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**CAPITAL MARKET REVIEW**

1. **Trends in Primary Market**
2. **Public and Rights Issues**

Resource mobilisation through primary securities market continued during October 2017. During the month under review, the primary market witnessed 11 issues that mobilised ` 18,608 crore as compared to 42 issues that mobilised ` 17,163 crore during September 2017. There were 9 initial public offerings (IPOs) of equity issues that raised ` 16,205 crore. There were two rights issues that raised ` 2,403 crore during the month.

**Exhibit 1: Primary Market Trends (Public & Rights Issues)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Items** | **Oct-17** | | **Sep-17** | | **2017-18$** | | **2016-17$** | |
|  | **No. of Issues** | **Amount (` crore)** | **No. of Issues** | **Amount (` crore)** | **No. of Issues** | **Amount (` crore)** | **No. of Issues** | **Amount (` crore)** |
|  |
| *1* | *2* | *3* | *4* | *5* | *6* | *7* | *8* | *9* |
| a. Public Issues | 9 | 16,205 | 40 | 17,142 | 106 | 47,712 | 71 | 46,497 |
| (i) Debt | 0 | 0 | 0 | 0 | 4 | 3,896 | 10 | 23,893 |
| (ii) Equity, of which |  |  |  |  |  |  |  |  |
| IPOs | 9 | 16,205 | 40 | 17,142 | 102 | 43,816 | 61 | 22,604 |
| FPOs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b. Rights Issues | 2 | 2,403 | 2 | 21 | 8 | 3,110 | 3 | 618 |
| Total Equity Issues a(ii)+b | 11 | 18,608 | 42 | 17,163 | 110 | 46,927 | 64 | 23,223 |
| ***Grand Total (a+b)*** | ***11*** | ***18,608*** | ***42*** | ***17,163*** | ***114*** | ***50,823*** | ***74*** | ***47,115*** |

***Notes:***

*1. IPOs - Initial Public Offers (IPOs include SME IPOs), FPOs - Follow on Public Offers*

*2. Amount raised through debt issues for the last two months are provisional.*

*$ denotes as at the end of October of the respective years*

1. **Private Placement**
2. **QIPs Listed at BSE and NSE**

Qualified Institutional Placement (QIP) is an alternative mode of resource raising available for listed companies to raise funds from domestic market. In a QIP, a listed issuer issues equity shares or non-convertible debt instruments along with warrants and convertible securities other than warrants to Qualified Institutional Buyers only. There were six QIP issues during October 2017 which raised ` 7,280 crore compared to three QIP issues during September 2017 which raised ` 5,500 crore **(*Table 10*)**.

1. **Preferential Allotments Listed at BSE and NSE**

Preferential allotment also serves as an alternative mechanism of resource mobilization wherein a listed issuer issues shares or convertible securities to a select group of persons. There were 23 preferential allotments (amounting to ` 3,128 crore) listed at BSE and NSE together during October 2017, compared to 25 preferential allotments (amounting to ` 8,144 crore) listed during September 2017 **(*Table 11*)**.

1. **Private Placement of Corporate Debt**

Private placement mechanism dominates the resource mobilization through corporate bonds. During October 2017, ` 44,146 crore was raised through private placement of 213 issues in the corporate bond market. There was no public issue of debt during the month **(*Table 12 and Exhibit 1A*)**.

Total amount mobilised through public issues and private placement of both debt and equity combined stood at ` 73,162 crore in October 2017 as compared to ` 85,423 crore in September 2017.

**Exhibit 1A: Total Resources Mobilised by Corporate Sector (`** **crore)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Month** | **Equity Issues** | | | **Debt Issues** | | | **Total Resource Mobilisation (4+7)** |
| **Public & Rights** | **Private Placements** | **Total (2+3)** | **Public** | **Private Placements** | **Total (5+6)** |
| *1* | *2* | *3* | *4* | *5* | *6* | *7* | *8* |
| **2016-17** | **32,517** | **52,614** | **85,132** | **29,363** | **6,40,715** | **6,70,077** | **7,55,209** |
| **2017-18$** | **46,927** | **74,090** | **1,21,017** | **3,896** | **3,68,098** | **3,71,993** | **4,93,011** |
| Apr-17 | 1,232 | 7,041 | 8,273 | 1,969 | 63,819 | 65,787 | 74,060 |
| May-17 | 1,480 | 9,675 | 11,155 | 0 | 33,389 | 33,389 | 44,544 |
| Jun-17 | 5,632 | 19,825 | 25,457 | 0 | 75,337 | 75,337 | 1,00,794 |
| Jul-17 | 1,108 | 3,335 | 4,443 | 1,713 | 49,033 | 50,746 | 55,189 |
| Aug-17 | 1,705 | 6,367 | 8,072 | 215 | 51,552 | 51,767 | 59,838 |
| Sep-17 | 17,163 | 17,439 | 34,602 | 0 | 50,821 | 50,821 | 85,423 |
| Oct-17 | 18,608 | 10,408 | 29,015 | 0 | 44,146 | 44,146 | 73,162 |

***Notes:***

* 1. *Private placement of Equity includes, amount raised through preferential allotments, QIP and IPP mechanism.*
  2. *Public Equity Issues includes IPO, FPO & Rights issues of common equity shares.*
  3. *Data pertaining to Debt Issue of October 2017 are provisional*

1. **Resource Mobilisation by Mutual Funds**

During October 2017, there was a net inflow of ` 51,148 crore into the mutual funds industry against a net outflow of ` 16,605 crore during September 2017. In the month under review, there was net inflow of ` 27,620 crore into income / debt oriented schemes and a net inflow of ` 16,001 crore into growth / equity oriented schemes. Balanced schemes recorded inflow of ` 5,897 crore. Exchange traded funds witnessed net inflow of ` 1,642 crore of which there was an outflow of ` 34 crore from gold ETFs and an inflow of ` 1,675 crore in other ETFs. The Fund of funds schemes investing overseas recorded net outflow of ` 10 crore. The cumulative net assets under management by all mutual funds rose by 5.0 per cent to ` 21,41,346 crore at the end of October 2017 from ` 20,40,301 crore at the end of September 2017 **(*Tables 52 & 54*).**

1. **Trends in the Secondary Market**

The Indian stock market witnessed substantial expansion during the month under review. At the end of October 2017, S&P BSE Sensex closed at 33,213.1 witnessing 6.2 per cent increase from its last month’s closing at 31,283.7. The Nifty 50 also increased by 5.6 per cent to close at 10,335.3 at the end of October 2017 compared to previous month’s closing at 9,788.6 (***Figure 1***). S&P BSE Sensex and Nifty 50 touched their intraday highs of 33,340.17 and 10,384.50 respectively on October 30, 2017. Both Sensex and Nifty touched their intraday lows of 31,440.48 and 9,831.05 respectively on October 03, 2017.

**Figure 1: Movement of Sensex and Nifty**

Market capitalisation of BSE increased by 9.2 per cent to ` 1,43,91,546 crore at the end of October 2017, from ` 1,31,81,353 crore at the end of September 2017. Market capitalization at NSE also increased to ` 1,42,08,617 crore from ` 1,30,45,716 crore during the same period witnessing a gain of 8.9 per cent. The P/E ratios of S&P BSE Sensex and Nifty 50 were 24.8 and 26.4 respectively at the end of October 2017 compared to 23.4 and 25.4 respectively a month ago (***Exhibit 2***).

**Exhibit 2: The Basic Indicators in Cash Segment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2017-18$** | **2016-17** | **Oct-17** | **Sep-17** | **Percentage change over previous month** |
| *1* | *2* | *3* | *4* | *5* | *6* |
| **A. Indices** |  |  |  |  |  |
| S&P BSE Sensex | **33,213** | **29,621** | 33,213.1 | 31,283.7 | 6.2 |
| Nifty 50 | **10,335** | **9,174** | 10,335.3 | 9,788.6 | 5.6 |
| 1. **Market Capitalisation** | | | | | |
| BSE | **1,43,91,546** | **1,21,54,525** | 1,43,91,546 | 1,31,81,353 | 9.2 |
| NSE | **1,42,08,617** | **1,19,78,421** | 1,42,08,617 | 1,30,45,716 | 8.9 |
| **C. Gross Turnover** | | | | | |
| BSE | **5,81,916** | **9,98,261** | 77,997 | 84,349 | -7.5 |
| NSE | **38,52,234** | **50,55,913** | 6,07,452 | 6,00,092 | 1.2 |
| **D. P/E Ratio** | | | | | |
| S&P BSE Sensex | **24.8** | **22.6** | 24.8 | 23.4 | 5.8 |
| Nifty 50 | **26.4** | **23.3** | 26.4 | 25.4 | 3.7 |
| **E. No. of Listed Companies** | | | | | |
| BSE | **5,680** | **5,834** | 5,680 | 5,650 | 0.5 |
| NSE | **1,873** | **1,817** | 1,873 | 1,851 | 1.2 |

***Note:*** *$ denotes as at the end of October 2017*

***Source:*** *BSE, NSE*

The monthly turnover of BSE (cash segment) fell by 7.5 per cent to ` 77,997 crore in October 2017 from ` 84,349 crore in September 2017. The monthly turnover of NSE (cash segment), on the other hand rose by 1.2 per cent to ` 6,07,452 crore in October 2017 from ` 6,00,092 crore in September 2017.

**Figure 2: Trends in Average Daily Values of Sensex and BSE Turnover**

**Figure 3: Trends in Average Daily Values of Nifty and NSE Turnover**

Indian securities market witnessed positive trend during the month under review as indicated by different market indices. Among BSE indices, in October 2017, S&P BSE PSU index increased the most (13.0 per cent), followed by S&P BSE Small Cap index (9.2 per cent) and S&P BSE Metal index (8.6 per cent). As regards NSE indices, Nifty PSU Bank index rose the most (24.4 per cent) followed by Nifty Small 100 (12.7 per cent) and Nifty Midcap 50 (9.3 per cent). Among BSE indices the S&P BSE PSU index recorded the highest daily volatility (1.9 per cent), followed by S&P BSE Bankex index (1.3 per cent) and S&P BSE Metal index (1.2 per cent) during the month under review. At NSE during the same period, daily volatility of Nifty PSU Bank index was 6.1 per cent, followed by Nifty Media index (1.1 per cent) and Nifty Pharma index (1.0 per cent) (***Exhibit 3***).

