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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 November 2017. During the month under review, the primary market witnessed 20 issues that mobilised ` 19,496 crore as compared to 11 issues that mobilised ` 18,608 crore during October 2017. There were 15 initial public offerings (IPOs) of equity issues that raised ` 18,919 crore and one follow-on public offering (FPO) that raised ` 13 crore. There was four rights issues that raised ` 564 crore during the month.

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Items** | **Nov-17** | | **Oct-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 | 16 | 18,932 | 9 | 16,205 | 122 | 66,644 | 75 | 47,027 |
| (i) Debt | 0 | 0 | 0 | 0 | 4 | 3,896 | 10 | 23,893 |
| (ii) Equity, of which |  |  |  |  |  |  |  |  |
| IPOs | 15 | 18,919 | 9 | 16,205 | 117 | 62,736 | 65 | 23,134 |
| FPOs | 1 | 13 | 0 | 0 | 1 | 13 | 0 | 0 |
| b. Rights Issues | 4 | 564 | 2 | 2,403 | 12 | 3,675 | 5 | 1,298 |
| Total Equity Issues a(ii)+b | 20 | 19,496 | 11 | 18,608 | 130 | 66,423 | 70 | 24,432 |
| **Grand Total (a + b)** | **20** | **19,496** | **11** | **18,608** | **134** | **70,319** | **80** | **48,324** |

***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 November 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 seven QIP issues during November 2017 which raised ` 2,741 crore compared to six QIP issues during October 2017 which raised ` 7,280 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 29 preferential allotments (amounting to ` 1,513 crore) listed at BSE and NSE together during November 2017, compared to 23 preferential allotments (amounting to ` 3,128 crore) during October 2017 **(*Table 11*)**.

1. **Private Placement of Corporate Debt**

Private placement mechanism dominates the resource mobilization through corporate bonds. During November 2017, ` 50,855 crore was raised through private placement of 145 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 ` 74,605 crore in November 2017 as compared to ` 73,162 crore in October 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$** | **66,423** | **78,344** | **1,44,767** | **3,896** | **4,18,953** | **4,22,848** | **5,67,615** |
| 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 |
| Nov-17 | 19,496 | 4,254 | 23,750 | 0 | 50,855 | 50,855 | 74,605 |

***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 November 2017 are provisional*

1. **Resource Mobilisation by Mutual Funds**

During November 2017, there was a net inflow of ` 1,26,173 crore into the mutual funds industry as compared to a net inflow of ` 51,148 crore during October 2017. In the month under review, there was net inflow of ` 85,936 crore into income / debt oriented schemes and a net inflow of ` 20,309 crore into growth / equity oriented schemes. Balanced schemes recorded inflow of ` 7,614 crore. Exchange traded funds witnessed net inflow of ` 12,357 crore of which there was an outflow of ` 89 crore from gold ETFs and an inflow of ` 12,446 crore in other ETFs. The Fund of funds schemes investing overseas recorded net outflow of ` 44 crore. The cumulative net assets under management by all mutual funds increased by 6.4 per cent to ` 22,79,032 crore at the end of November 2017 from ` 21,41,346 crore at the end of October 2017 **(*Tables 52 & 54*).**

1. **Trends in the Secondary Market**

The Indian stock market witnessed mild correction during the month under review. At the end of November 2017, S&P BSE Sensex closed at 33,149 witnessing 0.2 per cent fall from its last month’s closing at 33,213. The Nifty 50 also fell 1.1 per cent to close at 10,227 at the end of November 2017 compared to previous month’s closing at 10,335 (***Figure 1***). S&P BSE Sensex touched its intraday high of 33,866 on November 07, 2017 and Nifty 50 touched its intraday highs of 10,491 on November 06, 2017. Both Sensex and Nifty touched their intraday lows of 32,684 and 10,094 respectively on November 15, 2017.

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

Market capitalisation of BSE increased by 1.4 per cent to ` 1,45,96,656 crore at the end of November 2017, from ` 1,43,91,546 crore at the end of October 2017. Market capitalization at NSE also increased to ` 1,43,92,501 crore from ` 1,42,08,617 crore during the same period witnessing a gain of 1.3 per cent. The P/E ratios of S&P BSE Sensex and Nifty 50 were 24.4 and 26.2 respectively at the end of November 2017 compared to 24.8 and 26.4 respectively a month ago (***Exhibit 2***).

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2017-18$** | **2016-17** | **Nov-17** | **Oct-17** | **Percentage change over previous month** |
| *1* | *2* | *3* | *4* | *5* | *6* |
| **A. Indices** |  |  |  |  |  |
| S&P BSE Sensex | **33,149** | **29,621** | 33,149.4 | 33,213.1 | -0.2 |
| Nifty 50 | **10,227** | **9,174** | 10,226.6 | 10,335.3 | -1.1 |
| **B. Market Capitalisation** | |  |  |  |  |
| BSE | **1,45,96,656** | **1,21,54,525** | 1,45,96,656 | 1,43,91,546 | 1.4 |
| NSE | **1,43,92,501** | **1,19,78,421** | 1,43,92,501 | 1,42,08,617 | 1.3 |
| **C. Gross Turnover** | | | | | |
| BSE | **7,04,624** | **9,98,261** | 1,22,709 | 77,997 | 57.3 |
| NSE | **45,87,421** | **50,55,913** | 7,35,187 | 6,07,452 | 21.0 |
| **D. P/E Ratio** | | | | | |
| S&P BSE Sensex | **24.4** | **22.6** | 24.4 | 24.8 | -1.5 |
| Nifty 50 | **26.2** | **23.3** | 26.2 | 26.4 | -0.8 |
| **E. No. of Listed Companies** | | | | | |
| BSE | **5,696** | **5,834** | 5,696 | 5,680 | 0.3 |
| NSE | **1,885** | **1,817** | 1,885 | 1,873 | 0.6 |

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

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

The monthly turnover of BSE (cash segment) increased by 57.3 per cent to ` 1,22,709 crore in November 2017 from ` 77,997 crore in October 2017. This hike in turnover was due to execution of two bulk deals of shares of Bharati Airtel Ltd. amounting to ` 19,671 crore on November 03, 2017 and November 08, 2017. The monthly turnover of NSE (cash segment), on the other hand rose by 21.0 per cent to ` 7,35,187 crore in November 2017 from ` 6,07,452 crore in October 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 showed mixed trend during the month under review. Among BSE indices, in November 2017, S&P BSE Consumer Durables index increased the most (16.2 per cent), followed by S&P BSE Small Cap index (3.6 per cent) and S&P BSE Teak index (1.8 per cent). S&P BSE Metal, on the other hand, fell by 5.6 per cent followed by S&P BSE PSU (2.3 per cent) and S&P BSE Healthcare (2.0 per cent). As regards NSE indices, Nifty Media index rose the most (5.3 per cent) followed by Nifty IT index (2.6 per cent) and Nifty PSU Bank index (1.9 per cent). Nifty Pharma, on the other hand fell by 5.3 per cent followed by Nifty 50 (1.0 per cent) and Nifty 100 (0.8 per cent). Among BSE indices the S&P BSE Consumer Durable index recorded the highest daily volatility (2.1 per cent), followed by S&P BSE Metal index (1.2 per cent) and S&P BSE Healthcare index (1.1 per cent) during the month under review. At NSE during the same period, daily volatility of Nifty PSU Bank index was 2.1 per cent, followed by Nifty Pharma index (1.4 per cent) and Nifty Media index (1.0 per cent) (***Exhibit 3***).

