



HAPPY NEW YEAR
2019



Dear Market Participants,

“Fear is a far more dominant force in human behaviour than euphoria”. Alan Greenspan

There will always be global concerns which could potentially mar growth, but we continue to endure them and grow resiliently. The onset of New Year brings with it the promise of a stability, growth, and buoyancy. The last few months have been especially difficult mostly due to the continued jitters from a weakening Indian currency and the severe liquidity crunch that gripped country's entire financial system. Efforts by Government, Central Bank, and Regulator have certainly helped in addressing them. The first sign of cheer returning is evidently from the Indian currency which, in recent times had attained the label of the worst performing currency in Asia, has regained some ground since the last two months. The current

account deficit (CAD) was also seen touching the alarming level of over 3 percent during the July-September quarter of FY19 due to high crude oil import prices, which in turn impacted the foreign investor inflows into the Indian markets. This led to net foreign investment withdrawals of close to Rs 60,000 crore from the equity and debt markets in just two months during September-October, 2018. Now, with the crude oil prices looking more tameable along with rupee appreciation, the concerns around CAD levels are expected to ease in the October-March half year. The overseas participants are also seen coming back – they have pumped in Rs 12,260 crore into the Indian capital markets in November 2018, which is the highest inflow level in last 10 months. Debt Markets in India too have never been so erratic earlier, nor have they hogged the limelight like in the recent times. Benchmark Yields on August 31, 2018, touched 7.95 percent, peaking to 8.18 percent in about 10 days, finally settling now at 7.60 percent after interventions from the central bank. The Reserve Bank of India's (RBI) open market operation (OMO) of Rs 50,000 crore for December 2018 is one of the

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largest liquidity boosts by the central bank in the last five years to ease out the current crunch for credit in the system.

At Metropolitan Stock Exchange (MSE), we are engaging with our Members and participants educating them and presenting them all the opportunities across market segments. We have undertaken many initiatives for expanding our services for benefitting the end users and members. Recently, the Exchange received approval from the market regulator to launch weekly options on US Dollar-Indian Rupee (USD-INR) and two new currency products, which will provide new hedging tools to market participants during situations of extreme volatility in currency markets, like we have witnessed this year. In the debt space, we are reaching out to all market participants and the response has been quite encouraging so far. MSE has received positive responses from key players in the market for our debt reporting and settlement platforms. We have also initiated user enrolment drives and reaching out to Mutual Funds, Insurance companies, Banks, NBFC, PSU FI, Arrangers, and Corporate Treasuries. MSE's Electronic Book Provider (EBP) platform has been updated as per the requirements of new SEBI circular dated August 16, 2018, which facilitates online bidding for private placement of debt securities. The exchange introduced the XBRL based filing for listed companies in May 2018 through a filing portal called "MSE Listing Centre", which enabled all the listed companies on

MSE to file their quarterly/yearly reports with respect to the shareholding pattern, corporate governance, reconciliation of share capital audit report and financial result. Now, moving forward, MSE is further working on the introduction of voting result and insider trading regulation filing facility in the XBRL based system, which will further enable the listed companies to file the disclosures with respect to the voting result and insider trading regulation.

Besides focussing on products and services, we firmly believe in the adage of 'keeping our ears close to the ground' as we realize that effective feedback aids effective framework and improved Business Practices. Our 'Member Feedback Survey' was an attempt to strategize further with the collated feedback. The results are sanguine with the Overall Satisfaction Index (OSAT) for the exchange came out at 3.19 as against the set benchmark of 3. This positive feedback encourages everybody at MSE to continue their strive for excellence even as we keep investing in various differentiated offerings in Equity Cash and Equity Derivatives, Currency Derivatives, Fixed Income and 'VentureXchange' for Startups and SME listing to meet the needs of the market participants and address the current gaps.

Wishing all of you many Happy Dealings for the 'New Year 2019.'

Udai Kumar | MD & CEO

MSE FEATURES AMONGST INDIA'S TOP 500 COMPANIES.