**Exhibit 3: Performance of Indices at BSE and NSE during October 2017 (Per cent)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **BSE** |  |  | **NSE** |  |  |
| **Index** | **Change over Previous month** | **Volatility** | **Index** | **Change over Previous month** | **Volatility** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| S&P BSE Sensex | 6.2 | 0.5 | Nifty 50 | 5.6 | 0.5 |
| S&P BSE 100 | 5.9 | 0.5 | Nifty Next 50 | 7.6 | 0.5 |
| S&P BSE 200 | 6.1 | 0.4 | Nifty 100 | 5.9 | 0.5 |
| S&P BSE 500 | 6.4 | 0.4 | Nifty 200 | 6.1 | 0.5 |
| S&P BSE Large Cap | 5.9 | 0.5 | Nifty 500 | 6.4 | 0.4 |
| S&P BSE Small Cap | 9.2 | 0.5 | Nifty Midcap 50 | 9.3 | 0.7 |
| S&P BSE Consumer Durables | 5.2 | 0.9 | Nifty Midcap 100 | 8.1 | 0.6 |
| S&P BSE Capital Goods | 7.3 | 0.9 | Nifty Small 100 | 12.7 | 0.7 |
| S&P BSE Bankex | 4.7 | 1.3 | Nifty Bank | 4.0 | 1.0 |
| S&P BSE Teck | 6.5 | 0.6 | Nifty IT | 3.5 | 0.5 |
| S&P BSE FMCG | 5.0 | 0.6 | Nifty FMCG | 4.9 | 0.6 |
| S&P BSE Metal | 8.6 | 1.2 | Nifty Pharma | 6.4 | 1.0 |
| S&P BSE PSU | 13.0 | 1.9 | Nifty PSU Bank | 24.4 | 6.1 |
| S&P BSE Power | 6.5 | 0.7 | Nifty Media | 5.6 | 1.1 |
| S&P BSE Healthcare | 5.9 | 0.8 | Nifty MNC | 4.9 | 0.6 |

***Source:*** *Bloomberg*

1. **Trends in Depository Accounts**

The total number of investor accounts at the end of October 2017 was 164 lakh at NSDL (an increase of 0.9 per cent over September 2017) and 136 lakh at CDSL (an increase of 1.8 per cent over September 2017). The number of investor accounts increased by 8.7 per cent at NSDL and by 17.6 per cent at CDSL over the number of investor accounts at the respective depositories in October 2016 **(*Table 58*)**.

1. **Trends in Derivatives Segment**
2. **Equity Derivatives**

India is one of the most vibrant markets for exchange traded equity derivatives in the world. The monthly total turnover in equity derivatives market at NSE fell by 3.5 per cent to ` 1,30,81,715 crore during October 2017 from ` 1,35,50,361 crore during September 2017 (***Figure 4***). During the month under review options on index accounted for about 81.7 per cent of the total turnover in the F&O segment at NSE. In October 2017, monthly turnover of index futures and stock futures fell by 3.1 per cent and 1.5 per cent, respectively. Monthly turnover of put options on index and call options on index decreased by 4.5 per cent and 2.7 per cent, respectively. Monthly turnover of put options on stock and call options on stock fell by 8.4 per cent and 4.1 per cent, respectively. The open interest in value terms in the equity derivative segment of NSE increased by 18.9 per cent to ` 3,51,391 crore as on October 31, 2017 from ` 2,95,655 crore as on September 30, 2017 **(Table 31).**

**Figure 4: Trends of Equity Derivatives Segment at NSE (` crore)**

The monthly total turnover in equity derivative segment of BSE was ` 3 crore in October 2017, same as recorded in September 2017. The open interest in value terms in equity derivatives segment of BSE increased to ` 0.7 crore as on October 31, 2017 from ` 0.6 crore as on September 30, 2017 *(****Exhibit 4 and Table 30****)*.

**Exhibit 4: Trends in Equity Derivatives Market**

| **Particular** | **NSE** | | | **BSE** | | |
| --- | --- | --- | --- | --- | --- | --- |
| **Sep-17** | **Oct-17** | **Percentage Change Over Month** | **Sep-17** | **Oct-17** | **Percentage Change Over Month** |
| *1* | *2* | *3* | *4* | *5* | *6* | *7* |
| **A. Turnover (` crore)** | | | | | | |
| (i) Index Futures | 3,69,891 | 3,58,296 | -3.1 | 1 | 0 | -91.1 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 52,98,926 | 50,62,586 | -4.5 | 0 | 0 | NA |
| *Call* | 57,76,218 | 56,19,656 | -2.7 | 0 | 0 | NA |
| (iii) Stock Futures | 12,80,396 | 12,61,300 | -1.5 | 2 | 3 | 17.1 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 2,55,921 | 2,34,378 | -8.4 | 0 | 0 | NA |
| *Call* | 5,69,008 | 5,45,499 | -4.1 | 0 | 0 | NA |
| **Total** | **1,35,50,361** | **1,30,81,715** | **-3.5** | **3** | **3** | **-12.8** |
| **B. No. of Contracts** | | | | | | |
| (i) Index Futures | 44,67,175 | 42,38,220 | -5.1 | 11 | 1 | -90.9 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 6,14,18,880 | 5,75,94,920 | -6.2 | 0 | 0 | NA |
| *Call* | 6,49,18,248 | 6,14,61,946 | -5.3 | 0 | 0 | NA |
| (iii) Stock Futures | 1,73,14,055 | 1,68,36,256 | -2.8 | 21 | 21 | 0.0 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 32,84,450 | 30,70,077 | -6.5 | 0 | 0 | NA |
| *Call* | 33,15,699 | 67,48,271 | 103.5 | 0 | 0 | NA |
| **Total** | **15,47,18,507** | **14,99,49,690** | **-3.1** | **32** | **22** | **-31.3** |
| **C. Open Interest in terms of Value ( ` crore)** | | | | | | |
| (i) Index Futures | 26,789 | 29,945 | 11.8 | 0 | 0 | NA |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 81,683 | 1,03,407 | 26.6 | 0 | 0 | NA |
| *Call* | 72,256 | 75,181 | 4.0 | 0 | 0 | NA |
| (iii) Stock Futures | 99,043 | 1,15,975 | 17.1 | 1 | 1 | 21.7 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 5,596 | 9,617 | 71.9 | 0 | 0 | NA |
| *Call* | 10,288 | 17,266 | 67.8 | 0 | 0 | NA |
| **Total** | **2,95,655** | **3,51,391** | **18.9** | **1** | **1** | **21.7** |
| **D. Open Interest in terms of No of Contracts** | | | | | | |
| (i) Index Futures | 3,47,156 | 3,73,671 | 7.6 | 0 | 0 | NA |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 10,63,087 | 12,64,658 | 19.0 | 0 | 0 | NA |
| *Call* | 9,29,879 | 9,10,518 | -2.1 | 0 | 0 | NA |
| (iii) Stock Futures | 14,61,891 | 17,06,526 | 16.7 | 6 | 11 | 83.3 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 78,028 | 1,36,588 | 75.0 | 0 | 0 | NA |
| *Call* | 1,43,349 | 2,50,234 | 74.6 | 0 | 0 | NA |
| **Total** | **40,23,390** | **46,42,195** | **15.4** | **6** | **11** | **83.3** |

1. **VIX Futures at NSE**

NSE introduced futures contracts on India VIX in the Futures & Options segment of NSE w.e.f. February 26, 2014. It is a volatility index based on the NIFTY Index Option prices. From the best bid-ask prices of NIFTY Options contracts, a volatility figure (in percentage) is calculated which indicates the expected market volatility over the next 30 calendar days. This volatility index is a measure of market expectations of near-term. The contract symbol is INDIAVIX and 3 weekly futures contracts were made available for trading. The contracts shall expire on every Tuesday. The tick size is 0.25 and lot size is 550.

India VIX closed at 12.11 at the end of October 2017, lower than 12.49 registered at the end of September 2017 (***Figure 5***). There was no trade in VIX futures contract in the current financial year. The open interest in India VIX contracts was zero at the end of October 2017.

**Figure 5: Trends in VIX futures at NSE**

1. **Currency Derivatives at NSE, BSE and MSEI**

The monthly turnover of currency derivatives at NSE during October 2017 fell by 27.3 per cent to ` 4,05,188 crore from ` 5,57,624 crore in September 2017. During the same time the monthly turnover of currency derivatives at BSE also decreased by 4.8 per cent to ` 3,40,848 crore from ` 3,57,994 crore and the monthly turnover of currency derivatives at MSEI decreased by 27.3 per cent to ` 5,742 crore from ` 7,896 crore (***Figure 6* *and Tables 37, 38 and 39***).

**Figure 6: Trends of Currency Derivatives at NSE, MSEI and BSE (` crore)**

1. **Interest Rate Futures at NSE, BSE and MSEI**

During October 2017, the monthly turnover of interest rate futures at NSE increased by 3.8 per cent to ` 25,041 crore from ` 24,201 crore in September 2017. The monthly turnover of interest rate futures at BSE, increased by 67. 1 per cent to ` 18,968 crore in October 2017 from ` 11,355 crore in September 2017. There was no trade in interest rate futures at MSEI during the month. (***Figure 7* *and Table 47***).

**Figure 7: Trends of Interest Rate Futures at NSE, BSE and MSEI (**` **crore)**

1. **Commodities Futures Markets**

**A. Market Trends**

At the end of October, 2017, the composite index MCXCOMDEX increased to 3416.33, a rise 1.89 percent over its closing value of 3352.9 at the end of September 2017. The Dhaanya index of NCDEX on the other hand closed at 2941.89, a decrease of 1.56 percent over the closing value of 2988.4 at the end of September 2017. **(Figure 8)**. MCXCOMDEX recorded an intra-day high of 3428.29 on October 25, 2017 while 3324.59 on October 04, 2017 was its lowest intra-day level during the month. NCDEX Dhaanya recoded an intra-day high of 3038.54 on October 03, 2017 and an intra-day low of 2912.02 on October 31, 2017 **(Details in Table 62)**. The MCXCOMDEX’s group indices, namely, MCX Energy, MCX Metal and MCX Agri. increased by 2.73 percent, 1.92 percent and 0.10 percent, respectively.

**Figure 8: Movement of Commodity Futures Market Indices**

**Source: MCX and NCDEX**

Daily volatility during October 2017 of MCXCOMDEX and NCDEX Dhaanya indices was recorded at 0.47 percent and 0.65 percent, respectively. Among the component indices of MCXCOMDEX, MCX Energy recorded highest volatility of 1.14 percent, followed by MCX Metal (0.55 percent) and MCX Agri. (0.34 percent). The daily volatility and return over the previous month of commodity futures market indices are shown in the Figure 9 below:

**Figure 9 : Performance of Indices at MCX and NCDEX during October 2017 (Percent)**

**Source: MCX and NCDEX**

During October 2017, the national commodity Exchanges namely, MCX, NCDEX and NMCE recorded a decrease in turnover, whereas ICEX on the other hand recorded an increase in turnover. The turnover at regional exchange viz. Hapur Commodity Exchange (HCE), has also recorded a decrease in turnover over the previous month.