**Exhibit 3: Performance of Indices at BSE and NSE during November 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 | -0.19 | 0.61 | Nifty 50 | -1.05 | 0.58 |
| S&P BSE 100 | -0.66 | 0.58 | Nifty Next 50 | 0.42 | 0.73 |
| S&P BSE 200 | -0.30 | 0.57 | Nifty 100 | -0.84 | 0.59 |
| S&P BSE 500 | 0.06 | 0.57 | Nifty 200 | -0.36 | 0.59 |
| S&P BSE Large Cap | -0.93 | 0.58 | Nifty 500 | 0.01 | 0.58 |
| S&P BSE Small Cap | 3.57 | 0.69 | Nifty Midcap 50 | 1.73 | 0.80 |
| S&P BSE Consumer Durables | 16.22 | 2.15 | Nifty Midcap 100 | 1.62 | 0.70 |
| S&P BSE Capital Goods | 0.17 | 0.77 | Nifty Small 100 | 1.90 | 0.82 |
| S&P BSE Bankex | 1.23 | 0.84 | Nifty Bank | 1.25 | 0.78 |
| S&P BSE Teck | 1.77 | 0.69 | Nifty IT | 2.56 | 0.84 |
| S&P BSE FMCG | 0.56 | 0.60 | Nifty FMCG | 0.52 | 0.69 |
| S&P BSE Metal | -5.62 | 1.20 | Nifty Pharma | -5.30 | 1.45 |
| S&P BSE PSU | -2.32 | 0.81 | Nifty PSU Bank | 1.91 | 2.06 |
| S&P BSE Power | -1.21 | 0.83 | Nifty Media | 5.32 | 1.02 |
| S&P BSE Healthcare | -2.04 | 1.14 | Nifty MNC | -0.16 | 0.63 |

***Source:*** *Bloomberg*

1. **Trends in Depository Accounts**

The total number of investor accounts at the end of November 2017 was 166 lakh at NSDL (an increase of 0.9 per cent over October 2017) and 139 lakh at CDSL (an increase of 1.9 per cent over October 2017). The number of investor accounts increased by 9.1 per cent at NSDL and by 18.7 per cent at CDSL over the number of investor accounts at the respective depositories in November 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 increased by 18.1 per cent to ` 1,54,51,469 crore during November 2017 from ` 1,30,81,715 crore during October 2017 (***Figure 4***). During the month under review options on index accounted for about 81.1 per cent of the total turnover in the F&O segment at NSE. In October 2017, monthly turnover of index futures and stock futures increased by 5.5 per cent and 10.7 per cent, respectively. Monthly turnover of put options on index and call options on index increased by 17.2 per cent and 22.6 per cent, respectively. Monthly turnover of put options on stock and call options on stock increased by 7.8 per cent and 11.1 per cent, respectively. The open interest in value terms in the equity derivative segment of NSE increased by 16.5 per cent to ` 2,93,505 crore as on November 30, 2017 from ` 3,51,391 crore as on October 31, 2017 **(Table 31).**

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

The monthly total turnover in equity derivative segment of BSE was ` 2 crore in November 2017, compared to ` 3 crore in October 2017. The open interest in value terms in equity derivatives segment of BSE decreased to ` 0.3 crore as on November 30, 2017 from ` 0.7 crore as on October 31, 2017 *(****Exhibit 4 and Table 30****)*.

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

| **Particular** | **NSE** | | | **BSE** | | |
| --- | --- | --- | --- | --- | --- | --- |
| **Oct-17** | **Nov-17** | **Percentage Change Over Month** | **Oct-17** | **Nov-17** | **Percentage Change Over Month** |
| *1* | *2* | *3* | *4* | *5* | *6* | *7* |
| **A. Turnover (` crore)** | | | | | | |
| (i) Index Futures | 3,58,296 | 3,77,959 | 5.5 | 0 | 0 | -100.0 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 50,62,586 | 59,31,258 | 17.2 | 0 | 0 | NA |
| *Call* | 56,19,656 | 68,87,014 | 22.6 | 0 | 0 | NA |
| (iii) Stock Futures | 12,61,300 | 13,96,413 | 10.7 | 3 | 2 | -33.9 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 2,34,378 | 2,52,659 | 7.8 | 0 | 0 | NA |
| *Call* | 5,45,499 | 6,06,165 | 11.1 | 0 | 0 | NA |
| **Total** | **1,30,81,715** | **1,54,51,469** | **18.1** | **3** | **2** | **-35.8** |
| **B. No. of Contracts** | | | | | | |
| (i) Index Futures | 42,38,220 | 43,78,831 | 3.3 | 1 | 0 | -100.0 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 5,75,94,920 | 6,46,19,921 | 12.2 | 0 | 0 | NA |
| *Call* | 6,14,61,946 | 7,29,49,308 | 18.7 | 0 | 0 | NA |
| (iii) Stock Futures | 1,68,36,256 | 1,96,00,435 | 16.4 | 21 | 24 | 14.3 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 30,70,077 | 35,18,583 | 14.6 | 0 | 0 | NA |
| *Call* | 33,15,699 | 78,77,171 | 137.6 | 0 | 0 | NA |
| **Total** | **14,65,17,118** | **17,29,44,249** | **18.0** | **22** | **24** | **9.1** |
| **C. Open Interest in terms of Value ( ` crore)** | | | | | | |
| (i) Index Futures | 29,945 | 22,072 | -26.3 | 0 | 0 | NA |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 1,03,407 | 81,338 | -21.3 | 0 | 0 | NA |
| *Call* | 75,181 | 65,341 | -13.1 | 0 | 0 | NA |
| (iii) Stock Futures | 1,15,975 | 1,14,572 | -1.2 | 1 | 0 | -60.3 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 9,617 | 3,538 | -63.2 | 0 | 0 | NA |
| *Call* | 17,266 | 6,645 | -61.5 | 0 | 0 | NA |
| **Total** | **3,51,391** | **2,93,505** | **-16.5** | **1** | **0** | **-60.3** |
| **D. Open Interest in terms of No of Contracts** | | | | | | |
| (i) Index Futures | 3,73,671 | 2,75,849 | -26.2 | 0 | 0 | NA |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 12,64,658 | 10,23,746 | -19.0 | 0 | 0 | NA |
| *Call* | 9,10,518 | 8,12,213 | -10.8 | 0 | 0 | NA |
| (iii) Stock Futures | 17,06,526 | 17,03,816 | -0.2 | 11 | 4 | -63.6 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 1,36,588 | 51,346 | -62.4 | 0 | 0 | NA |
| *Call* | 2,50,234 | 96,258 | -61.5 | 0 | 0 | NA |
| **Total** | **46,42,195** | **39,63,228** | **-14.6** | **11** | **4** | **-63.6** |

