Equity & Equity Derivatives Segment

### MCX-SX Turnover – Cash Segment for the February, 2014

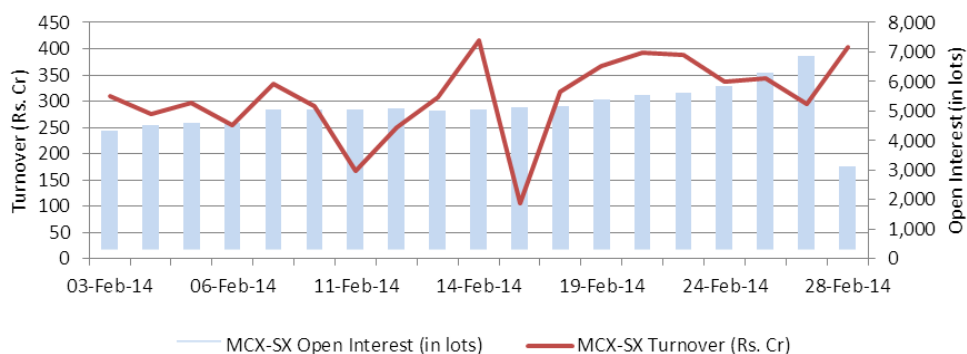


*MCX-SX  
cash segment  
average daily  
turnover increased  
by about 12.56%  
on a month on  
month basis*

MCX-SX launched its equities segment on 11<sup>th</sup> Feb 2013. It has completed its first year of operations as a full-fledged stock exchange. During its first year of operations MCX-SX has clocked a turnover of more than Rs. 1.53 lakh crore

The average daily turnover recorded on MCX-SX platform on the cash segment for February, 2014 was Rs. 13.11 crs. It improved by 12.56% on a month on month basis. Also the average number of trades on MCX-SX has shown a noticeable increment of 2.24% when compared on a month on month basis. The LES scheme launched on 14<sup>th</sup> Feb, 2013 aims to promote equity capital markets, a step in the direction of wholesome development of the nation's capital market.

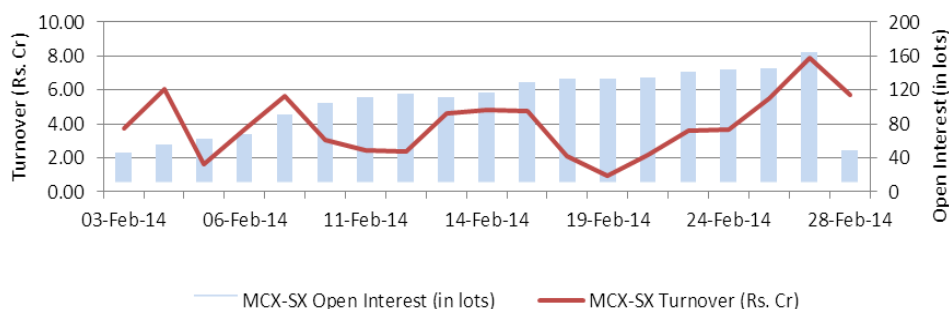
### Trade Statistics for MCX-SX Index Derivatives for February 2014