The total turnover at all the four national exchanges was recorded at `4,50,739 crore. Out of this total turnover, agricultural commodities contributed `50,639 crore (11.2 percent) while that of the non-agricultural commodities contributed `4,00,100 crore (88.8 percent) to the total turnover. Among, the non-agricultural commodities segments, Bullion, Metals and Energy are traded at MCX, whereas, diamond contracts are traded at ICEX.

The turnover at MCX decreased to `4,07,098 crore in October 2017, a decrease of 13.91 percent over `4,72,876 crore recorded during September 2017. The contribution to the total turnover at MCX from Metal segment was at 46.62 percent followed by Energy segment at 29.85 percent, Bullion segment with 21.76 percent and agricultural commodities had a share of 1.76 percent.

Options trading in Gold contracts commenced at MCX on 17th October, 2017. The total turnover recorded in call and put option taken together was `3,298 crore.

The turnover at NCDEX has decreased from `50,574 crore in September 2017 to `40,811 crore in October 2017, a decrease of 19.30 percent.

The total turnover at NMCE has decreased from ` 3,093 crore in September 2017 to `2,665 crore in October 2017, a decrease of 13.84 percent. The entire turnover at NCDEX and NMCE was contributed by the agricultural commodities segment.

The turnover at ICEX in diamond contracts has increased from ₹141.67 crore in September 2017 to ₹165.37 crore in October 2017, an increase of 16.73 percent.

The total turnover of agricultural commodities was the highest at NCDEX (`40,811 crore) followed by MCX (` 7,164 crore) and NMCE (` 2,665 crore). The turnover of agricultural and non- agricultural commodities at national exchanges is shown in Figure 10 and Figure 11 and the details in Table 63, 64, 65, 66 and 67.

The Hapur Commodity Exchange (HCE), Hapur, which is trading only in Rape/Mustard Seed contract recorded a total turnover of `234 crore during October 2017, a decrease of 29.84 percent over the total turnover of `334 crore during September 2017.

**Figure 10: Turnover of Agricultural Commodities Futures at National Exchanges (`crore)**

**Figure 11: Turnover of Non-Agricultural Commodities Futures at MCX (`crore)**

**B. Commodity price trends**

At the end of October 2017, M-o-M returns among the near month contracts of non-agricultural commodities were positive for Nickel (11.12 percent), followed by Crude Oil (4.60 percent), Copper (3.91 percent), Zinc (3.07 percent) and Aluminium (0.58 percent), while M-o-M returns decreased the most for Natural Gas (5.34 percent), followed by Lead (4.40 percent), Silver (1.62 percent) and Gold (1.37 percent). Among Agricultural Commodities, the M-o-M returns were the highest for Mentha Oil (24.07 percent), followed by Coriander (9.70 percent), Wheat (7.29 percent), Barley (5.65 percent), Rape and Mustard Seed (4.23 percent), Refined Soy Oil (2.18 percent) and Isabgul Seed (0.90 percent). The M-o-M returns declined the most for Chana (12.81 percent), followed by Cardamom (9.91 percent), Soybean (7.10 percent), Rubber (7.74 percent), Guar Seed (5.18 percent), Castorseed (4.27 percent), Turmeric (3.39 percent), Guar Gum (3.37 percent), Jeera (3.23 percent), Raw Jute (2.94 percent), Pepper contracts at NMCE (2.42 percent) and Cottonseed oilcake (0.80 percent).

The Y-o-Y returns on futures prices among non-agricultural commodities increased the most for Copper by 36.85 percent, followed by Zinc (34.28 percent), Aluminum (20.63 percent), Lead (13.51 percent), Nickel (8.93 percent) and Crude Oil (7.46 percent), while it declined the most for Silver (8.75 percent), Natural Gas (7.99 percent) and Gold (3.09 percent). Among agricultural commodities, Y-o-Y returns increased the most for Mentha Oil (61.20 percent) followed by Guar Gum (23.70 percent), Castorseed contracts at NMCE (19.47 percent), Jeera (7.38 percent), Guar Seed (5.02 percent), Rubber (4.84 percent), Crude Palm Oil (1.60 percent) and Refined Soy Oil (0.90 percent), while Y-o-Y returns declined the most for pepper contracts at NMCE (39.30 percent) followed by Coriander (35.07 percent), Cardamom (24.30 percent), Cotton Seed Oil Cake (21.90 percent), Rape/Mustard Seed (13.28 percent), Wheat (12.01 percent), Barley (11.71 percent), Soybean (11.46 percent), Isabgul Seed (8.60 percent), Turmeric (3.73 percent), Raw Jute (3.67 percent) and Cotton (2.74 percent). Castor seed contracts were re-launched at NCDEX on January 5, 2017. **(Exhibit 5)**

**Exhibit 5: Periodic variation (M-o-M and Y-o-Y) in futures closing prices for near month contracts of commodities traded at MCX, NCDEX and NMCE**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Commodities traded at MCX | Closing value as on 31/10/2017 | Variation in prices as on 31/10/2017 (percent) | | Commodities traded at NCDEX/ NMCE | Closing value as on 31/10/2017 | Variation in prices as on 31/10/2017 (percent) | |
|
| M-o-M | Y-o- Y | M-o-M | Y-o-Y |
| MCX Comdex | 3416.33 | 1.89 | 7.49 | Dhaanya Index | 2941.89 | -1.56 | -7.53 |
| MCX AGRI Index | 2504.3 | 0.10 | 3.25 | Guar seed 10 MT | 3543.5 | -5.18 | 5.02 |
| MCX Metal Index | 5052.93 | 1.92 | 10.48 | Guar Gum | 7735 | -3.37 | 23.70 |
| MCX Energy Index | 2577.36 | 2.73 | 4.06 | Soyabean | 2773 | -7.10 | -11.46 |
| Aluminium | 138.60 | 0.58 | 20.63 | Chana | 4933 | -12.81 | NA |
| Copper | 444.70 | 3.91 | 36.85 | Turmeric | 7070 | -3.39 | -3.73 |
| Crude Oil | 3528.00 | 4.60 | 7.46 | RM seed | 3897 | 4.23 | -13.28 |
| Gold | 29153.00 | -1.37 | -3.09 | Refined Soy Oil | 676 | 2.18 | 0.90 |
| Lead | 156.30 | -4.40 | 13.51 | Cotton seed oil cake | 1491 | -0.80 | -21.90 |
| Natural Gas | 187.80 | -5.34 | -7.99 | Wheat | 1736 | 7.29 | -12.01 |
| Nickel | 766.30 | 11.12 | 8.93 | Jeera | 18560 | -3.23 | 7.38 |
| Silver | 38818.00 | -1.62 | -8.75 | Coriander | 4886 | 9.70 | -35.07 |
| Zinc | 215.05 | 3.07 | 34.28 | Barley | 1515 | 5.65 | -11.71 |
| Cardamom | 965.50 | -9.91 | -24.30 | Pepper | 42615 | -0.62 | NA |
| Cotton | 18440.00 | -0.49 | -2.74 | Castor Seed | 4438 | -4.27 | NA |
| CPO | 545.30 | -0.42 | 1.60 |  |  |  |  |
| Mentha Oil | 1456.10 | 24.07 | 61.20 | **NMCE** |  |  |  |
|  |  |  |  | Castor Seed | 4418 | -4.02 | 19.47 |
|  |  |  |  | Rubber | 12472 | -7.74 | 4.84 |
|  |  |  |  | Raw Jute | 3995 | -2.94 | -3.67 |
|  |  |  |  | Isabgul Seed | 11195 | 0.90 | -8.60 |
|  |  |  |  | RM Seed | 634.5 | 3.25 | -12.47 |
|  |  |  |  | Guar Seed | 3563 | -4.81 | 2.65 |
|  |  |  |  | Pepper | 42666 | -2.42 | -39.30 |

Notes: Returns are calculated as percentage change in the closing value of near month contract

Prices last trading day of the month over the corresponding trading periods.

Source: Bloomberg & NMCE

1. **Trading in Corporate Debt Market**

During October 2017, BSE recorded 2,098 trades of corporate debt with a traded value of ` 38,274 crore compared to 2,227 trades of corporate debt with a traded value of ` 36,603 crore recorded in September 2017. At NSE, 4,657 trades were reported in October 2017 with a traded value of ` 1,04,885 crore compared to 5,247 trades with a traded value of ` 1,14,712 crore in the previous month ***(Figure 11 and Table 13*)**.

**Figure 11: Trends in Reported Turnover of Corporate Bonds (**` **crore)**

1. **Trends in Institutional Investment**
2. **Trends in Investment by Mutual Funds**

The total net investment in the secondary market by mutual funds was ` 39,079 crore in October 2017 out of which ` 9,991 crore was invested in equity and ` 29,088 crore was invested in debt. This was a decrease from total investment of ` 49,312 crore in September 2017 out of which ` 17,457 crore was invested in equity and ` 31,855 crore was invested in debt (***Figure 12***).

As on October 31, 2017, there were a total of 1,933 mutual fund schemes in the market, of which 1,306 (67.6 per cent) were income / debt oriented schemes, 503 (26.0 per cent) were growth / equity oriented schemes, 30 (1.6 per cent) were balanced schemes, 66 (3.4 per cent) were exchange traded funds and 28 (1.5 per cent) were fund of funds investing overseas **(*Tables 55 & 56*).**

**Figure 12: Trends in Mutual Funds Investment (` crore)**

1. **Trends in Investment by the Foreign Portfolio Investors (FPIs)**

In October 2017, net investment by the FPIs in the Indian securities market was ` 19,119 crore, out of which ` 3,055 crore was invested into equity and ` 16,064 crore was invested in debt (***Figure 13***).

The assets of the FPIs in India, as reported by the custodians, at the end of October 2017 was ` 31,70,194 crore, out of which the notional value of offshore derivative instruments (including ODIs on derivatives) was ` 1,31,006 crore, constituting 4.1 per cent of the total assets under custody of FPIs. (***Tables 49, 50 & 51***)

**Figure 13: Trends in FPIs Investment (` crore)**

1. **Trends in Portfolio Management Services**

Assets under management (AUM) of discretionary portfolio management services (PMS) increased by 1.6 per cent to ` 10,81,656 crore in October 2017 from ` 10,64,482 crore in September 2017. The AUM of Non-discretionary PMS also rose by 2.5 per cent to ` 85,115 crore from ` 83,000 crore and AUM of Advisory services, increased by 3.0 per cent to ` 2,02,034 crore from ` 1,96,169 crore. In terms of number of clients, at the end of October 2017, out of 1,02,299 clients in PMS industry, discretionary services category leads with total of 95,454 clients, followed by non-discretionary category with 5,176 clients and advisory category with 1,669 clients. ***(Table 57).***

1. **Trends in Substantial Acquisition of Shares and Takeovers**

In October 2017, five open offers with offer value of ` 295 crore were made to the shareholders as against three open offers with offer value of rupees one crore in September 2017 (***Figure 14***).