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 13.55 at the end of November 2017, higher than 12.11 registered at the end of October 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 November 2017 increased by 22.5 per cent to ` 4,96,177 crore from ` 4,05,188 crore in October 2017. During the same time the monthly turnover of currency derivatives at BSE also increased by 17.7 per cent to ` 4,01,253 crore from ` 3,40,848 crore and the monthly turnover of currency derivatives at MSEI decreased by 3.1 per cent to ` 5,565 crore from ` 5,742 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 November 2017, the monthly turnover of interest rate futures at NSE increased by 45.5 per cent to ` 36,433 crore from ` 25,041 crore in October 2017. The monthly turnover of interest rate futures at BSE, increased by 39.3 per cent to ` 26,430 crore in November 2017 from ` 18,968 crore in October 2017. The monthly turnover in interest rate futures at MSEI was ` 5 crore during November 2017 compared to nil turnover in the previous 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 November, 2017, the composite index MCXCOMDEX and the Dhaanya index of NCDEX registered a rise over their respective closing values at the end of October 2017. The MCXCOMDEX closed at 3455.24, registering an increase of 1.14 percent, whereas, Dhaanya index closed at 3051.76, recording a rise of 3.73 percent, over its closing values of October 2017. **(Figure 8)**. MCXCOMDEX recorded an intra-day high of 3538.23 on November 13, 2017 while 3417.59 on November 01, 2017 was its lowest intra-day level during the month. NCDEX Dhaanya recoded an intra-day high of 3078.34 on November 28, 2017 and an intra-day low of 2930.94 on November 01 2017 **(Details in Table 62)**. Among MCXCOMDEX’s group indices, MCX Energy and MCX Agri. increased by 3.75 percent and 9.49 percent, respectively, whereas MCX Metal declined by 2.27 percent.

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

**Source: MCX and NCDEX**

Daily volatility during November 2017 of MCXCOMDEX and NCDEX Dhaanya indices was recorded at 0.67 percent and 0.86 percent, respectively. Among the component indices of MCXCOMDEX, MCX Energy recorded highest volatility of 1.20 percent, followed by MCX Agri. (0.67 percent) and MCX Metal (0.65 percent). The daily volatility and return over the previous month of commodity futures market indices is shown in the Figure 9 below:

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

**Source: MCX and NCDEX**

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

The total turnover at all the four national exchanges was recorded at `5,32,300 crore. Out of this total turnover, agricultural commodities contributed `70,315 crore (13.3 percent) while that of the non-agricultural commodities contributed `4,61,985 crore (86.7 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. Option trading in Gold contracts commenced at MCX on 17th October, 2017. The total turnover in call and put option taken together decreased to ₹2,866 crores in November 2017, a decrease of 13.10 percent over ₹3,298 crore recorded in October 2017.

The turnover at MCX (futures+ options) increased to `4,73,130 crore in November 2017, an increase of 15.29 percent over `4,10,396 crore recorded during October 2017. The contribution to the total turnover at MCX from Metal segment was at 41.94 percent followed by Energy segment at 31.37 percent, Bullion segment with 24.27 percent and agricultural commodities had a share of 2.41 percent.

The turnover at NCDEX has increased from `40,811 crore in October 2017 to `56,073 crore in November 2017, an increase of 37.40 percent.

The total turnover at NMCE has increased from `2,665 crore in October 2017 to `2,840 crore in November 2017, an increase of 6.59 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 ₹165.37 crore in October 2017 to ₹257.23 crore in November 2017, an increase of 55.55 percent.

The total turnover of agricultural commodities was the highest at NCDEX (`56,073 crore) followed by MCX (`11,401 crore) and NMCE (`2,840 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 `151 crore during November 2017, a decrease of 35.50 percent over the total turnover of `234 crore during October 2017.

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

**Figure 11: Turnover of Non-Agricultural Commodities Derivatives (`crore)**

**B. Commodity price trends**

At the end of November 2017, M-o-M returns among the near month contracts of non-agricultural commodities were positive for Natural Gas (4.95 percent), followed by Crude Oil (4.51 percent) and Lead (1.63 percent), while M-o-M returns decreased the most for Aluminium (5.48 percent), followed by Zinc (4.23 percent), Nickel (4.06 percent), Silver (3.31 percent), Copper (2.99 percent) and Gold (0.48 percent). Among Agricultural Commodities, the M-o-M returns were the highest for Mentha Oil (36.36 percent), followed by Jeera (17.35 percent), Guar Gum (13.47 percent), Coriander (11.48 percent), Turmeric (10.04 percent), Guar Seed contracts at NCDEX (9.60 percent), Soybean (9.41 percent), Crude Palm Oil (8.18 percent), Refined Soy Oil (8.17 percent), Cotton Seed Oilcake (7.81 percent) and Rape/Mustard Seed (5.31 percent). The M-o-M returns declined the most for Pepper contracts at NCDEX (10.83 percent), followed by Chana (4.07 percent), Wheat (3.69 percent), Castor Seed contacts at NCDEX (2.95 percent), Cardamom (1.81 percent), Isabgul Seed (1.70 percent), Cotton (1.25 percent), Raw Jute (0.65 percent) and Barley (0.46 percent).