**Rs. 307.85 crs**

*Average Daily Turnover (In  
Crore) for February, 2014*

### Trade Statistics for MCX-SX Equity Derivatives for February 2014



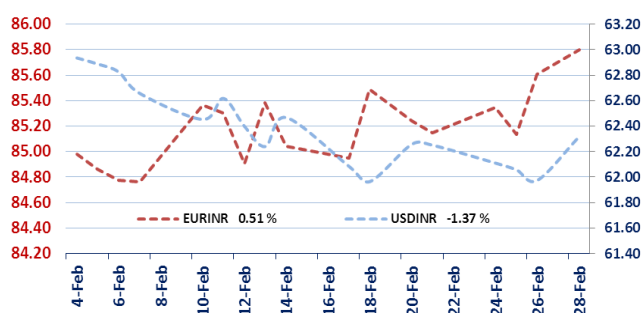
**Rs. 3.91 crs**

*Average Daily Turnover  
(In Crore) for February,  
2014*

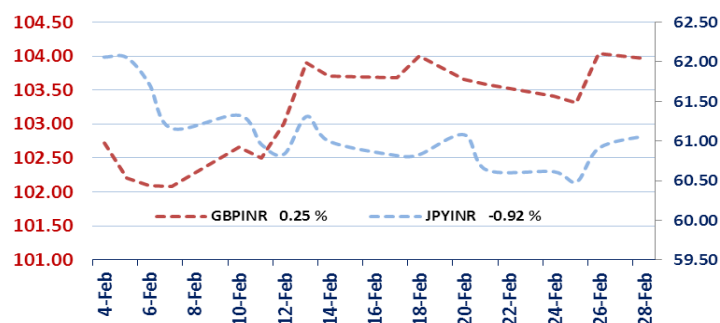
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## MCX-SX Corner- Currency Segment

The Rupee appreciated against the Dollar, with the close price of USDINR for February 2014 moving from Rs. 63.0825 to Rs. 62.2175 during the period, experiencing a high of Rs. 62.935 and a low of Rs. 61.9650



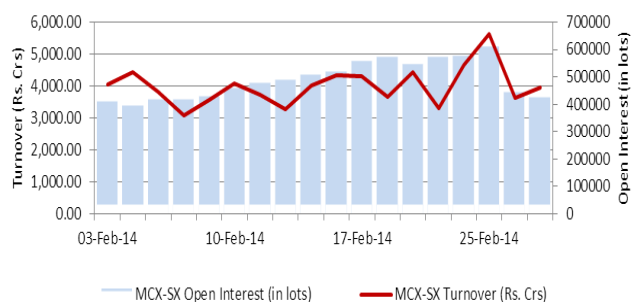
The Rupee depreciated against the British Pound, with the close price of GBPINR for February 2014 moving from Rs. 103.71 to Rs. 103.97 during the period, experiencing a high of Rs. 104.04 and a low of Rs. 102.08



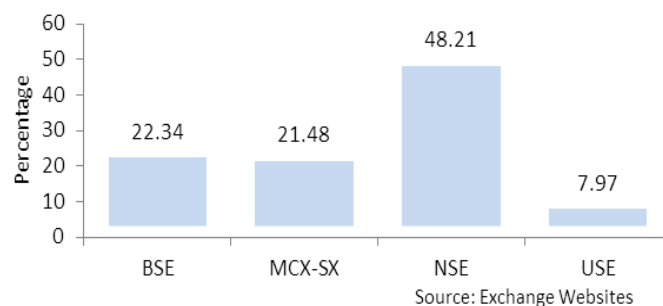
The Rupee depreciated against the EURO, with the close price of EURINR for February 2014 moving from Rs. 85.3650 to Rs. 85.7975 during the period, experiencing a high of Rs. 85.7975 and a low of Rs. 84.7600

The Rupee appreciated against the Japanese Yen, with the close price of JPYINR for February 2014 moving from Rs. 61.63 to Rs. 61.06 during the period, experiencing a high of Rs. 62.06 and a low of Rs. 60.48.

### MCX - SX Turnover and Open Interest in Currency Derivatives Segment for February 2014



### Market Share in Currency Derivatives Segment for February 2014



During February 2014, the market share of the Exchange in the Currency derivatives segment stood at 21.48%. The average daily turnover in MCX-SX across Currency Futures and Options segment was Rs. 4,001.73 cores with average daily volume of 6,07,785 lots during the same period.

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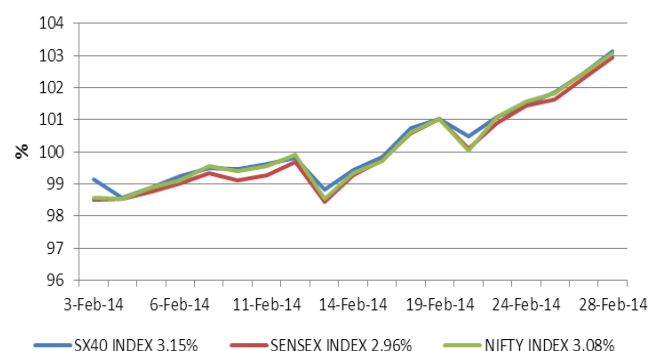