**Figure 14: Details of Offers Opened under the SEBI (SAST) Regulations (` crore)**

**MONTHLY REVIEW OF GLOBAL FINANCIAL MARKETS[[1]](#footnote-1)**

**Snapshots**

**United States:**

GDP expanded by 3.0 percent (annualised) in Q3 2017 as compared to 3.1 in previous quarter. CPI inflation was 2.0 percent (Y-o-Y) and Unemployment rate was 4.1 percent in October 2017.

**United Kingdom**

Real GDP growth rate came down to 1.5 percent (Y-o-Y) in Q3 2017 against 1.7 percent of Q2 2017. CPI inflation was 3.0 percent (Y-o-Y) in October 2017. Unemployment rate was 4.3 percent during the period June to August 2017.

**Japan:**

GDP expanded by 1.7 percent (Y-o-Y) in Q3 2017, as compared to 1.4 percent in Q2. CPI inflation remained stable at 0.7 percent (Y-o-Y) in September 2017. Unemployment rate was steady at 2.8 percent in September 2017 as compared to the previous month.

**Euro Zone (EA19):**

GDP advanced by 2.5 percent (Y-o-Y) in Q3 2017 from 2.3 percent in Q2 of 2017.CPI inflation decreased by 1.4 percent (Y-o-Y) in October 2017 as against previous month. Unemployment rate recorded 8.9 percent in September 2017.

**BRICS Nations:**

* Real GDP of Brazil advanced by 0.3 percent (Y-o-Y) in Q2 2017. CPI inflation increased to 2.7 percent in October 2017. Unemployment rate decreased to 12.4 percent in September 2017.
* Russia’s GDP advanced by 1.8 percent (Y-o-Y) in Q3 2017. CPI inflation was 2.7 percent (Y-o-Y) in October 2017. Unemployment rate rose to 5.0 percent in September 2017.
* India’s real GDP grew by 5.7 percent (Y-o-Y) in Q1, 2017-18 as compared to 6.1 percent in Q4, FY 2016-17. Consumer prices in India recorded 3.58 percent (Y-o-Y) in October 2017, against 3.28 of previous month.
* GDP of China expanded by 6.8 percent (Y-o-Y) in the third quarter of 2017. Consumer prices in China increased by 1.9 percent (Y-o-Y) in October 2017, as compared to the previous month. Unemployment rate remain unchanged at 3.95 percent in third quarter.
* GDP of South Africa advanced by 1.1 percent, against 1.0 percent in the previous quarter. Consumer prices increased by 5.1 percent in September 2017. Unemployment rate in South Africa remained at 27.7 percent in the second quarter of 2017.

1. **Introduction:**
   1. The global economic growth dynamic has continued its broad-based and relatively strong momentum. On positive note the potential tax reform in the US, the ongoing recovery in the Euro-zone and Japan, solid growth in China and an improving situation in Russia and Brazil are underlining the upswing in global growth. However, headwinds are coming from numerous uncertainties which could impact global economic growth. Among the most influential uncertainties in the near term are geo-political developments, in addition to the pace of monetary policy normalisation, in combination with high debt levels in many countries and considerable valuations in asset markets. Moreover, stability in the oil market remains a key-determinant for global economic growth.

**The World Economy:**

* 1. The recovery in the world economy continued as reflected by survey indicators. As per the October 2017 PMI data released by IHS Markit, global economy continued to make steady progress with the rate of output expansion edging higher. The J. P. Morgan Global All-Industry Output Index posted 54.0 in October 2017, up slightly from 53.9 in September 2017. The global manufacturing PMI also indicates that output growth in the manufacturing sector remained broad-based across the consumer, intermediate and investment goods sectors. On the other hand, global service sector output and employment rose at quicker rates in October 2017.

**The Organisation for Economic Co-operation and Development (OECD)[[2]](#footnote-2):**

* 1. The Organisation for Economic Co-operation and Development (OECD) was born on 30 September 1961. It is an organisation of 35 member countries worldwide who together try to identify problems, discuss and analyse them, and promote policies to solve them. Most OECD members are high-income economies with a very high Human Development Index (HDI) and are regarded as developed countries.
  2. As per the provisional estimates, the real gross domestic product (GDP) in the OECD area accelerated to 0.7 per cent quarter-on-quarter (Q-o-Q) in the second quarter of 2017 from 0.5 per cent in the previous quarter. Real GDP of the OECD area accelerated to 2.4 per cent year-on-year (Y-o-Y) in the second quarter of 2017 from 2.1 per cent in the previous quarter.
  3. Growth GDP in the G20 area accelerated to 0.9 per cent in the second quarter of 2017, compared with 0.8 per cent in the previous quarter, according to provisional estimates. Turkey recorded the highest quarterly growth among G20 economies (2.1 per cent). Real GDP also increased significantly in China (by 1.7 per cent), South Africa (0.6 per cent) and in Australia and the United States (0.8 per cent). GDP of the G20 area increased by 3.6 per cent (Y-o-Y) in the second quarter of 2017 compared with 3.4 per cent in the previous quarter.
  4. Annual inflation in the OECD area nudged up to 2.3 per cent in September 2017, compared with 2.2 per cent in August 2017. Energy prices increased by 7.7 per cent, compared with 5.9 per cent in August while food prices increased marginally by 1.9 per cent, compared with 1.8 per cent in August. Excluding food and energy, inflation was stable at 1.8 per cent for the fifth consecutive month. The OECD unemployment rate was marginally down to 5.7 per cent in September 2017 from 5.8 per cent recorded in August 2017.

**Exhibit 1: Major Macroeconomic Indicators**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Developed**  **Countries** | **Country / Region** | **Quarterly Growth Real GDP** | | | | **Annual CPI Inflation** | | **Unemployment Rate** | | **Benchmark Interest Rate** |
| **Y-o-Y** | **period** | **Q-o-Q** | **period** | **Rate** | **Period** | **Rate** | **Period** |
| United States | 2.30 | Q3 | 3.00\* | Q3 | 2.00 | Oct-17 | 4.10 | Oct-17 | 1.25 |
| United Kingdom | 1.50 | Q3 | 0.40 | Q3 | 3.00 | Oct-17 | 4.30 | Aug-17 | 0.50 |
| Eurozone | 2.50 | Q3 | 0.60 | Q3 | 1.40 | Oct-17 | 8.90 | Sep-17 | 0.00 |
| Germany | 2.80 | Q3 | 0.80 | Q3 | 1.60 | Oct-17 | 3.60 | Sep-17 | 0.00 |
| France | 2.20 | Q3 | 0.50 | Q3 | 1.10 | Oct-17 | 9.50 | Q2 of 2017 | 0.00 |
| Japan | 1.70 | Q3 | 0.30 | Q3 | 0.70 | Sep-17 | 2.80 | Sep-17 | -0.10 |
| **BRICS** | Brazil | 0.30 | Q2 | 0.20 | Q2 | 2.70 | Oct-17 | 12.40 | Sep-17 | 7.50 |
| Russia | 1.80 | Q3 | 1.08 | Q2 | 2.70 | Oct-17 | 5.00 | Sep-17 | 8.25 |
| India | 5.70 | Q1 | NA | NA | 3.58 | Oct-17 | NA | NA | 6.00 |
| China | 6.80 | Q3 | 1.70 | Q3 | 1.90 | Oct-17 | 3.95 | Q3 of 2017 | 4.35 |
| South Africa | 1.10 | Q2 | 2.50 | Q2 | 5.10 | Sep-17 | 27.7 | Q3 of 2017 | 6.75 |
| **Other Ems** | South Korea | 3.60 | Q3 | 1.40 | Q3 | 1.80 | Oct-17 | 3.60 | Oct-17 | 1.25 |
| Indonesia | 5.06 | Q3 | 3.18 | Q3 | 3.58 | Oct-17 | 5.50 | Q3 of 2017 | 4.25 |
| Turkey | 5.10 | Q2 | 2.10 | Q2 | 11.90 | Oct-17 | 10.7 | Jul-17 | 8.00 |

Note: Q1 refers to Jan - Mar 2017

Q2 refers to Apr- Jun 2017

Q3 refers to Jun – Sept 2017

Quarters are as per the financial year for India which is April to March

\*Represents figures in annualised terms

***Source:*** *Bloomberg*

**Chart 1: Year-on-Year Real GDP growth rates of developed countries/ region (percent)**

***Source:*** *Bloomberg*

**Chart 2: Year-on-Year Real GDP growth rates of BRICS countries/ region (percent)**

***Source:*** *Bloomberg*

**Chart 3: Year-on-Year Consumer Price Inflation for developed countries (percent)**

***Source:*** *Bloomberg*

**Chart 4: Year-on-Year Consumer Price Inflation for BRICS countries (percent)**

***Source:*** *Bloomberg*

1. **Major Recent Developments Across the Globe**
   1. **At 5.7 per cent rate of unemployment, job creation is stable in OECD area**

In September, 35.7 million people were unemployed, 3.0 million more than in April 2008. In Euro area unemployment rate decreased by 0.1 percentage point, to 8.9 per cent. In US unemployment rate also decreased by 0.2 percentage point, to 4.2 per cent. Unemployment rate for youth (people aged 15 to 24) was also observed to be stable at 11.9 per cent.

**United States:**

* 1. As per the “advance” estimates released by the Bureau of Economic Analysis the real GDP of US grew at an annual rate of 3.0 percent during the third quarter of 2017 against 3.1 percent growth rate recorded in the previous quarter. The increase in real GDP reflected positive contributions from personal consumption expenditures (PCE), private inventory investment, non-residential fixed investment, exports, and federal government spending. Real GDP increased by 1.6 percent in 2016 (Y-o-Y) compared with an increase of 2.6 percent in 2015. As per IMF’s latest growth outlook the US economy is projected to expand at 2.2 percent in 2017 and 2.3 percent in 2018.
  2. As per data released by the Bureau of Labor Statistics, the consumer prices in USA went up by 2.0 percent (Y-o-Y) in October 2017. The price index for all items less food and energy rose by 1.8 percent (Y-o-Y) during the month. Unemployment rate in the US was 4.1 percent in October 2017 against 4.2 percent of previous month. The Federal Open Market Committee (FOMC) on 01 Nov 2017 voted to maintain the target range for the federal funds rate at 1 to 1.25 percent.
  3. The seasonally adjusted Markit US Manufacturing Purchasing Managers’ Index (PMI) posted 54.6 in October 2017, against 53.1 of September. The Markit U.S. Services PMI recorded at 55.3 in October 2017 same as of September.