The Y-o-Y returns on futures prices among non-agricultural commodities increased the most for Zinc by 12.02 percent, followed by Aluminum (11.54 percent), Crude Oil (9.18 percent), Copper (8.99 percent), Gold (2.21 percent) and Lead (0.28 percent), while it declined the most for Natural Gas (14.16 percent) followed by Silver (6.38 percent) and Nickel (2.57 percent). Among agricultural commodities, Y-o-Y returns increased the most for Mentha Oil (108.55 percent) followed by Castorseed contracts at NMCE (20.48 percent), Jeera (18.56 percent), Guar Seed contracts at NMCE (17.39 percent), Turmeric (7.25 percent), Crude Palm Oil (6.40 percent) and Refined Soy Oil (1.29 percent), while Y-o-Y returns declined the most for pepper contracts at NMCE (43.75 percent) followed by Guar Gum (39.49 percent), Cardamom (30.47 percent), Coriander (31.10 percent), Barley (18.09 percent), Cotton Seed Oilcake (17.98 percent), Wheat (17.43 percent), Rape/Mustard Seed contracts at NCDEX (15.10 percent), Isabgul Seed (8.19 percent), Raw Jute (6.26 percent), Cotton (4.96 percent), Soybean (2.63 percent) and Rubber (0.96 percent). **(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 30/11/2017 | Variation in prices as on 30/11/2017 (percent) | | Commodities traded at NCDEX/ NMCE | Closing value as on 30/11/2017 | Variation in prices as on 30/11/2017 (percent) | |
|
| M-o-M | Y-o- Y | M-o-M | Y-o-Y |
| MCX Comdex | 3455.24 | 1.14 | 4.19 | Dhaanya Index | 3051.76 | 3.73 | -6.31 |
| MCX AGRI Index | 2742.08 | 9.49 | 7.85 | Guar seed 10 MT | 3883.5 | 9.60 | NA |
| MCX Metal Index | 4938.48 | -2.27 | 3.25 | Guar Gum | 8777 | 13.47 | -39.49 |
| MCX Energy Index | 2674.11 | 3.75 | 4.06 | Soybean | 3034 | 9.41 | -2.63 |
| Aluminium | 131.00 | -5.48 | 11.54 | Chana | 4732 | -4.07 | NA |
| Copper | 431.40 | -2.99 | 8.99 | Turmeric | 7780 | 10.04 | 7.25 |
| Crude Oil | 3687.00 | 4.51 | 9.18 | RM seed | 4104 | 5.31 | -15.10 |
| Gold | 29012.00 | -0.48 | 2.21 | Refined Soy Oil | 732 | 8.17 | 1.29 |
| Lead | 159.35 | 1.63 | 0.28 | Cotton seed oil cake | 1607.5 | 7.81 | -17.98 |
| Natural Gas | 197.10 | 4.95 | -14.16 | Wheat | 1672 | -3.69 | -17.43 |
| Nickel | 727.50 | -4.06 | -2.57 | Jeera | 21780 | 17.35 | 18.56 |
| Silver | 37532.00 | -3.31 | -6.38 | Coriander | 5447 | 11.48 | -31.10 |
| Zinc | 206.00 | -4.23 | 12.02 | Barley | 1508 | -0.46 | -18.09 |
| Cardamom | 944.90 | -1.81 | -30.47 | Pepper | 38000 | -10.83 | NA |
| Cotton | 18210.00 | -1.25 | -4.96 | Castor Seed | 4569 | -2.95 | NA |
| CPO | 589.90 | 8.18 | 6.40 |  |  |  |  |
| Mentha Oil | 1985.60 | 36.36 | 108.55 | **NMCE** |  |  |  |
|  |  |  |  | Castor Seed | 4576 | 3.58 | 20.48 |
|  |  |  |  | Rubber | 13063 | 4.74 | -0.96 |
|  |  |  |  | Raw Jute | 3969 | -0.65 | -6.26 |
|  |  |  |  | Isabgul Seed | 11005 | -1.70 | -8.19 |
|  |  |  |  | RM Seed | 681.5 | 7.41 | -9.50 |
|  |  |  |  | Guar Seed | 3888 | 9.12 | 17.39 |
|  |  |  |  | Pepper | 39690 | -6.98 | -43.75 |

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 November 2017, BSE recorded 2,463 trades of corporate debt with a traded value of ` 40,696 crore compared to 2,098 trades of corporate debt with a traded value of ` 38,274 crore recorded in October 2017. At NSE, 5,265 trades were reported in November 2017 with a traded value of ` 1,17,575 crore compared to 4,657 trades with a traded value of ` 1,04,885 crore in the previous month ***(Figure 12 and Table 13*)**.

**Figure 12: 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 ` 54,058 crore in November 2017 out of which ` 12,080 crore was invested in equity and ` 41,978 crore was invested in debt. This was an increase from total investment of ` 39,079 crore in October 2017 out of which ` 9,991 crore was invested in equity and ` 29,088 crore was invested in debt (***Figure 13***).

As on November 30, 2017, there were a total of 1,908 mutual fund schemes in the market, of which 1,275 (66.8 per cent) were income / debt oriented schemes, 508 (26.6 per cent) were growth / equity oriented schemes, 30 (1.6 per cent) were balanced schemes, 67 (3.5 per cent) were exchange traded funds and 28 (1.5 per cent) were fund of funds investing overseas **(*Tables 55 & 56*).**

**Figure 13: Trends in Mutual Funds Investment (` crore)**

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

In November 2017, net investment by the FPIs in the Indian securities market was ` 20,258 crore, out of which ` 19,728 crore was invested into equity and ` 531 crore was invested in debt (***Figure 14***).

The assets of the FPIs in India, as reported by the custodians, at the end of November 2017 was ` 31,88,354 crore, out of which the notional value of offshore derivative instruments (including ODIs on derivatives) was ` 1,28,639 crore, constituting 4.0 per cent of the total assets under custody of FPIs. (***Tables 49, 50 & 51***)

**Figure 14: Trends in FPIs Investment (` crore)**

1. **Trends in Portfolio Management Services**

Assets under management (AUM) of discretionary portfolio management services (PMS) increased by 1.0 per cent to ` 10,92,992 crore in November 2017 from ` 10,81,656 crore in October 2017. The AUM of Non-discretionary PMS also rose by 1.4 per cent to ` 86,264 crore from ` 85,115 crore and AUM of Advisory services, increased by 5.1 per cent to ` 2,12,263 crore from ` 2,02,034 crore. In terms of number of clients, at the end of November 2017, out of 1,05,625 clients in PMS industry, discretionary services category leads with total of 98,380 clients, followed by non-discretionary category with 5,490 clients and advisory category with 1,755 clients. ***(Table 57).***

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

In November 2017, five open offers with offer value of ` 358 crore were made to the shareholders as against two open offers with offer value of ` 134 crore in October 2017 (***Figure 15***).

**Figure 15: 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 3.2 percent (annualised) in Q3 2017 as compared to 3.1 in previous quarter. CPI inflation was 2.2 percent (Y-o-Y) and Unemployment rate was 4.1 percent in November 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 3.1 percent (Y-o-Y) in November 2017. Unemployment rate was 4.3 percent during the period August to October 2017.

**Japan:**

GDP expanded by 2.1 percent (Y-o-Y) in Q3 2017, as compared to 1.4 percent in Q2. CPI inflation remained stable at 0.6 percent (Y-o-Y) in November 2017. Unemployment rate was steady at 2.8 percent in November 2017 as compared to the previous month.

**Euro Zone (EA19):**

GDP advanced by 2.6 percent (Y-o-Y) in Q3 2017 from 2.3 percent in Q2 of 2017.CPI inflation decreased by 1.5 percent (Y-o-Y) in November 2017 as against previous month. Unemployment rate recorded 8.9 percent in September 2017.