- D&B PUBLICATION, 2018

THANK YOU FOR KEEPING US GOOD COMPANY TOO.

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2018 MARKET WRAP UP – WHAT WE SAW, LESSONS LEARNT AND WHAT WE CAN EXPECT in 2019

Dr. Ranjan Chakravarty

The end of the year enables us to look back on data and events, so that we may confirm or recalibrate our conjectures, identify developing trends and isolate where we may expect the coming year to take us. In that sense, 2018 has been an exceptional year in every way. It began benignly, with the first quarter throwing no great surprises and signalling a long awaited strengthening of the U.S. economy with positive employment, gentle inflation and rising real estate prices. This reflected itself in hardening U.S. Treasury yields across the curve, and a strong impetus for U.S. capital to return to quality assets onshore.

As this scenario began to unfold, emerging markets took an expected hit. Turkey, Argentina and Indonesia – all experienced capital flight, and saw their currencies weaken significantly in April - May. Simultaneously we saw a very big upward swing in oil prices mainly driven by supply issues. The combination of these factors produced the perfect storm for the Indian Rupee. And storm it was: from 65.50 in April to 74.40 in early October. So what was the major factor – general emerging markets or oil?

Data tells us that the factor clearly is oil. If one observed the prices and volatilities in USDINR and Brent crude, we would see a literal mirror image. As crude peaked at \$86.2 per barrel in October, it corresponded with USDINR at 74.40. As on 28th December 2018, crude has come off dramatically to \$53.77 per barrel, USDINR has moved below 70.

This produced an exciting trend two quarter long trend in USDINR put volatilities. They clearly increased month on month all through the year, and especially in April through September, as spot prices kept falling. Hence, long USDINR puts could potentially have delivered a great deal of value in this period.

As of August end we had noted that “a covered position in long USDINR with a written deep in the money call ought to yield extremely good returns. Simultaneously deep out of the money puts are extremely cheap, so a fully covered position long USDINR forwards, written deep in the money calls and bought deep out of the money put is a perfect position to be in.” By year end the data has fully supported and borne out our view.

Further, we had noted that “the trouble in emerging markets driven by hardening US yields is a fixed income problem of asset reallocation whereas India is an emerging market equity superpower.” This is borne out by the fact that equity events in India have been dizzyingly exciting all through 2018, with the roiling in the markets first driven by the selloff in airline stocks, followed by rallies in pharmaceuticals, the mini-Lehman of IL&FS, the governance issues in banks, the mixed results in the third quarter earnings announcements, the last quarter selloff in pharmaceuticals, the long awaited rally in airlines, and the hovering uncertainty in steel based on the US-China trade war as the year comes to a close, all point to great value being exchanged in the Indian equity and equity derivatives market all through the year and the coming year.

So net-net, the focus of the market in 2019 clearly indicates cross asset effects in USDINR and continuing value in the exciting Indian equity market. We expect that capital flight out of India, if any, will be minimal, and the currency derivatives market should continue to hold its own. The asset to watch for us in India in 2019 is Oil because it seems to hold the key to the currency, As for growth, the economy is poised to deliver over 8%, and the equity markets will deliver along with it.

EXCHANGE UPDATES

MSE has received approval from SEBI to launch weekly options on USD- INR and two new currency products.

The exchange is introducing a weekly hedging product – Currency Options on USD-INR, which will enable market participants to reduce their cost of hedging significantly. The weekly options contracts on USD-INR will complement the existing monthly contracts that expire two working days prior to the last business day of the expiry month.

In the second approval, MSE has been allowed by SEBI to introduce monthly Currency Options contracts on currency pairs of EUR-INR, GBP-INR & JPY-INR.

The third approval allows MSE to introduce Futures & Options on cross currency pairs of EUR-USD, GBP-USD & USD-JPY. These Futures & Options on cross currency pairs would be available for trading on the Exchange from 9 am to 7.30 pm on trading days. These new products will be available on the MSE platform from first week of December 2018.