***Observations:*** *The economy can be expected to grow at 3 per cent pace in Q4 with the available data. Production volumes jumped back with a substantial improvement in order book inflows, largely due to supply chains returning to normal. Job creation touched a new high with lowest unemployment rate since 2007. Real disposable personal income increased by 0.6 percent in the third quarter, following an increase of 3.3 percent in the second. The personal saving rate was 3.4 percent in the third quarter, compared with 3.8 percent in the second.*

**United Kingdom:**

* 1. As per the second estimate by Office for National Statistics, the British economy grew at 0.4 percent (Q-o-Q) in the Q3 2017, compared to 0.3 percent growth in the previous quarter. On a Y-o-Y basis, GDP expanded 1.5 percent in the Q3 2017 following a 1.7 percent expansion in the previous period. IMF has revised down the growth forecast in the United Kingdom to 1.7 percent from 2.0 percent in 2017 and to 1.5 percent in 2018.
  2. The CPI Inflation in the UK was at 3.0 percent (Y-o-Y) in October 2017 same as in September 2017. UK unemployment rate was 4.3 percent during the period June 2017 to August 2017 same as in previous period. The Bank of England Monetary Policy Committee decided to increase the Bank Rate to 0.50 percent and left the stock of purchased assets at £435 billion.
  3. Manufacturing PMI marked 56.3 in October 2017 against 56.0 in September 2017. The UK Services PMI marked 55.6 in October 2017 against 53.6 in the previous month.

***Observations:*** *Manufacturing and Service, both sectors are showing tremendous expansion. Increased orders encouraged firms to ramp up production once again. The solid performance of the manufacturing sector was again reflected in the labour market. Job creation continued to grow for the fifteenth successive month.*

**Japan:**

* 1. The Japanese economy advanced 0.3 percent (Q-o-Q) in the third quarter of 2017,following a 0.6 percent expansion in the previous period. Growth was mainly supported by exports while business spending rose at a slower pace.In Y-o-Y terms, Japanese economy grew by 1.7 percent (Y-o-Y) during Q3 2017 as compared to 1.4 percent (Y-o-Y) in Q2 2017. According to IMF’s outlook, the Japanese economy is expected to grow at 1.5 percent in 2017 and pace of expansion is expected to weaken thereafter to 0.7 percent in 2018.
  2. Consumer prices in Japan remained unchanged at 0.7 percent in September 2017, the same as in previous month. Prices of food increased at a faster pace while cost of transport was flat and cost of housing continuedto fall. The seasonally adjusted unemployment rate in Japan remains stable at 2.8 percent in September 2017 as compared to the previous month.
  3. The Bank of Japan left its key short-term interest rate unchanged at -0.1 percent at its October 2017 meeting, as expected. The policymakers also decided to keep its 10 year Government bond yield target around 0 percent.

***Observations:*** *Resilient global growth and improving domestic demand are propping up Japan’s economy this year. However, persistent geopolitical tensions could add upward pressure on the safe-haven yen, hurting the all-important external sector.*

**Euro Area (EA19)[[3]](#footnote-3):**

* 1. The real GDP growth in the Euro area was recorded 2.5 percent in the Q3 2017 (Y-o-Y). In Q-o-Q terms, the Euro Area economy growth advanced by 0.6 percent in Q3 2017 below 0.7 percent as compared to the previous quarter. Among Eurozone's countries, GDP expanded at a faster pace in Germany (0.8 percent), Italy (0.5 percent), Latvia (1.5 percent) and Portugal (0.5 percent).  GDP growth was unchanged in Austria (at 0.8 percent), and slowed in France (0.5 percent), Spain (0.8 percent), Netherlands(0.4 percent), Belgium (0.3 percent), Lithuania (0.1 percent), and Cyprus (0.9 percent).  The growth of Euro area is projected to rise to 2.1 percent in 2017, before moderating to 1.9 percent in 2018.
  2. Eurozone annual inflation decreased to 1.4 percent year-on-year in October 2017, below 1.5 percent as compared to the previous month. The highest annual rates were recorded in Lithuania (4.6 percent), Estonia (3.9 percent), and Latvia (3.0 percent) and the lowest annual rates were registered in Cyprus (0.1 percent), Ireland (0.2 percent) and Finland (0.8 percent).
  3. The seasonally-adjusted unemployment rate in the Eurozone recorded 8.9 percent in September 2017, down from 9.1 percent in August 2017. Among the Member States, the lowest unemployment rates were recorded in the Czech Republic (2.7 percent) ,Germany (3.6 percent) and Malta( 4.1 percent); while the highest unemployment rates were observed in Greece (21.1 percent in July 2017) and Spain (16.7 percent).
  4. The European Central Bank decided to keep interests rates unchanged in its October meeting and held its benchmark refinancing rate at 0 percent. ECB also decided to reduce its quantitative easing programme to a monthly pace of €30 billion from January with the option of extending it in September 2018. Both the deposit rate and the lending rate were also left steady at -0.4 percent and 0.25 percent, respectively.

***Observations:*** *Eurozone’s economy continued to grow on all fronts in the third quarter of 2017*.*The Eurozone economy is on track to grow at the fastest pace this year due to several tailwinds, including accommodative monetary policy, improving labor market dynamics and a favorable external backdrop.*

**Brazil:**

* 1. GDP of Brazil advanced by 0.3 percent in the second quarter of 2017, following 0.4 percent contraction in the previous period. It is the first advancement in the growth rate since first quarter of 2014 mainly on account of recovery in household spending .As per recent World Economic Outlook by IMF, Brazil is expected to grow at 0.7 percent in 2017 and 1.5 percent in 2018.
  2. Consumer prices in Brazil increased by 2.70 percent (Y-o-Y) in October 2017, increasing from a 2.54 percent in the September 2017 .The Central Bank of Brazil executed another 75 basis point cut in its benchmark SELIC rate to 7.50 percent .It is the ninth straight rate decline, bringing borrowing costs to the lowest since September of 2013amid plunging inflation and a slow recovery.  Unemployment Rate in Brazil further eased down to 12.4 percent in September 2017 from 12.6 percent rate recorded in August 2017.

**China:**

* 1. The Chinese economy expanded by 6.8 percent in the third quarter of 2017, following a 6.9 percent growth in the last two quarters. It was the weakest pace of expansion since the Q4 of 2016, as fixed-asset investment rose the least in nearly 18 years while industrial output and retail sales increased further.  According to IMF’s recent forecast, China’s growth is expected to grow at 6.8 percent in 2017, and to decline modestly in 2018 to 6.5 percent.

* 1. Consumer prices in China increased by 1.9 percent (Y-o-Y) during October 2017, as compared to 1.6 percent in September 2017 and above with market expectations. The People's Bank of China has kept benchmark one-year lending rate unchanged at 4.35 percent and has been the same since last cut of 25 basis point in October, 2015. Unemployment rate in China remain unchanged at 3.95 percent in the third quarter of 2017 as compared to second quarter of 2017.

**Russia:**

* 1. The Russian economy grew 1.8 percent(Y-o-Y) in the third quarter of 2017, slowing down from 2.85 percent expansion in the previous quarter. The weaker expansion was likely caused by slower industrial production while other sectors like retail, construction and agriculture grew faster.  The growth forecast for Russia is expected to remain at 1.8 percent for 2017 and 1.6 for 2018.
  2. Consumer prices in Russia eased to 2.7percent year-on-year in October 2017, from 3.0 percent in the previous month. The Central Bank of Russia has lowered its benchmark one-week repo rate to 8.25 percent. Russian unemployment rose slightly to 5.0 percent in September of 2017 from 4.9 percent in the previous month.

**South Africa**

* 1. The South African economy advanced 1.1 percent (Y-o-Y) in the second quarter of 2017, higher than 1 percent in the previous two quarters and beating market expectations. It is the highest growth rate in two years. As per IMF’s projections, the growth projections for South Africa are 0.7 percent for 2017 and 1.1 percent for 2018.
  2. Consumer prices in South Africa increased 5.1 percent year-on-year in September 2017, from 4.8 percent in August and above market expectations. The South African Reserve Bank kept its benchmark repo rate steady at 6.75 percent at its September meeting. The unemployment rate in South Africa remained at 27.7 percent in the third quarter of 2017 as compared to the previous period. It is the highest jobless rate since 2004.

1. **Review of Global Financial Markets:** 
   1. Global equity markets were driven higher by positive economic data and strong corporate earnings statements in October.  It was a positive month for global emerging equity markets also as they extended their year-to-date gains over their peers in the developed world.
   2. The US equity market ended October within touching distance of record highs boosted by strong earnings statements and upbeat economic growth. European stock markets advanced in October as the strong growth and modest inflation regime persisted. The possibility that the European Central Bank (ECB) could soon reduce its stimulus measures continued to be a focus for the market. Japan’s equity market ended the month with solid gains in local currency terms, with the market benefiting from the Prime Minister Abe’s election victory. Chinese stocks delivered positive returns and reached a 26-month high as investors took comfort from stronger economic data and a cut in the reserve ratio requirement (RRR) for banks. There were significant developments in India to spur its equity market higher, as the Government announced a bold Rs. 1.35 trillion plan to recapitalise state-owned banks.
   3. MSCI World Index, which is a leading indicator for tracking the overall performance of stock markets in developed markets witnessed an increase of 1.8 percent. On the other hand, MSCI Emerging Market Index registered a notable increase of 3.5 percent during October 2017. MSCI India Index registered a significant rise of 6.4 percent in October 2017 over the previous month. (Chart 3).

**Chart 4: Movement in MSCI World and Emerging Market Index**

*Source: Bloomberg*

**Bond Markets:**

* 1. Government bond yields diverged over the month. US yields edged upwards, the UK’s remained slightly lower while Bund yields dropped. There was growing speculation around the next governor of the Federal Reserve (Fed), namely that Janet Yellen will be replaced by a less dovish candidate. The 10-year Treasury note’s yield finished the month at 2.38 percent, higher as compared to 2.33 in the previous month. U.K. 10-year gilt yields dropped during October 2017 and descended to 1.33 percent from 1.37 percent in the previous month.
  2. In Europe, German Bund yields dropped amid the European Central Bank’s (ECB) announcement on tapering of bond purchases, which were halved to €30 billion a month, but extended to September 2018. An announcement had been widely anticipated and in the event it was taken as a relatively dovish move with 10 year German bond yields decreasing to 0.36 percent at the end of October 2017. The 10 year government bond yield of China has increased marginally to 3.89 percent. The yield of India also increased to 6.86 percent while the Russian bond yield descended to 7.48 percent in October 2017.