**BRICS Nations:**

* Real GDP of Brazil advanced by 0.4 percent (Y-o-Y) in Q3 2017. CPI inflation increased to 2.8 percent in November 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 2.5 percent (Y-o-Y) in November 2017. Unemployment rate was 5.1 percent in November 2017.
* India’s real GDP grew by 6.3 percent (Y-o-Y) in Q2, 2017-18 as compared to 5.7 percent of Q1. Consumer prices in India recorded 4.88 percent (Y-o-Y) in November 2017, against 3.58 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 1.7 percent (Y-o-Y) in November 2017, as compared to the previous month. Unemployment rate observed to be 4.35 percent in third quarter.
* GDP of South Africa advanced by 0.8 percent, against 1.3 percent in the previous quarter. Consumer prices increased by 4.6 percent in November 2017. Unemployment rate in South Africa remained at 27.7 percent in the third quarter of 2017.

1. **Introduction:**
   1. Global economic growth has continued its momentum as growth figures across the nations during the third quarter of 2017 is mostly improving. The improvement is underlined by strong growth and the potential tax reform in the US, the ongoing dynamic in the Euro-zone and to some extent in Japan, solid growth in China and an improving situation in Russia and Brazil. On a downside, the latest available retail sales figures in both Japan and the Euro-zone were below expectations and in Japan they were even contracting. As regards the emerging economies, India’s growth rates have been down from its previous peaks due to short term policy repercussions. China’s GDP growth forecasts remain robust. It is hoped that Brazil and Russia’s recovery will continue in 2018. On the contrary, numerous uncertainties like the ongoing geo-political developments in North Korea and the Middle East mar the growth prospect. High debt levels in many countries and considerable valuations in asset markets are also matter of concern. Moreover, stability in the oil market remains a key-determinant for global economic growth.

**The World Economy:**

* 1. The Organisation for Economic Co-operation and Development (OECD) in the OECD Economic Outlook published in November 2017 portrayed a bright picture of the global recovery. As per the said report, the lift to global growth is supported by policy stimulus accompanied by solid employment gains, a moderate upturn in investment and a pick-up in trade growth. The report forecasts that Global GDP growth would be just over 3.5 per cent in 2017 strengthening further to 3.75 per cent in 2018 before easing slightly in 2019 (Exhibit 1).

**Exhibit 1 : OECD Forecasts**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Average 2005-2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2017 Q4 | 2018 Q4 | 2019 Q4 |
|  |  | Per cent | | | |  |  |  |  |
| **Real GDP growth1** |  |  |  |  |  |  |  |  |  |
| World2 | 3.8 | 3.3 | 3.1 | 3.6 | 3.7 | 3.6 | 3.8 | 3.7 | 3.6 |
| OECD2.7 | 1.5 | 2.4 | 1.8 | 2.4 | 2.4 | 2.1 | 2.5 | 2.2 | 1.9 |
| United States | 1.5 | 2.9 | 1.5 | 2.2 | 2.5 | 2.1 | 2.5 | 2.3 | 2 |
| Euro area7 | 0.8 | 1.5 | 1.8 | 2.4 | 2.1 | 1.9 | 2.5 | 1.9 | 1.8 |
| Japan | 0.6 | 1.1 | 1 | 1.5 | 1.2 | 1 | 1.5 | 1.1 | 0.4 |
| Non-OECD2 | 6.2 | 4 | 4.1 | 4.6 | 4.9 | 4.8 | 4.8 | 4.8 | 4.8 |
| China | 10 | 6.9 | 6.7 | 6.8 | 6.6 | 6.4 | 6.8 | 6.5 | 6.3 |
| **Output gap3** | -0.9 | -1.4 | -1.2 | -0.5 | 0.2 | 0.6 |  |  |  |
| **Unemployment rate4** | 7.2 | 6.8 | 6.3 | 5.8 | 5.5 | 5.3 | 5.6 | 5.4 | 5.3 |
| **Inflation1.5** | 2 | 0.8 | 1.1 | 1.9 | 2.1 | 2.2 | 1.9 | 2.2 | 2.4 |
| **Fiscal balance6** | -4.6 | -2.9 | -3 | -2.6 | -2.4 | -2.2 |  |  |  |
| **World real trade growth1** | 4.7 | 2.7 | 2.6 | 4.8 | 4.1 | 4 | 4.1 | 4.2 | 3.9 |

1. Percentage changes; last three columns show the increase over the year earlier.

2. Moving normal GDP weights, using purchasing power parities.

3. Per cent of potential GDP.

4. Per cent of labour force.

5. Private consumption deflator.

6. Per cent of GDP.

7. With growth in Ireland in 2015 computed using gross value added at constant prices excluding foreign-owned multinational enterprises dominated sectors.

**Source:** OECD Economic Outlook 102 database.

* 1. The OECD opines that monetary policy is set to remain accommodative in the major economies in 2018-19 and fiscal policy easing will offer more support to activity than in the three years prior to 2017. In the EMEs, an upturn in investment is projected to support growth in India and the dynamic Asian economies in 2018-19. On the other hand, a continued recovery is projected in Brazil and Russia, helped by the higher level of commodity prices and more accommodative monetary policy is also underlining the recovery. Nevertheless, a projected gradual slowdown in domestic demand growth in China, as stimulus measures in 2016-17 ease and necessary efforts continue to stabilise corporate debt and reduce excess capacity, will check the overall pace of trade and output growth in key trading partners in 2018-19.
  2. Survey indicators confirm that the global recovery continued at a robust pace during the month of November 2017. During the month under review, a solid upswing in growth of manufacturing production offset a slightly weaker upturn in service sector activity. Thus the outlook for global growth remains positive, as manufacturing looks set to sustain its recent bounce and rising order intakes boost service providers.

**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. Real GDP in the G20 area grew by 1.0 per cent in the third quarter of 2017 (Q-o-Q), the same rate as in the previous quarter but with wide variation across countries, according to provisional estimates. Year-on-year (Y-o-Y) GDP growth for the G20 area increased to 3.9 per cent in the third quarter of 2017 (from 3.7 per cent in the previous quarter).
  4. Annual inflation in the OECD area slowed to 2.2 per cent in October 2017 from 2.3 per cent in September 2017. This slight decrease in the annual rate of inflation was driven by energy and food prices. Energy price inflation slowed to 5.8 per cent in October, compared with 7.7 per cent in September while food price inflation slowed to 1.8 per cent from 1.9 per cent in September. Excluding food and energy, inflation increased slightly to 1.9 per cent, compared with 1.8 per cent in September. The OECD unemployment rate fell by 0.1 percentage point in October 2017, to 5.6 per cent, returning to its April 2008 pre-crisis rate.