## MCX-SX Corner- SX40

### Index Returns and Movements for the month of February, 2014

| Return of SX40 v/s Nifty and Sensex |                     |                      |          |
|-------------------------------------|---------------------|----------------------|----------|
| Index                               | As on Feb 3rd, 2014 | As on Feb 28th, 2014 | % Change |
| MCX-SX SX40                         | 12,158.19           | 12,650.73            | 4.05%    |
| SENSEX                              | 20,209.26           | 21,120.12            | 4.51%    |
| NIFTY                               | 6,001.80            | 6,276.95             | 4.58%    |

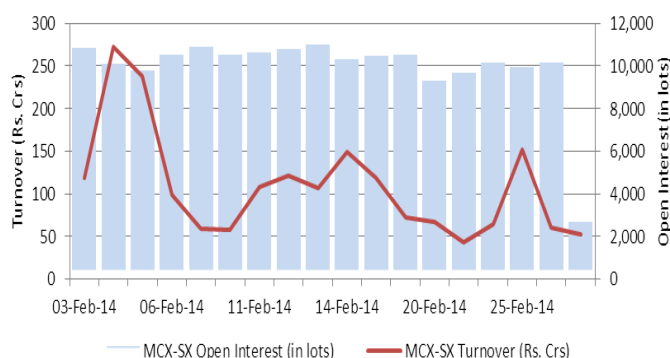
Source: Bloomberg



## MCX-SX Corner- Interest Rate Futures

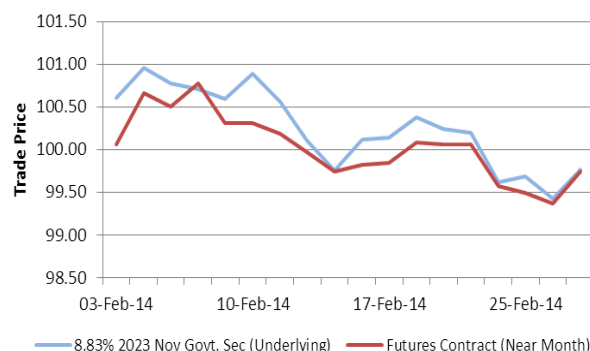
MCX-SX commenced trading in IRF segment from 20<sup>th</sup> January, 2014. The average daily turnover on IRF segment stood at Rs. 108.91 crs for the month of February, 2014. The average daily volume (in lots) in the IRF segment stood at 5,430 for the same month.

### Trade Statistics for IRF for February 2014



Source: MCX-SX website

### Daily price movement in IRF



Source: Bloomberg

## MCX-SX Circulars

- List of Approved Securities CDS, CM, F&O, FIM; dated February 03, 2014. Ref. No: MCX-SX/C&S/1733/1734/1735 & 1736/2014
- Reporting and Settlement of Trades in Securitised debt Instruments; dated February 06, 2014, 2014. Ref. No.: MCX-SXCCL/DMS/257/2014
- Individual scrip wise price bands/DPR on non-F&O eligible scrips in Index Derivatives; February 07, 2014. Ref. No.: MCX-SX/SURV/1744/2014
- Trade to Trade Settlement; dated February 10, 2014. Ref. No.: MCX-SX/SURV/1746/2014
- Risk Reduction mode; dated February 10, 2014. Ref. No.: MCX-SX/SURV/1747/2014
- Settlement Schedule for March 2014; dated February 14, 2014. Ref. No: MCX-SX/C&S/1758/1759,1761 & 1761
- Liquidity Enhancement Scheme; dated February 14, 2014. Ref. No: MCX-SX/B&D/1764/2014
- Exclusion of FUTIRF contracts on 716GS2023; dated February 24, 2014. Ref. No: MCX-SX/CDS/TRD/1778/2014
- Co-location Services; dated February 27, 2014. Ref. No: MCX-SX/MEM/1788/2014

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# Regulatory Developments and Reports

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## Securities and Exchange Board of India