Further development in XBRL based filing at MSE

Through the facility of XBRL, all the listed companies at MSE can file the quarterly/yearly reports with respect to shareholding pattern, corporate governance, reconciliation of share capital audit report and financial result in the XBRL mode.

Now, moving forward MSE is further working on introduction of voting result and insider trading regulation filing facility in the XBRL based system. Once the development is completed, all the listed companies at MSE will be able to file the disclosures with respect to the voting result and insider trading regulation in the XBRL mode.



MSE's initiative in debt space

Debt Markets in India have never been so erratic nor has it hogged the limelight like this in recent times. Benchmark Yields on 31-Aug 2018 touched 7.95%, peaking to 8.18% in about 10 days, finally settling now at 7.25% after interventions from the central bank. Metropolitan Stock Exchange is reaching out to all the market participants in the Debt space and the response is quite encouraging.

Metropolitan Stock Exchange has updated its Electronic Book Provider (EBP) as per the new guidelines set in 16th August 2018 Circular by SEBI. Also, a User enrolment drive is initiated which is reaching out to Mutual Funds, Insurance Cos, Banks, NBFC, PSU FI, Arrangers and Corporate Treasuries. The Debt reporting and settlement Platforms demo have also been undertaken with positive interest from key players in the market.

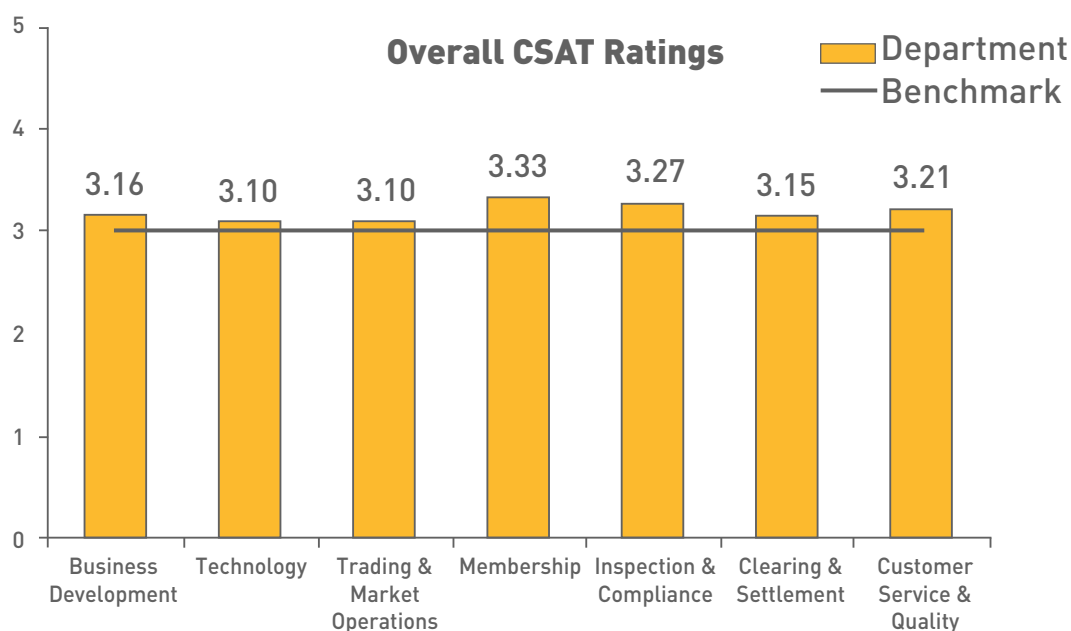
MCCIL will free up much needed capital for MSE

SEBI had recently revised the net worth criteria for clearing corporations from Rs 300 crores to Rs 100 crore. MCCIL which currently has liquid network of Rs.307 crores (approx), has initiated capital reduction process to return capital to MSE. This will enable MSE to free up excess amounts locked in its clearing arm and use it for implementing its turnaround plans, which includes new product launches. The exchange is actively working to revitalize its equity segments as well.