**Exhibit 2: 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 | 3.20\* | Q3 | 2.20 | Nov-17 | 4.10 | Nov-17 | 1.50 |
| United Kingdom | 1.70 | Q3 | 0.40 | Q3 | 3.10 | Nov-17 | 4.30 | Oct-17 | 0.50 |
| Eurozone | 2.60 | Q3 | 0.60 | Q3 | 1.50 | Nov-17 | 8.80 | Oct-17 | 0.00 |
| Germany | 2.80 | Q3 | 0.80 | Q3 | 1.80 | Nov-17 | 3.60 | Oct-17 | 0.00 |
| France | 2.30 | Q3 | 0.50 | Q3 | 1.20 | Nov-17 | 9.50 | Q3 of 2017 | 0.00 |
| Japan | 2.10 | Q3 | 0.60 | Q3 | 0.60 | Nov-17 | 2.80 | Nov-17 | -0.10 |
| **BRICS** | Brazil | 1.40 | Q2 | 0.10 | Q3 | 2.80 | Nov-17 | 12.20 | Oct-17 | 7.00 |
| Russia | 1.80 | Q3 | 1.08 | Q2 | 2.50 | Nov-17 | 5.10 | Nov-17 | 7.75 |
| India | 6.30 | Q2 | NA | NA | 4.88 | Nov-17 | NA | NA | 6.00 |
| China | 6.80 | Q3 | 1.70 | Q3 | 1.70 | Nov-17 | 3.95 | Q3 of 2017 | 4.35 |
| South Africa | 0.80 | Q3 | 2.00\* | Q3 | 4.60 | Nov-17 | 27.7 | Q3 of 2017 | 6.75 |
| **Other Ems** | South Korea | 3.80 | Q3 | 1.50 | Q3 | 1.30 | Nov-17 | 3.70 | Oct-17 | 1.50 |
| Indonesia | 5.06 | Q3 | 3.18 | Q3 | 3.30 | Nov-17 | 5.50 | Q3 of 2017 | 4.25 |
| Turkey | 11.1 | Q2 | 1.20 | Q3 | 12.98 | Nov-17 | 10.6 | Sep-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 1.0 per cent G20 GDP growth Rate is steady for Q3 of 2017**

Real gross domestic product (GDP) in the G20 area grew at the same rate it grew in the previous quarter. Growth accelerated strongly in Korea (to 1.5 per cent, from 0.6 per cent), and to a lesser extent in India (to 1.6 per cent, from 1.4 per cent) and Germany (to 0.8 per cent, from 0.6 per cent). Growth also picked up marginally (to 0.4 per cent, from 0.3 per cent) in Italy and the United Kingdom and was stable in Indonesia (1.2 per cent) and the United States (0.8 per cent). Year-on-year GDP growth for the G20 area increased to 3.9 per cent in the third quarter of 2017 (from 3.7 per cent in the previous quarter), with Turkey (10.2 per cent) recording the highest growth and South Africa the lowest (1.0 per cent).

* 1. **Unemployment rate back to pre-crisis level in October 2017**

Unemployment rate in OECD area fell by 0.1 per cent point in October 2017, to 5.6 per cent, returning to its April 2008 pre-crisis rate. However, at 35.1 million, the total number of unemployed remains 2.5 million above April 2008 levels. In the euro area, the unemployment rate decreased by 0.1 percentage point, to 8.8 per cent in the same month, with the largest declines (0.2 per cent) in Belgium (to 6.9 per cent), Latvia (8.2 per cent), Luxembourg (5.7 per cent), the Netherlands (4.5 per cent), the Slovak Republic (7.0 per cent) and Slovenia (6.2 per cent). The unemployment rate declined marginally in France (to 9.4 per cent) and was stable in Germany (3.6 per cent), Italy (11.1 per cent), Portugal (8.5 per cent) and Spain (16.7 per cent).

**United States:**

* 1. As per the “third” estimates released by the Bureau of Economic Analysis the real GDP of US grew at an annual rate of 3.2 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 2.2 percent (Y-o-Y) in November 2017. The price index for all items less food and energy rose by 1.7 percent (Y-o-Y) during the month. Unemployment rate in US was 4.1 percent in November 2017 against 4.1 percent of previous month. The Federal Open Market Committee (FOMC) on 13 Dec 2017 increased the target range for the federal funds rate to, 1.25 to 1.5 per cent from 1.00 to 1.25 per cent.
  3. The seasonally adjusted Markit US Manufacturing Purchasing Managers’ Index (PMI) posted 53.9 in November 2017, against 54.6 of October. The Markit U.S. Services PMI recorded 54.5 in November 2017 against 55.3 of October.

***Observations:*** *Prices kept on rising at an increased rate, linked to higher costs, though in many cases the price hikes were linked to ongoing supply chain disruptions since the hurricanes. Average prices charged by manufacturers continued to rise further in November, with the pace of inflation accelerating to highest in past 3 years.*

**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 1.7 percent in the Q3 2017 following a 1.9 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 3.1 percent (Y-o-Y) in November 2017 against 3.0 of October 2017. UK unemployment rate was 4.3 percent during the period August 2017 to October 2017 same as in previous period. The Bank of England Monetary Policy Committee decided to keep the Bank Rate at 0.50 percent and left the stock of purchased assets at £435 billion.
  3. Manufacturing PMI marked 58.2 in November 2017 against 56.6 in October 2017. The UK Services PMI marked 53.8 in November 2017 against 55.6 of October.

***Observations:*** *Growth of the service sector appears to be slowing. On the other hand capital spending in the domestic market showing the sings of renewed vigour. The domestic market remained strong but new export orders primarily from the US and Europe were a big part of this overall picture of success.*

**Japan:**

* 1. The Japanese economy advanced 0.6 percent (Q-o-Q) in the third quarter of 2017,following a 0.7 percent expansion in the previous period. Growth was mainly supported by exports and faster increase in business spending. .In Y-o-Y terms, Japanese economy grew by 2.1 percent (Y-o-Y) during Q3 2017 as compared to 1.6 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 rose 0.6 percent in November 2017, down from 0.7 expansion in the 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 November 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 December 2017 meeting, as expected. The policymakers also decided to keep its 10 year Government bond yield target around 0 percent offered a more upbeat view on private consumption and capital expenditure.

***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 2.6 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 increased to 1.5 percent year-on-year in November 2017, following 1.4 percent gain in the previous month. The highest annual rates were recorded in Lithuania (4.2 percent), Estonia (4.5 percent), and Latvia (3.0 percent) and the lowest annual rates were registered in Cyprus (0.2 percent), Ireland (0.5 percent) and Finland (0.9 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), Malta( 3.5 percent) and Germany (3.6 percent) while the highest unemployment rates were observed in Greece (20.6 percent in August 2017) and Spain (16.7 percent).
  4. The European Central Bank decided to keep interests rates unchanged in its December 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 1.4 percent in the third quarter of 2017, following 0.4 percent expansion 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 and jump in exports .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 2.80 percent (Y-o-Y) in November 2017, increasing from a 2.70 percent in the October 2017 .The Central Bank of Brazil executed another 50 basis point cut in its benchmark SELIC rate to 7.00 percent .It is the tenth 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 12.2 percent in October 2017 from 12.4 percent rate recorded in September 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 1.7 percent (Y-o-Y) during November 2017, as compared to 1.9 percent in October 2017 and slightly below market expectations. The People's Bank of China has kept benchmark one-year lending rate 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 2.5 percent year-on-year in November 2017, from 2.7 percent in the previous month. The Central Bank of Russia has lowered its benchmark one-week repo rate to 7.75 percent. Russian unemployment remain unchanged at 5.1 percent in November of 2017 as compared to previous month.