**Chart 5: Movement in 10 year bond yield of major countries**

***Source****: Bloomberg*

**Currency Market:**

* 1. During October 2017 (by comparing the closing prices of the close of last trading days of the September and October), the U.S. dollar (USD) lost against 2 currencies out of 7 currencies (i.e. INR, YEN, GBP, EURO, Real, Yuan and Ruble) evaluated against it. The change in the currencies against dollar was INR (1.06 percent), Yuan (0.09 percent), GBP (-0.92 percent), Yen (-0.94 percent), Ruble (-1.31 percent), Euro (-1.33 percent) and Real (-3.65 percent) respectively.
  2. US Dollar Index, an index representing the strength of dollar against basket of other major currencies, observed to be 94.55 on close of October 2017, it appreciated 1.59 percent against the basket of major currencies during October 2017, and was 7.49 percent below the close of last trading day of 2016.

* 1. Comparing the closing prices of currencies in 2016 with the closing price of October, Euro changed by 9.56 percent followed by GBP (7.04 percent), INR (4.88 percent), Ruble (4.74 percent), Yuan (4.48 percent), Yen (2.54 percent) and Real (-0.75 percent) respectively.
  2. Since the beginning of October 2015 till October 2017 (closing prices of the last trading days of September 2015 and October 2017 were compared), Brazilian Real and Russian Ruble changed 1.02 and 10.73 percent respectively against USD. During the same period, INR gained 1.42 percent. Other currencies such as Yen gained 9.45 percent against USD. Euro gained 0.05 percent against USD while GBP depreciated 0.14 percent against USD. Chinese Yuan has depreciated 0.42 percent against USD.

**Chart 6: Movement of major currencies against US Dollar ($)**

**Source**: Bloomberg

**Trend in Market Indices:**

* 1. Major stock indices all over the world exhibited a fairly positive trend during October 2017. Amongst the developed markets, Nikkei 225 of Japan witnessed an increase of 8.1 percent, followed by Straits Times Singapore and Dow Jones of USA increasing by 4.8 percent and increasing by 4.3 percent during October 2017.
  2. As regards the emerging market indices, ISE National 100 of Turkey led the way with an increase of 7.0 percent, followed by Budapest Stock Exchange of Hungary which increased by 6.2 percent and BSE Sensex of India which also recorded an increase of 6.2 percent during October 2017. On the contrary, a steep fall of 7.5 percent was registered by Karachi 30 of Pakistan, followed by IGBC General of Colombia and Bolsa of Mexico declining by 4.2 percent and 3.4 percent respectively during the same period.

**Chart 8: Trend in Major Developed Market Indices**

**Source**: Bloomberg

**Chart 9: Trend in Market Indices of BRICS Nations**

**Source**: Bloomberg

**Market Capitalisation:**

* 1. Market capitalisation of major countries in the world, at the end of October 2017, is given in table A6 and is illustrated in Chart 8. The market capitalisation of most of the major countries showed positive trend during the month of October 2017.
  2. Among major developed markets, the market capitalisation of Japan increased significantly by 4.3 percent while France showed an increase of 3.8 percent during October 2017. Hong Kong and USA also showed an increase in their market capitalisation by 3.8 percent and 1.8 percent respectively while the market capitalisation of Australia and Germany also increased by 1.9 percent and 1.5 percent respectively at the end of October 2017.
  3. As regards the emerging markets, the market capitalisation of India increased notably by 9.9 percent to USD 2.2 trillion while China’s market capitalisation witnessed an increase by 2.5 percent to USD 7.7 trillion. The market capitalization of South Korea and Hungary ascended by 8.2 percent and 6.2 percent respectively. Argentina and Chile showed increase in their market capitalisation and rose by 5.6 percent and 5.2 percent respectively at the end of October 2017.On the contrary, market capitalisation of Brazil declined by 3.0 percent while Colombia and Russia showed a decrease of 3.0 percent and 1.1 percent respectively in October 2017.

**Chart 10: Trend in Market Capitalisation of Major Exchanges (US$ Trillion)**

***Source****: Bloomberg*

**Derivatives Market:**

* 1. Among the major stock exchanges covered in the review (Table A4 & A5), during October 2017, the monthly notional turnover of index futures in EUREX was the highest at USD 1,344 billion followed by Japan Exchange Group (USD 982 billion), Hong Kong Exchanges and Clearing (USD 671 billion) and Korea Exchange (USD 234 billion). In case of Index options, Korea Exchange recorded the monthly turnover of USD 2,365 billion followed by EUREX (USD 1,127 billion) and Hong Kong Exchanges and Clearing (USD 272 billion). Chicago Board Options Exchange recorded highest number of contracts traded in Index option category, with 44 million contracts traded in October 2017, followed by Korea Exchange (33.1 million contracts), EUREX (27.6 million contracts) and TAIFEX (15 million contracts).
  2. In case of Stock Options, Nasdaq - US recorded highest volume (58.3 million contracts) in terms of contracts traded on the major world exchanges followed by BM&FBOVESPA (57.2 million contracts), Chicago Board Options Exchange (39.9 million contracts), NYSE (33.5 million contracts) and EUREX (13.2 million contracts). In case of Stock Futures, Korea Exchange remains the number one exchange in terms of number of contracts traded with monthly volume of 28.6 million contracts, followed by Moscow Exchange (13.7 million contracts), EUREX (5.5 million contracts) and Thailand Futures Exchange (5.5 million contracts).

1. **Review of Indian Economy**
   1. As per the latest available release of Ministry of Statistics and Programme Implementation for quarterly estimates of GDP, for Q1 of 2017-18, quarterly GVA (Gross Value Added) at basic price of 2011-12 has shown a growth rate of 5.6 percent (Y-o-Y) against 7.6 percent of same quarter of previous fiscal year. Agriculture sector's GVA at basic price has been estimated at 2.3 percent in Q1 of 2017-18 as against 2.5 percent of same quarter of previous fiscal year. Manufacturing sector grew by 1.2 percent as compared to growth of 10.7 percent in previous fiscal year. For the financial, real estate and professional services sector, quarterly GVA at basic prices, grew by 6.4 percent as compared to growth of 9.4 percent in previous fiscal year.
   2. GDP in FY 2016-17 has shown a growth rate of 7.1 percent (Y-o-Y). The World Bank has downgraded India's economic growth forecasts to 7.0 percent and 7.5 percent for 2017 and 2018 respectively.
   3. The Nikkei India Manufacturing PMI (Purchasing Managers’ Index) stood at 50.3 in October against 51.2 in previous month. The Nikkei India Services PMI Index noted 51.7 in October against 50.7 in September.

**Exhibit 2: Quarterly Estimates of GVA (Y-o-Y) (at 2011-12 prices)**

| **Items** | **2016-17** | | | | **2017-18** |
| --- | --- | --- | --- | --- | --- |
| Q1 | Q2 | Q3 | Q4 | Q1 |
| 1. Agriculture & allied activities | 2.5 | 4.1 | 6.9 | 5.2 | **2.3** |
| 2. Mining & Quarrying | -0.9 | -1.3 | 1.9 | 6.4 | -0.7 |
| 3. Manufacturing | 10.7 | 7.7 | 8.2 | 5.3 | 1.2 |
| 4. Electricity, Gas, Water Supply & Other Utility Services | 10.3 | 5.1 | 7.4 | 6.1 | 7.0 |
| 5. Construction | 3.1 | 4.3 | 3.4 | -3.7 | 2.0 |
| 6. Trade, Hotel, Transport, Communication and services related to broadcasting | 8.9 | 7.7 | 8.3 | 6.5 | 11.1 |
| 7. Financial, Real Estate & Professional Services | 9.4 | 7 | 3.3 | 2.2 | 6.4 |
| 8. Public Administration, Defense and Other services | 8.6 | 9.5 | 10.3 | 17 | 9.5 |
| **Gross Value Added at Basic Price** | **7.6** | **6.8** | **6.7** | **5.6** | **5.6** |
| **GDP** | **7.9** | **7.5** | **7.0** | **6.1** | **5.7** |

***Source:*** *CSO*

**Index of Industrial Production**

* 1. India’s General Index of Industrial Production (IIP) increased by 3.8 percent in September 2017, against 5.0 percent growth recorded in September 2016 (both over the corresponding period in the previous year), with manufacturing growing by 3.4 percent as compared to its 5.8 percent growth in previous year. Electricity grew at 3.4 percent in September as compared to 5.1 percent growth in previous year. Mining grew by 7.9 percent in September, compared to 1.2 percent contraction in previous year. During April-September 2017-18, the IIP grew 2.5 percent, against 5.8 percent growth recorded in April-September 2016-17.

**Inflation**

* 1. India's CPI inflation grew by 3.58 percent in October, against 3.28 in previous month. Food prices (as measured by CFPI) showed an increase of 1.90 percent in October as compared to growth of 1.25 percent in last month. The Repo rate currently stands at 6.00 percent.

**Trade – Exports and Imports**

* 1. Exports during October 2017 contracted by 1.12 percent in dollar terms valued at USD 23.10 billion as compared to USD 23.36 billion during same month of last year. Imports increased by 7.60 percent to USD 37.12 billion in October 2017 from 34.50 billion during the same month of last year. The merchandise trade deficit was USD 14.02 billion in during October 2017, against the deficit of USD 11.13 billion of October 2016. Taking merchandise and services together, overall trade deficit for April- October 2017-18 was estimated at USD 52.55 billion, against the deficit of USD 22.13 billion during April-October 2016-17.

**Foreign Exchange Reserves**

* 1. Since the end of March 2017, forex reserves have increased by about USD 28,806.60 million. The reserves were recorded at USD 398.76 billion as on 27 October 2017. (Exhibit 4)

**Exhibit 3: Foreign Exchange Reserves (USD billion)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **27 Oct 2017** | **29 Sep 2017** | **25 Aug 2017** | **28 Jul 2017** |
| **Total Reserves** | 398.8 | 399.7 | 394.6 | 392.9 |
| **Foreign Currency Assets** | 373.8 | 375.2 | 370.8 | 368.8 |
| **Gold** | 21.2 | 20.7 | 19.9 | 20.3 |
| **SDRs** | 1.5 | 1.5 | 1.5 | 1.5 |
| **Reserve Position in the IMF** | 2.3 | 2.3 | 2.3 | 2.3 |