- Individual scrip wise price bands on non-F&O eligible scrip's in Index Derivatives; dated February 06<sup>th</sup>, 2014 Ref No.: [CIR/MRD/DP/04/2014](#)
- Guidelines for inspection of Depository Participants (DPs) by Depositories; dated February 07<sup>th</sup>, 2014 Ref No.: [CIR/MRD/DMS/05/2014](#)
- FII/QFI investments in Commercial Papers; dated February 14<sup>th</sup>, 2014 Ref No.: [CIR/IMD/FIIC/4/2014](#)

## Reserve Bank of India

- Utilisation of Floating Provisions/Counter Cyclical Provisioning Buffer; dated February 7<sup>th</sup>, 2014; Ref.: [RBI/2013-14/485](#)
- Guidelines on Management of Intra-Group Transactions and Exposures; dated February 11<sup>th</sup>, 2014; Ref.: [RBI/2013-14/487](#)
- Foreign Direct Investment – Reporting under FDI Scheme: Amendments in form FC-GPR; dated February 11<sup>th</sup>, 2014; Ref.: [RBI/2013-14/490](#)
- Foreign investment in India by SEBI registered FII, QFI and long term investors in Corporate Debt; dated February 14<sup>th</sup>, 2014; Ref.: [RBI/2013-14/494](#)
- External Commercial Borrowings (ECB) – Reporting arrangements; dated February 17<sup>th</sup>, 2014; Ref.: [RBI/2013-14/495](#)
- Foreign Direct Investment (FDI) into a Small Scale Industrial Undertakings (SSI) / Micro & Small Enterprises (MSE) and in Industrial Undertaking manufacturing items reserved for SSI/MSE; dated February 20<sup>th</sup>, 2014; Ref.: [RBI/2013-14/498](#)
- FIMMDA's Trade Reporting and Confirmation platform for OTC transactions in Corporate Bonds and Securitized Debt Instruments; dated February 24<sup>th</sup>, 2014; Ref.: [RBI/2013-14/500](#)
- Security Incident Tracking Platform- Reporting thereon; dated February 26<sup>th</sup>, 2014; Ref.: [RBI/2013-14/501](#)
- Framework for Revitalising Distressed Assets in the Economy - Refinancing of Project Loans, Sale of NPA and Other Regulatory Measures; dated February 26<sup>th</sup>, 2014; Ref.: [RBI/2013-14/502](#)

## International Organization of Securities Commissions

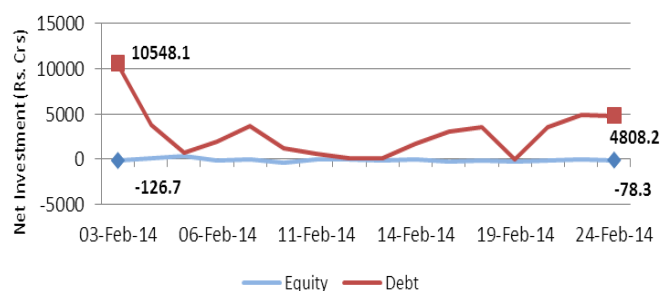
- IOSCO issues report on Risks and Benefits of Financial Return Crowd-Funding; dated February 05<sup>th</sup>, 2014; Ref. No: [IOSCO/MR/04/2014](#)
- CPSS-IOSCO post responses to Consultation on Quantitative Disclosure by CCPs; dated February 07<sup>th</sup>, 2014; Ref. No: [IOSCO/MR/05/2014](#)
- IOSCO consults on Code of Conduct Fundamentals for Credit Rating Agencies; dated February 10<sup>th</sup>, 2014; Ref. No: [IOSCO/MR/06/2014](#)
- IOSCO focuses on deeper markets, stronger regulatory capacity to enhance Emerging Market Resilience; dated February 21<sup>st</sup>, 2014; Ref. No: [IOSCO/MR07/2014](#)

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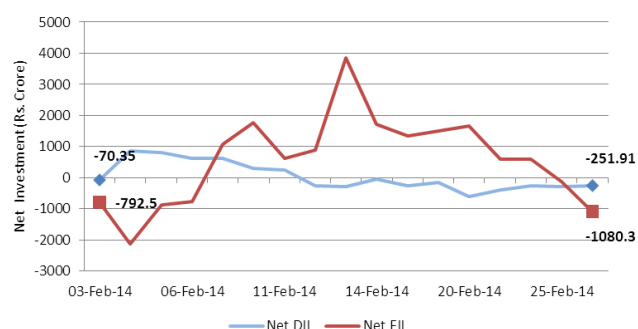
## Key Indian Market Developments, February 2014