**South Africa**

* 1. The South African economy advanced 0.8 percent (Y-o-Y) in the third quarter of 2017, below upwardly revised 1.3 percent expansion in the previous period which was the highest growth rate in two years. Still, figures matched market expectations. 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 4.6 percent year-on-year in November 2017, easing from 4.8 percent in previous months and slightly below market expectations. The South African Reserve Bank kept its benchmark repo rate steady at 6.75 percent at its November 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. International Stocks advanced in dollar terms on the whole in November 2017, primarily lead by strong economic growth in Europe and Japan as well as optimism surrounding tax reforms in US. Although, political concerns prevailing in Germany and average corporate earnings in Europe did pull back some of the market momentum, but rising oil prices brought some relief to market sentiments. Emerging stocks also recorded slight positive returns on account of global demand for riskier asset class. Persistent rise in commodity prices and rallying of corporate earnings drove investment inflows into high risk assets. The MSCI Emerging Markets index rose for the second consecutive month upholding the steady trend of gains for 2017 on whole with minor exception of September. The MSCI Emerging Markets recorded marginal gains but overall underperformed the MSCI World
   2. US equities fared well on account of investor optimism that proposed tax reforms would bring gains in corporate profitability. Eurozone equities suffered slight decline amid political uncertainty regarding formation of a new government in Germany, although improvement in corporate earnings as well as strengthening currency of currency was observed. Japanese equities recorded a good performance as exports grew for the eleventh consecutive month and robust demand was seen in automobiles and electronics. Chinese stocks advanced as consumer and technology stocks performed well. Indian stocks retreated marginally as the month came to close after investors took profit on solid gains earlier. Markets had initially responded positively to the country’s credit rating upgrade by Moody’s.
   3. MSCI World Index, which is a leading indicator for tracking the overall performance of stock markets in developed markets witnessed an increase of 2.0 percent. On the other hand, MSCI Emerging Market Index registered a marginal increase of 0.2 percent during November 2017. MSCI India Index registered a decline of 1.2 percent in November 2017 over the previous month. (Chart 5).

**Chart 5: Movement in MSCI World and Emerging Market Index**

*Source: Bloomberg*

**Bond Markets:**

* 1. Government bond yield curves saw a degree of flattening over the month. The 10-year Treasury note’s yield finished the month at 2.41 percent, higher as compared to 2.38 in the previous month. This reflected some progress toward tax reform and an associated increase in expectations for growth and interest rate hikes. UK gilts narrowed, and sterling declined, in response to the Bank of England’s (BoE) rate hike U.K. 10-year gilt yields finished the month at 1.33 percent.
  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. The Japanese 10-year note’s yield finished modestly lower.10 year German bond yields decreased to 0.37 percent at the end of November 2017. The 10 year government bond yield of China has increased marginally to 3.92 percent. The yield of India also increased to 7.06 percent while the Russian bond yield descended to 7.22 percent in November 2017.

**Chart 6: Movement in 10 year bond yield of major countries**

***Source****: Bloomberg*

**Currency Market:**

* 1. During November 2017 (by comparing the closing prices of the close of last trading days of the October and November), the U.S. dollar (USD) lost against 5 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 GBP (2.32 percent), Euro (2.20 percent), Yen (0.57 percent), INR (0.48 percent), Yuan (0.46 percent), Real (-0.14 percent) and Ruble (-0.87 percent) respectively.
  2. US Dollar Index, an index representing the strength of dollar against basket of other major currencies, observed to be 93.05 on close of November 2017, it lost 1.59 percent against the basket of major currencies during November 2017, and was 8.96 percent below the close of last trading day of 2016.

* 1. Comparing the closing prices of currencies in 2016 with the closing price of November, Euro changed by 11.44 percent followed by GBP (8.67 percent), INR (5.01 percent), Yuan (4.82 percent), Ruble (4.54 percent), Yen (3.54 percent) and Real (-0.72 percent) respectively.
  2. Since the beginning of November 2015 till November 2017 (closing prices of the last trading days of October 2015 and November 2017 were compared), Brazilian Real and Russian Ruble appreciated 14.99 and 8.62 percent respectively against USD. During the same period, INR gained 1.06 percent. Other currencies such as Yen gained 6.72 percent against USD. Euro gained 7.45 percent against USD while GBP depreciated 14.23 percent against USD. Chinese Yuan has depreciated 4.55 percent against USD.

**Chart 7: Movement of major currencies against US Dollar ($)**

**Source**: Bloomberg

**Trend in Market Indices:**

* 1. Major stock indices all over the world exhibited a mixed trend during November 2017. Amongst the developed markets, Dow Jones of USA witnessed an increase of 3.8 percent, followed by Hang Seng of Hong Kong increasing by 3.3 percent and Nikkei 225 of Japan increasing by 3.2 percent during November 2017. On the contrary, a fall of 2.4 percent was registered by CAC 40 of France, followed by FTSE 100 of UK and DAX of Germany declining by 2.2 percent and 1.6 percent respectively during the same period.
  2. As regards the emerging market indices, Hermes of Egypt led the way with an increase of 3.3 percent, followed by Russian Traded of Russia which increased by 2.6 percent and IGBC General of Colombia which also recorded an increase of 1.7 percent during November 2017. On the contrary, a steep fall of 10.5 percent was registered by Stock market Select of Chile, followed by ISE National 100 of Turkey and Bolsa of Mexico declining by 5.6 percent and 3.2 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 November 2017, is given in table A6 and is illustrated in Chart 10. The market capitalisation of most of the major countries showed a fairly positive trend during the month of November 2017.
  2. Among major developed markets, the market capitalisation of Hong Kong increased significantly by 3.1 percent while Japan showed an increase of 2.3 percent during November 2017. USA and Germany also showed an increase in their market capitalisation by 1.9 percent and 1.6 percent respectively while the market capitalisation of Singapore and UK also increased by 1.5 percent and 0.7 percent respectively at the end of November 2017.
  3. As regards the emerging markets, the market capitalisation of India increased by 2.4 percent to USD 2.2 trillion while China’s market capitalisation witnessed a decrease by 2.1 percent to USD 7.5 trillion. The market capitalization of South Africa and South Korea ascended by 8.5 percent and 4.4 percent respectively. Mexico and Argentina showed increase in their market capitalisation and rose by 4.5 percent and 3.5 percent respectively at the end of November 2017.On the contrary, market capitalisation of Brazil and Chile declined notably by 9.0 percent and 10.5 percent while Turkey also showed a decrease of 9.0 percent in its market capitalisation in November 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 November 2017, the monthly notional turnover of index futures in CME Group was the highest at USD 5,172 billion followed by EUREX (USD 2,029 billion), Japan Exchange Group (USD 1,319 billion) and Hong Kong Exchanges and Clearing (USD 898 billion). In case of Index options, Korea Exchange recorded the monthly turnover of USD 4,504 billion followed by CME Group (USD 2,791 billion) and EUREX (USD 1,474 billion). Korea Exchange recorded highest number of contracts traded in Index option category, with 59.6 million contracts traded in November 2017, followed by Chicago Board Options Exchange (45 million contracts), EUREX (33.4 million contracts) and TAIFEX (17.2 million contracts).
  2. In case of Stock Options, Nasdaq - US recorded highest volume (62.6 million contracts) in terms of contracts traded on the major world exchanges followed by BM&FBOVESPA (61.7 million contracts), Chicago Board Options Exchange (39.3 million contracts), NYSE (34.2 million contracts) and EUREX (15.6 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 33.8 million contracts, followed by Moscow Exchange (21.3 million contracts), EUREX (5.7 million contracts) and Thailand Futures Exchange (4.7 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 Q2 of 2017-18, quarterly GVA (Gross Value Added) at basic price of 2011-12 has shown a growth rate of 6.1 per cent (Y-o-Y) against 6.8 percent of same quarter of previous fiscal year. Agriculture sector's GVA at basic price has been estimated at 1.7 percent in Q2 of 2017-18 as against 4.1 per cent of same quarter of previous fiscal year. Manufacturing sector grew by 7.0 percent as compared to growth of 7.7 percent in previous fiscal year. For the financial, real estate and professional services sector, quarterly GVA at basic prices, grew by 5.7 percent as compared to growth of 7.0 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 52.6 in November against 50.3 in previous month. The Nikkei India Services PMI Index noted 50.3 in November against 51.3 in October.