***Source:*** *RBI*

1. **Annex Tables:**

**Table A1: Trend in major International Indices**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** | **Index** | **As on**  **March\*,2016** | **As on March\*,2017** | **As on**  **September\* , 2017** | **As on**  **October\*, 2017** |
| *1* | *2* | *3* | *4* | *5* | *6* |
| Australia | All Ordinaries | 5151.8 | 5903.8 | 5744.86 | 5976.40 |
| France | CAC 40 | 4385.1 | 5089.6 | 5329.81 | 5503.29 |
| Germany | Dax | 9965.5 | 12256.4 | 12828.86 | 13229.57 |
| Hong Kong HSI | Hang Seng | 20776.7 | 24111.6 | 27554.30 | 28245.54 |
| Japan NIKKEI | Nikkei 225 | 16758.7 | 18909.3 | 20356.28 | 22011.61 |
| Singapore STI | Straits Times | 2840.9 | 3175.1 | 3219.91 | 3374.08 |
| UK | FTSE 100 | 6174.9 | 7322.9 | 7372.76 | 7493.08 |
| USA DOW JONES | Dow Jones Industrial Average | 17685.1 | 20663.2 | 22405.09 | 23377.24 |
| USA NASDAQ Composite | Nasdaq Composite | 4869.8 | 5911.7 | 6495.96 | 6727.67 |
| India (BSE) | Sensex | 25341.9 | 29620.5 | 31283.72 | 33213.13 |
| India (NSE) | Nifty 50 | 7738.4 | 9173.8 | 9788.60 | 10335.30 |
| Brazil | Bovespa | 50055.3 | 64984.1 | 74293.51 | 74308.49 |
| Chile | Stock Market Select | 3937.5 | 4783.4 | 5341.93 | 5588.08 |
| China | Shanghai SE Composite IX | 3003.9 | 3222.5 | 3348.94 | 3393.34 |
| Colombia | IGBC General | 9871.5 | 10150.7 | 11097.07 | 10631.81 |
| Egypt | Hermes | 687.3 | 1167.8 | 1279.20 | 1352.16 |
| Hungary | Budapest Stock Exchange | 26451.0 | 31634.3 | 37290.65 | 39611.64 |
| Indonesia | Jakatra Composite | 4845.4 | 5568.1 | 5900.85 | 6005.78 |
| Malaysia | FTSE Bursa Malaysia KLCI | 1717.6 | 1740.1 | 1755.58 | 1747.92 |
| Mexico | Bolsa | 45881.1 | 48541.6 | 50346.06 | 48625.53 |
| Pakistan | Karachi 30 | 19167.5 | 25615.6 | 21605.95 | 19995.40 |
| Russia | Russian Traded | 1203.3 | 1509.7 | 1552.94 | 1522.17 |
| South Africa | FTSE/JSE Africa All Share | 52250.3 | 52056.1 | 55579.92 | 58980.11 |
| Taiwan | Taiwan Taiex | 8744.8 | 9811.5 | 10383.94 | 10793.80 |
| Thailand | Stock Exchange of Thai | 1407.7 | 1575.1 | 1673.16 | 1721.37 |
| Turkey | ISE National 100 | 83268.0 | 88947.4 | 102907.70 | 110142.60 |

\*Indices are as on last trading day of the month,

**Source**: Bloomberg

**Table A2: Volatility and P/E Ratio of Major International Indices**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** | **Index** | **Volatility (per cent)** | | **P/E Ratio** | |
|
| **Sep-17** | **Oct-17** | **Sep-17** | **Oct-17** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| **Developed Markets** |  |  |  |  |  |
| Australia | All Ordinaries | 0.4 | 0.4 | 15.9 | 16.4 |
| France | CAC 40 | 0.4 | 0.4 | 15.7 | 16.1 |
| Germany | Dax | 0.4 | 0.4 | 14.2 | 14.9 |
| Hong Kong HSI | Hang Seng | 0.6 | 0.9 | 12.6 | 12.8 |
| Japan NIKKEI | Nikkei 225 | 0.7 | 0.4 | NA | NA |
| Singapore STI | Straits Times | 0.5 | 0.5 | 14.7 | 15.4 |
| UK | FTSE 100 | 0.5 | 0.4 | 15.2 | 15.2 |
| USA DOW JONES | Dow Jones Industrial Average | 0.4 | 0.3 | 18.4 | 18.6 |
| USA NASDAQ Composite | Nasdaq Composite | 0.6 | 0.6 | 24.3 | 24.1 |
| **Emerging Markets** |  |  |  |  |  |
| India (BSE) | S&P Sensex | 0.6 | 0.5 | 21.8 | 23.4 |
| India (NSE) | Nifty 50 | 0.6 | 0.5 | 20.5 | 22.2 |
| Argentina | Indice Bolsa General | 0.8 | 1.2 | 16.8 | 16.9 |
| Brazil | Bovespa | 0.8 | 1.1 | 14.3 | 14.2 |
| Chile | Stock Market Select | 0.6 | 0.6 | 20.8 | 21.8 |
| China | Shanghai SE Composite IX | 0.3 | 0.3 | 14.6 | 14.6 |
| Colombia | IGBC General | 0.4 | 0.6 | 16.3 | 16.6 |
| Egypt | Hermes | 0.5 | 0.8 | 10.9 | 11.1 |
| Hungary | Budapest Stock Exchange | 0.6 | 0.5 | 11.1 | 11.0 |
| Indonesia | Jakatra Composite | 0.4 | 0.5 | 17.5 | 17.5 |
| Malaysia | FTSE Bursa Malaysia KLCI | 0.3 | 0.2 | 16.4 | 16.3 |
| Mexico | Bolsa | 0.4 | 0.7 | 18.6 | 17.7 |
| Pakistan | Karachi 30 | 1.1 | 1.4 | 9.7 | 9.3 |
| Russia | Russian Traded | 0.6 | 0.7 | 7.2 | 7.1 |
| South Korea | Kospi Index | 0.6 | 0.6 | 11.1 | 11.8 |
| South Africa | FTSE/JSE Africa All Share | 0.6 | 0.4 | 15.6 | 15.9 |
| Taiwan | Taiwan Taiex | 0.6 | 0.4 | 13.6 | 13.9 |
| Thailand | Stock Exchange of Thai | 0.3 | 0.6 | 16.7 | 17.1 |
| Turkey | ISE National 100 | 1.1 | 1.1 | 8.6 | 9.1 |

NA.: Not Available

**Source**: Bloomberg,

**Table A3: Investment Flows – New capital Raised by Shares and Bonds in the Major Exchanges**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Stock Exchange** | **Sep-17** | | | **Oct-17** | | |
| **Bonds (USD Million)** | **Equity (USD Million)** | **Total (USD Million)** | **Bonds (USD Million)** | **Equity (USD Million)** | **Total (USD Million)** |
| Australian Securities Exchange | NA | 3,028 | 3,028 | NA | 4,578 | 4,578 |
| BME Spanish Exchanges | NA | 2,073 | 2,073 | NA | 260 | 260 |
| Bolsa de Comercio de Buenos Aires | 7,117 | 11 | 7,128 | 3,271 | 2 | 3,273 |
| Borsa Istanbul | 5,774 | 9 | 5,783 | 8,319 | 24 | 8,343 |
| Euronext | NA | 6,095 | 6,095 | NA | 10,716 | 10,716 |
| Hong Kong Exchanges and Clearing | 11,971 | 12,696 | 24,667 | 5,657 | 6,032 | 11,689 |
| Irish Stock Exchange | 1,771 | 0 | 1,771 | 4,657 | 128 | 4,785 |
| Japan Exchange Group Inc. | 9,438 | 12,530 | 21,967 | NA | NA | NA |
| Johannesburg Stock Exchange | 7,385 | 329 | 7,714 | 4,355 | 713 | 5,068 |
| Korea Exchange | 38,069 | 372 | 38,441 | 33,792 | 65 | 33,857 |
| London SE Group | 48,244 | 1,946 | 50,190 | 40,789 | 8,362 | 49,151 |
| Moscow Exchange | 20,186 | NA | 20,186 | 22,921 | 253 | 23,174 |
| Nasdaq - US | NA | 987 | 987 | NA | NA | NA |
| Nasdaq Nordic Exchanges | 6,434 | 529 | 6,962 | 4,404 | 0 | 4,404 |
| NYSE | NA | 11,108 | 11,108 | NA | NA | NA |
| Oslo Bors | 6,418 | 107 | 6,525 | 4,276 | 197 | 4,473 |
| Shanghai Stock Exchange | NA | 7,071 | 7,071 | NA | 7,347 | 7,347 |
| Shenzhen Stock Exchange | 2,049 | 6,053 | 8,102 | 2,910 | 8,864 | 11,773 |
| Singapore Exchange | 49,679 | 43 | 49,722 | 17,166 | 1,089 | 18,255 |
| SIX Swiss Exchange | 4,215 | 0 | 4,215 | 6,877 | 0 | 6,877 |
| Tel-Aviv Stock Exchange | 3,566 | 64 | 3,630 | 2,112 | 220 | 2,332 |
| TMX Group | 0 | 2,886 | 2,886 | 109 | 2,116 | 2,224 |
| Warsaw Stock Exchange | NA | 40 | 40 | NA | 179 | 179 |

NA: Not Available

**Source**: World Federation of Exchanges

**Table A4: Monthly Turnover in Derivatives (Stock options and Stock futures) in major Stock Exchanges**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Exchange** | **Oct-17** | | | |
| **Stock options** | | **Stock futures** | |
| **Number of contracts traded** | **Notional turnover (USD Million)** | **Number of contracts traded** | **Notional turnover (USD Million)** |
| **Americas** |  |  |  |  |
| BM&FBOVESPA | 5,71,69,592 | 38,721 | 0 | 0 |
| Bolsa de Comercio de Buenos Aires | 53,02,459 | 0 | 0 | 0 |
| Chicago Board Options Exchange | 3,98,54,336 | NA | NA | NA |
| Nasdaq - US | 5,83,36,859 | NA | NA | NA |
| NYSE | 3,35,46,821 | NA | NA | NA |
|  |  |  |  |  |
| **Asia - Pacific** |  |  |  |  |
| Australian Securities Exchange | 62,04,020 | 12,480 | 2,55,022 | 287 |
| Hong Kong Exchanges and Clearing | 85,32,299 | 24,565 | 4,805 | 33 |
| Japan Exchange Group | 64,861 | NA | NA | NA |
| Korea Exchange | 15,73,345 | NA | 2,85,88,367 | 26,542 |
| TAIFEX | 15,692 | 86 | 18,56,202 | 14,763 |
| Thailand Futures Exchange | NA | NA | 54,51,352 | NA |
|  |  |  |  |  |
| **Europe - Africa - Middle East** |  |  |  |  |
| Athens Derivatives Exchange | 2,013 | 1 | 9,92,953 | 118 |
| BME Spanish Exchanges | 15,13,074 | 1,368 | 1,19,898 | 71 |
| Borsa Istanbul | 2,19,919 | 46 | 20,23,274 | 382 |
| EUREX | 1,32,46,031 | 64,448 | 55,08,136 | 13,811 |
| Euronext | 57,90,795 | 23,418 | 39,338 | 102 |
| Johannesburg Stock Exchange | 5,85,149 | 43 | 5,63,214 | 906 |
| Moscow Exchange | 1,28,215 | 38 | 1,37,13,405 | 4,286 |
| Nasdaq Nordic Exchanges | 21,97,346 | 3,638 | 2,80,143 | 324 |
| Oslo Bors | 0 | 0 | 0 | 0 |
| Tehran Stock Exchange | 11,96,222 | 0 | 0 | 0 |
| Tel-Aviv Stock Exchange | 56,591 | 328 | NA | NA |