Daily trend of Mutual Funds' Investments



Source: SEBI Website

Daily trend Net for DII and FII



Source: SEBI Website

## Key Indian Economic Indicators

| Key Economic Indicators - India                       |                 | % Change      |
|---|-----------------|---------------|
| Exports in USD bn                                     |                 |               |
| Dec -13   | 26.35           | 1.52%         |
| Jan - 14  | 26.75           |               |
| Imports in USD bn                                     |                 |               |
| Dec-13  | 36.48           | 0.52%         |
| Jan-14  | 36.67           |               |
| International Reserves<br>(as on 21st February, 2014) |                 | USD 293.40 bn |
| Policy Rates  |                 |               |
| Bank Rate   | 9.00%           |               |
| Repo Rate   | 8.00%           |               |
| Reverse Repo Rate                                     | 7.00%           |               |
| Lending/ Deposit Rates                                |                 |               |
| Base Rate   | 10.00% - 10.25% |               |
| Term Deposit Rate                                     | 8.00% - 9.10%   |               |

| Key Financial Indicators - India           |         |        |
|--|---------|--------|
| Particulars<br>(as on 21st February, 2014) | INR bn  | USD bn |
| Reserve Money                              | 16,243  | 261.30 |
| Net RBI Credit to General Govt.            | 6,590   | 106.01 |
| RBI Credit to Commercial Sector            | 79      | 1.27   |
| RBI Claims on Banks                        | 407     | 6.55   |
| Net Foreign Exchange Assets                | 17,902  | 287.99 |
| INR per USD                                | 62.1618 |        |

Source: Ministry of Finance and RBI

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## Economic Calendar – March, 2014

| Monday   | Tuesday  | Wednesday  | Thursday  | Friday  |
|--|--|--|---|---|
| 3  | 4  | 5  | 6   | 7   |
| EMU: PMI<br>Manufacturing Index<br>JP: PMI Composite<br>GB: M4 Money<br>Supply<br>US: ISM Mfg Index<br>GB: CIPS/PMI<br>Manufacturing Index | EMU: PPI<br>GB: PMI Construction   | EMU: PMI Composite<br>EMU: Retail Sales<br>EMU: GDP<br>GB: CIPS/PMI Services<br>Index<br>US: Bank Reserve<br>Settlement<br>US: PMI Services Index<br>US: ISM Non-Mfg Index<br>US: EIA Petroleum Status<br>Report<br>US: Beige Book | EMU: ECB Announcement<br>US: Productivity and Costs<br>US: Bloomberg Consumer<br>Comfort Index<br>US: Factory Orders<br>US: EIA Natural Gas Report<br>US: Money Supply<br>US: Fed Balance Sheet | US: International Trade<br>US: Employment<br>Situation<br>US: Consumer Credit |
| 10   | 11   | 12   | 13  | 14  |
| FR: Industrial<br>Production<br>CH: Adjusted real<br>retail sales<br>IT: Industrial<br>Production<br>CA: Housing Starts                    | JP: Tertiary Index<br>GB: Industrial Production<br>US: NFIB Small Business<br>Optimism Index<br>US: Redbook<br>US: Wholesale Trade | EMU: Industrial<br>Production<br>IN: CPI<br>IN: Industrial Production  | AU: Labour Force Survey<br>IT: CPI  | CH: Producer and Import<br>Price Index<br>US: Producer Price Index<br>IN: WPI |
| 17   | 18   | 19   | 20  | 21  |
| EMU: HICP  | EMU: Merchandise Trade<br>CA: Manufacturing Sales<br>IT: Merchandise Trade   | JP: Merchandise Trade<br>JP: All Industry Index<br>US: FOMC Meeting<br>Announcement  | DE: PPI<br>03:00 AM CDT   | CA: Retail Sales<br>CA: CPI   |
| 24   | 25   | 26   | 27  | 28  |
|  |  |  |   |   |

## References

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

## Offices across India

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