EXCHANGE UPDATES

MSE is highly optimistic after its 'Member Feedback Survey'

Effective Feedback aids effective listening, improves performance and is a continuous learning tool. It helps to inculcate Best Business practices. A careful analysis and corrective steps can strengthen the aspects related to customer satisfaction which would lead to Customer delight. Keeping all the above factors in mind, MSE the youngest national level stock exchange had carried out a 'Member Feedback Survey'. MSE team rolled out the survey with all the active members of the exchange. The data was measured through Customer Satisfaction Index (CSAT) which is based on weighted average methodology. Results were computed on the basis of Successful Feedback responses received from the Members. The Overall Satisfaction Index (OSAT) for the exchange is 3.19 against the set benchmark of 3. Department wise Feedback response is as enclosed: With each Department meeting the Service benchmark criteria of 3.



MSE received SEBI approval to offer the facility of OFS for government disinvestment in PSUs

MSE offers a separate window viz. Offer for sale (OFS) to facilitate promoters to dilute/offload their holding in listed companies in a transparent manner with wider participation. SEBI has also given its concurrence to MoF mentioning that MSE is eligible to offer the facility of OFS through stock exchange mechanism for government disinvestment by Public Sector Undertakings (PSUs).

MSE EVENTS

A FEW GLIMPSES OF VARIOUS EVENTS AT MSE

Financial Literacy programme for Women held in Bangalore on 5th October 2018



Investor Awareness Programme held in Bangalore on 5th October 2018



Investor Awareness Programme held in Bangalore on 3rd October 2018



MSE EVENTS

A FEW GLIMPSES OF VARIOUS EVENTS AT MSE

Investor Awareness Programme held in Udaipur on 24th October 2018



Investor Awareness Programme held in Chennai on 27th October 2018



Investor Awareness Programme held in Nagpur on 16th November 2018



MSE EVENTS

A FEW GLIMPSES OF VARIOUS EVENTS AT MSE

Investor Awareness Programme held in Bangalore on 23rd November 2018



IMPORTANT MSE CIRCULARS

Circular No.	Dated	Subject	Description
MSE/TRD/6535/2018	July 09, 2018	Review of Adjustment of corporate actions for Stock Options	SEBI circular ref. no: CIR/MRD/DoP-1 /P/00108/2018 dated July 05, 2018
MSE/CTCL/6557/2018	July 13, 2018	Measures to strengthen Algorithmic Trading and Co-location /Proximity Hosting framework	SEBI circular No. SEBI/HO/MRD/DP/CIR/P/2018/62 dated April 09, 2018 - Strategy ID and COLO orders
MSE/TRD/6694/2018	August 17, 2018	Clarification on Electronic book mechanism for issuance of securities on private placement basis	SEBI circular ref. no. SEBI/HO/DDHS/CIR/P/2018/122 dated August 16, 2018
MSE/TRD/6849/2018	October 01, 2018	Revision in Market Lot of Derivative Contracts on Individual Stocks	Periodic revision of lot sizes for derivatives contracts specified In the SEBI circular CIR/MRD/DP/14/2015 dated July 13, 2015
MSE/TRD/7054/2018	November 30, 2018	Electronic Book Mechanism for Issuance of Debt Securities on Private Placement basis- Revised Operating Guidelines	Revised Operating Guidelines as per SEBI Circular no. SEBI/HO/DDHS/CIR/P/2018/122 dated August 16, 2018
MSE/TRD/7064/2018	December 03, 2018	Introduction of New Products in Currency Derivatives Segment	Launch of New Products viz. <ul style="list-style-type: none"> • Cross Currency contracts on EUR-USD, GBP-USD and USD-JPY • Weekly Option contracts on USDINR • Currency Option Contracts on additional currency pairs viz. EUR-INR, GBP-INR and JPY-INR

MARKET WATCH

Securities	One Month Change (Dec 18)
Equity	
MSE SX 40	-
MSCI Emerging Market	-0.81%
MSCI India	0.06%
Currency*	
USD	-1.44 %
Pound	-1.24 %
Euro	-1.15 %
Yen	-1.12 %
Bonds Yields	
5yr Gol	-0.53 %
10yr Gol	-1.55 %
US 10yr	-1.38 %