NA: Not Available

**Source**: World Federation of Exchanges

**Table A5: Monthly Turnover in Derivatives (Index options and Index futures) in major Stock Exchanges**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Exchange** | **Oct-17** | | | |
| **Stock index options** | | **Stock index futures** | |
| **Number of contracts traded** | **Notional turnover (USD Million)** | **Number of contracts traded** | **Notional turnover (USD Million)** |
| **Americas** |  |  |  |  |
| BM&FBOVESPA | 20,43,387 | 27,881 | 3,76,99,633 | 2,12,746 |
| Chicago Board Options Exchange | 4,40,19,706 | NA | NA | NA |
| CME Group | 1,38,16,939 | NA | 3,54,77,557 | NA |
| ICE Futures US | 1,333 | NA | 21,90,239 | NA |
| MexDer | 272 | 7 | 47,896 | 1,208 |
| Nasdaq - US | 2,34,644 | NA | NA | NA |
|  |  |  |  |  |
| **Asia - Pacific** |  |  |  |  |
| Australian Securities Exchange | 11,73,212 | 53,037 | 6,94,910 | 76,307 |
| Hong Kong Exchanges and Clearing | 26,08,722 | 2,72,220 | 61,07,351 | 6,70,543 |
| Japan Exchange Group | 38,02,514 | NA | 2,40,90,840 | 9,81,552 |
| Korea Exchange | 3,30,69,218 | 23,64,580 | 41,18,616 | 2,34,130 |
| Singapore Exchange | 12,66,838 | NA | 1,12,88,112 | NA |
| TAIFEX | 1,49,58,643 | 2,64,937 | 44,11,274 | 2,22,642 |
| Thailand Futures Exchange | 1,19,383 | NA | 26,28,626 | NA |
|  |  |  |  |  |
| **Europe - Africa - Middle East** |  |  |  |  |
| Athens Derivatives Exchange | 13,470 | 62 | 36,642 | 169 |
| BME Spanish Exchanges | 8,28,649 | 9,811 | 9,36,268 | 89,248 |
| Borsa Istanbul | 18,910 | 65 | 46,47,931 | 16,121 |
| EUREX | 2,75,88,288 | 11,27,290 | 2,40,99,932 | 13,43,990 |
| Euronext | 12,41,451 | 77,070 | 29,77,458 | 2,25,267 |
| Johannesburg Stock Exchange | 4,00,869 | 285 | 8,88,403 | 23,326 |
| Moscow Exchange | 25,83,413 | 5,691 | 89,37,085 | 19,031 |
| Nasdaq Nordic Exchanges | 6,35,775 | 12,505 | 31,07,408 | 60,726 |
| Oslo Bors | 0 | 0 | 0 | 0 |
| Tel-Aviv Stock Exchange | 17,82,022 | NA | NA | NA |
| Warsaw Stock Exchange | 19,768 | 135 | 2,89,020 | 3,948 |

NA: Not Available

**Source**: World Federation of Exchanges

**Table A6: Market Capitalisation of major Stock Exchanges** (US$ Million)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Stock Exchange** | **Aug-17** | **Sep-17** | **Oct-17** | **M-o-M change(%)** |
| *1* | *2* | *3* | *4* | *5* |
| **Developed Markets** |  |  |  |  |
| Australia | 13,18,586 | 12,94,956 | 13,19,877 | 1.9 |
| France | 23,93,031 | 25,02,531 | 25,30,088 | 1.1 |
| Germany | 22,32,023 | 23,52,442 | 23,88,398 | 1.5 |
| Hong Kong | 49,56,829 | 49,86,881 | 51,60,102 | 3.5 |
| Japan | 57,24,992 | 58,17,558 | 60,68,227 | 4.3 |
| Singapore | 5,52,464 | 5,46,951 | 5,67,490 | 3.8 |
| UK | 34,84,869 | 36,19,296 | 36,49,211 | 0.8 |
| USA | 2,72,20,399 | 2,80,55,837 | 2,85,60,968 | 1.8 |
|  |  |  |  |  |
| **Emerging Markets** |  |  |  |  |
| India | 20,73,860 | 20,30,816 | 22,31,750 | 9.9 |
| Argentina | 86,980 | 96,639 | 1,02,066 | 5.6 |
| Brazil | 8,88,118 | 9,17,775 | 8,90,369 | (3.0) |
| Chile | 2,67,210 | 2,71,857 | 2,85,897 | 5.2 |
| China | 75,11,278 | 75,68,913 | 77,60,054 | 2.5 |
| Colombia | 1,10,475 | 1,10,005 | 1,06,659 | (3.0) |
| Egypt | 41,437 | 44,240 | 45,904 | 3.8 |
| Hungary | 30,264 | 29,006 | 30,794 | 6.2 |
| Indonesia | 4,80,328 | 4,77,893 | 4,84,695 | 1.4 |
| Malaysia | 4,13,297 | 4,16,954 | 4,19,465 | 0.6 |
| Mexico | 4,13,396 | 3,99,984 | 3,73,146 | (6.7) |
| Pakistan | 80,328 | 83,478 | 79,608 | (4.6) |
| Russia | 5,60,778 | 5,86,066 | 5,79,475 | (1.1) |
| South Korea | 15,17,718 | 15,06,031 | 16,29,323 | 8.2 |
| South Africa | 4,94,784 | 4,70,069 | 4,75,233 | 1.1 |
| Taiwan | 11,66,678 | 11,48,333 | 11,96,126 | 4.2 |
| Thailand | 4,72,054 | 4,85,971 | 5,02,678 | 3.4 |
| Turkey | 2,37,880 | 2,15,945 | 2,13,913 | (0.9) |

*M-o-M: Month on Month.*

***Source****: Bloomberg*

**Sources:**

1. OECD database
2. Bureau of Economic Analysis (US)
3. Bureau of Labor Statistics (US)
4. The Conference Board (US)
5. The Federal Reserve System (US)
6. Institute for Supply Management (US)
7. Office for National Statistics (UK)
8. Bank of England (UK)
9. The Cabinet Office (Japan)
10. Statistics Bureau, Director-General for Policy Planning (Statistical Standards) (Japan)
11. Bank of Japan
12. Eurostat (EA18 and EU27)
13. European Central Bank (EA18)
14. *InstitutoBrasileiro de Geografia e Estatística* (Brazilian Institute of Geography and Statistics)
15. *Banco Central do Brasil* (Central Bank of Brazil)
16. Federal State Statistics Service (Russian Federation)
17. The Central Bank of the Russian Federation
18. The Central Statistical Office (India)
19. Office of the Economic Adviser to the Government of India
20. The Reserve Bank of India
21. National Bureau of Statistics of China
22. Peoples Bank of China
23. Markit Financial Information Services
24. World Federation of Exchanges
25. Bloomberg
26. BSE Ltd.
27. The National Stock Exchange
28. The Bank of Korea
29. Bank Indonesia
30. Central Bank of The Republic of Turkey
31. IMF
32. World Bank

HIGHLIGHTS OF DEVELOPMENTS IN

INTERNATIONAL SECURITIES MARKETS

1. SEC Proposes Rules to Implement FAST Act Mandate to Modernize and Simplify Disclosure

*11th October, 2017*: SEC voted to propose amendments to modernize and simplify disclosure requirements for public companies, investment advisers, and investment companies to implement a mandate under the Fixing America's Surface Transportation (FAST) Act. The proposed amendments would:

* Revise rules or forms to update, streamline and improve the Commission’s disclosure framework;
* Update rules to account for developments since their adoption or last amendment;
* Simplify disclosure or the disclosure process;
* Incorporate technology to improve access to information.

The proposal also includes amendments applicable to investment companies and advisers that would require certain investment company filings to include a hyperlink to each exhibit listed in the exhibit index of the filings and be submitted in HyperText Markup Language (HTML) format.

*Source: https://www.sec.gov/news/pressrelease/2017-192.html*

1. SEC Announces Whistleblower Award of More Than a Million Dollars.

*12th October, 2017:* The SEC announced that a whistleblower has earned an award of more than $1 million for providing the SEC with new information and substantial corroborating documentation of a securities law violation by a registered entity that impacted retail customers. More than $162 million has been awarded to 47 whistleblowers. By law, the SEC protects the confidentiality of whistleblowers and does not disclose information that might directly or indirectly reveal a whistleblower’s identity. Whistleblowers may be eligible for an award when they voluntarily provide the SEC with original, timely, and credible information that leads to a successful enforcement action.

*Source: https://www.sec.gov/news/pressrelease/2017-195.html*

1. IOSCO Concludes World Investor Week 2017

Education and Protection of Investors Brought to the Attention of the Global Public.

*8th October, 2017:* The week-long global campaign ran from October 2nd through October 8th and revolved around the importance of investor education and protection. Securities regulators and other stakeholders from more than 80 countries on all continents worked toward the common goal of educating and protecting investors and raising awareness of how to be a smart investor.

*Source: https://www.iosco.org/news/pdf/IOSCONEWS473.pdf*

1. IOSCO analyzes other CRA products used to make investment and credit-related decisions

*11th October, 2017:* IOSCO published a report titled **Other CRA Products (OCPs)**, which provides market participants with a better understanding of certain non-traditional products and services offered by credit rating agencies (CRAs). These may include, for example, private ratings, confidential ratings, expected ratings, indicative ratings, prospective ratings, provisional ratings, preliminary ratings, one-time ratings, regional ratings, national ratings, point-in-time ratings, scoring, credit default swap spreads, bond indexes, portfolio assessment tools, credit assessments, rating assessments, assessments, fund ratings, data feeds, research or other tools. The report concludes that OCPs should be responsive to the spirit of the four high level objectives set forth in the *IOSCO Principles Regarding the Activities of Credit Rating Agencies* that relate to the quality and integrity of the rating process; independence and conflicts of Interest; transparency and timeliness of ratings disclosure; and confidential information. Secondly, it observes that the legal and/or corporate organizational structures chosen by CRAs to engage in an activity or offer a service or product are not indicative of whether they are subject to the Code of Conduct.

*Source: https://www.iosco.org/news/pdf/IOSCONEWS477.pdf*

1. *Prepared by the Department of Economic and Policy Analysis-I of SEBI based on latest available data/information. Views expressed in the review are not of SEBI.* [↑](#footnote-ref-1)
2. The Organisation for Economic Co-operation and Development (OECD) was born on 30 September 1961. It is an organisation of 35 member countries worldwide. Most OECD members are high-income economies with a very high Human Development Index (HDI) and are regarded as developed countries. [↑](#footnote-ref-2)
3. The Eurozone or the Euro area is a monetary union of 19 of the 28 European Union (EU) member states which have adopted the euro as their common currency. The Eurozone consists of Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia, and Spain. [↑](#footnote-ref-3)