*This data pertains to currency pairs USDINR, GBPUSD, EURUSD and USDJPY

Source : Investing.com

INDIAN ECONOMIC INDICATORS

Economic Indicators*		
	Current	Previous
Forex Reserves (14th Dec)	\$ 393.73 B	\$ 393.72 B
IIP(YoY) (12th Dec)	8.1 %	4.50 %
CPI(YoY) (12th Dec)	2.33 %	3.38 %
WPI(YoY) (14th Dec)	4.64 %	5.28 %
Quarterly GDP Growth(YOY) (30th Nov)	7.1 %	8.2 %
Bank Credit Growth(YOY) (12th Dec)	14.35%	-

Policy Rates*	
Bank Rate	6.75%
Repo Rate	6.50 %
Reverse Repo Rate	6.25 %
CRR	4.00 %
SLR	19.50 %
Call Money Rate	5.00 % – 6.62 %

* Source RBI Website

ECONOMIC CALENDAR FOR THE PERIOD JAN 1, 2019 - MAR 31, 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday
		Jan 1	Jan 2	Jan 3	Jan 4
		US: CoreLogic Home Price Index*	US: Moody's Analytics Policy Uncertainty Index	US: Challenger Report	US: Employment Situation
		US: Vehicle Sales - AutoData*		US: Jobless Claims	US: Oil Inventories
				US: ISM - NY Report	
				US: ISM Manufacturing Index	
				US: Construction Spending (C30)	
Jan 6	Jan 7	Jan 8	Jan 9	Jan 10	Jan 11
---	---	UK: Unemployment	EZ: Unemployment	US: Jobless Claims	IN: Industrial Production
		EZ: Business and Consumer Sentiment	CN: Monetary Aggregates		US: Treasury Budget*
		Ger: Industrial Production	CN: Foreign Trade		
		US: Job Openings and Labor Turnover Survey			
		CN: Consumer Price Index			
		CN: Producer Price Index			

ECONOMIC CALENDAR FOR THE PERIOD JAN 1, 2019 - MAR 31, 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday
Jan 13	Jan 14	Jan 15	Jan 16	Jan 17	Jan 18
CN: Industrial Production	World: Moody's Analytics Global CPI	World: Moody's Analytics Global GDP	Ger: Consumer Price Index	EZ: Consumer Price Index	US: Industrial Production
CN: Fixed Asset Investment	EZ: Industrial Production	US: Producer Price Index	UK: Consumer Price Index	US: Jobless Claims	
CN: Retail Sales	OECD: Composite Leading Indicators		US: Import and Export Prices	JP: Consumer Price Index	
	IN: Consumer Price Index		US: Treasury International Capital Flows	CN: GDP*	
	IN: Foreign Trade			JP: Industrial Production	
Jan 20	Jan 21	Jan 22	Jan 23	Jan 24	Jan 25
CN: Industrial Production	US: Bankruptcy Filings*	US: Existing-Home Sales	US: FHFA Purchase-Only House Price Index	US: Industry GDP	US: Durable Goods (Advance)
		US: Moody's Analytics Policy Uncertainty Index	US: Richmond Fed Manufacturing Survey	US: Jobless Claims	US: New-Home Sales
Jan 27	Jan 28	Jan 29	Jan 30	Jan 31	Feb 1
---	US: Chicago Fed National Activity Index	US: International Trade in Goods - Advanced	FR: GDP	US: Challenger Report	US: Vehicle Sales - AutoData*
		US: S&P CoreLogic Case-Shiller® Home Price Indexes	EZ: Business and Consumer Sentiment	US: PCE Deflator	US: Employment Situation
		US: Conference Board Consumer Confidence	EZ: Unemployment	US: Personal Spending	US: ISM Manufacturing Index
		US: Housing Vacancies & Homeownership	US: ADP National Employment Report	US: Jobless Claims	
		US: Moody's Analytics Policy Uncertainty Index	US: GDP	US: Employment Cost Index	
		JP: Machinery Orders	US: Pending Home Sales	US: St. Louis Fed Financial Stress Index	
			US: Business Employment Dynamics	US: Risk of Recession	
			US: FOMC Monetary Policy		
			JP: Industrial Production		
Feb 3	Feb 4	Feb 5	Feb 6	Feb 7	Feb 8
US: Factory Orders (M3)	US: CoreLogic Home Price Index*	US: Productivity and Costs	Ger: Industrial Production	US: Wholesale Trade (MWTR)	CN: Monetary Aggregates
		US: Consumer Price Index	US: Jobless Claims		
Feb 10	Feb 11	Feb 12	Feb 13	Feb 14	Feb 15
CN: Monetary Aggregates	UK: Monthly GDP	UK: Unemployment	UK: Consumer Price Index	World: Moody's Analytics Global CPI	World: Moody's Analytics Global GDP
	UK: GDP - Quarterly	IN: Consumer Price Index	EZ: Industrial Production	Ger: GDP	EZ: External Trade
	OECD: Composite Leading Indicators	IN: Industrial Production	US: Consumer Price Index	US: Jobless Claims	US: Import and Export Prices
		US: Job Openings and Labor Turnover Survey	JP: GDP	IN: Foreign Trade	US: Industrial Production
		US: Treasury Budget*		JP: Industrial Production	

ECONOMIC CALENDAR FOR THE PERIOD JAN 1, 2019 - MAR 31, 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday
Feb 17	Feb 18	Feb 19	Feb 20	Feb 21	Feb 22
SG: Foreign Trade	US: Internet Sales (E-Commerce Sales)*	US: Quarterly Services Survey	US: New Residential Construction (C20)	Ger: Consumer Price Index	Ger: GDP
		US: NAHB Housing Market Index		US: Existing-Home Sales	EZ: Consumer Price Index
		JP: Foreign Trade		JP: Consumer Price Index	
Feb 24	Feb 25	Feb 26	Feb 27	Feb 28	Mar 1
---	US: Chicago Fed National Activity Index	US: New-Home Sales	EZ: Business and Consumer Sentiment	IN: GDP*	JP: Consumer Confidence
				US: GDP	
				US: Risk of Recession	
				JP: Machinery Orders	
Mar 3	Mar 4	Mar 5	Mar 6	Mar 7	Mar 8
---	---	US: CoreLogic Home Price Index*	US: ADP National Employment Report	EZ: Retail Sales	US: Employment Situation
			US: Financial Obligations Ratio	US: Challenger Report	
			US: Factory Orders (M3)		
Mar 10	Mar 11	Mar 12	Mar 13	Mar 14	Mar 15
CN: Monetary Aggregates	Ger: Industrial Production	UK: Monthly GDP	World: Moody's Analytics Global CPI	Ger: Consumer Price Index	World: Moody's Analytics Global GDP
	OECD: Composite Leading Indicators	UK: Unemployment	EZ: Industrial Production		EZ: Consumer Price Index
	US: Regional and State Employment	IN: Consumer Price Index	US: Producer Price Index		US: Industrial Production
		IN: Industrial Production			US: Job Openings and Labor Turnover Survey
		US: Consumer Price Index			
		US: Treasury Budget*			
Mar 17	Mar 18	Mar 19	Mar 20	Mar 21	Mar 22
SG: Foreign Trade	EZ: External Trade	US: State and Local Government Tax Revenue	UK: Consumer Price Index	UK: Consumer Price Index	US: Existing-Home Sales
			US: FOMC Monetary Policy		
			US: Current AccountJP: Consumer Price Index		
Mar 24	Mar 25	Mar 26	Mar 27	Mar 28	Mar 29
---	Ger: Retail Sales	US: Durable Goods (Advance)	US: International Trade in Goods - Advanced	EZ: Unemployment	Ger: Unemployment
		US: State Personal Income		EZ: Business and Consumer Sentiment	UK: GDP - Quarterly
				US: GDP	
Mar 30	Mar 31				
---	US: Risk of Recession				
	JP: Tankan Survey				

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