**Exhibit 3: Quarterly Estimates of GVA (Y-o-Y) (at 2011-12 prices)**

| **Items** | **2016-17** | | | | **2017-18** | |
| --- | --- | --- | --- | --- | --- | --- |
| Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| 1. Agriculture & allied activities | 2.5 | 4.1 | 6.9 | 5.2 | **2.3** | 1.7 |
| 2. Mining & Quarrying | -0.9 | -1.3 | 1.9 | 6.4 | -0.7 | 5.5 |
| 3. Manufacturing | 10.7 | 7.7 | 8.2 | 5.3 | 1.2 | 7.0 |
| 4. Electricity, Gas, Water Supply & Other Utility Services | 10.3 | 5.1 | 7.4 | 6.1 | 7.0 | 7.6 |
| 5. Construction | 3.1 | 4.3 | 3.4 | -3.7 | 2.0 | 2.6 |
| 6. Trade, Hotel, Transport, Communication and services related to broadcasting | 8.9 | 7.7 | 8.3 | 6.5 | 11.1 | 9.9 |
| 7. Financial, Real Estate & Professional Services | 9.4 | 7.0 | 3.3 | 2.2 | 6.4 | 5.7 |
| 8. Public Administration, Defense and Other services | 8.6 | 9.5 | 10.3 | 17 | 9.5 | 6.0 |
| **Gross Value Added at Basic Price** | **7.6** | **6.8** | **6.7** | **5.6** | **5.6** | **6.1** |
| **GDP** | **7.9** | **7.5** | **7.0** | **6.1** | **5.7** | **6.3** |

***Source:*** *CSO*

**Index of Industrial Production**

* 1. India’s General Index of Industrial Production (IIP) increased by 2.2 percent in October 2017, against 4.2 percent growth recorded in October 2016 (both over the corresponding period in the previous year), with manufacturing growing by 2.5 percent as compared to its 4.8 percent growth in previous year. Electricity grew at 3.2 percent in October as compared to 3.0 percent growth in previous year. Mining grew by 0.2 percent in October, compared to 1.0 percent contraction in previous year. During April-October 2017-18, the IIP grew 2.5 percent, against 5.5 percent growth recorded in April-October 2016-17.

**Inflation**

* 1. India's CPI inflation grew by 4.88 percent in November, against 3.58 in previous month. Food prices (as measured by CFPI) showed an increase of 4.42 percent in November as compared to growth of 1.90 percent in last month. The Repo rate currently stands at 6.00 percent.

**Trade – Exports and Imports**

* 1. Exports during November 2017 contracted by 30.55 percent in dollar terms valued at USD 26.24 billion as compared to USD 20.07 billion during same month of last year. Imports increased by 19.61 percent to USD 40.02 billion in November 2017 from 33.46 billion during the same month of last year. The merchandise trade deficit was USD 13.83 billion in during November 2017, against the deficit of USD 13.44 billion of November 2016. Taking merchandise and services together, overall trade deficit for April- November 2017-18 was estimated at USD 60.93 billion, against the deficit of USD 30.14 billion during April-November 2016-17.

**Foreign Exchange Reserves**

* 1. Since the end of March 2017, forex reserves have increased by about USD 30,787.10 million. The reserves were recorded at USD 400.74 billion as on 24 November 2017. (Exhibit 4)

**Exhibit 4: Foreign Exchange Reserves (USD billion)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **24 Nov 2017** | **27 Oct 2017** | **29 Sep 2017** | **25 Aug 2017** |
| **Total Reserves** | 400.7 | 398.8 | 399.7 | 394.6 |
| **Foreign Currency Assets** | 376.3 | 373.8 | 375.2 | 370.8 |
| **Gold** | 20.7 | 21.2 | 20.7 | 19.9 |
| **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**  **October\* , 2017** | **As on**  **November\*, 2017** |
| *1* | *2* | *3* | *4* | *5* | *6* |
| Australia | All Ordinaries | 5151.8 | 5903.8 | 5976.40 | 6057.21 |
| France | CAC 40 | 4385.1 | 5089.6 | 5503.29 | 5372.79 |
| Germany | Dax | 9965.5 | 12256.4 | 13229.57 | 13023.98 |
| Hong Kong HSI | Hang Seng | 20776.7 | 24111.6 | 28245.54 | 29177.35 |
| Japan NIKKEI | Nikkei 225 | 16758.7 | 18909.3 | 22011.61 | 22724.96 |
| Singapore STI | Straits Times | 2840.9 | 3175.1 | 3374.08 | 3433.54 |
| UK | FTSE 100 | 6174.9 | 7322.9 | 7493.08 | 7326.67 |
| USA DOW JONES | Dow Jones Industrial Average | 17685.1 | 20663.2 | 23377.24 | 24272.35 |
| USA NASDAQ Composite | Nasdaq Composite | 4869.8 | 5911.7 | 6727.67 | 6873.97 |
| India (BSE) | Sensex | 25341.9 | 29620.5 | 33213.13 | 33149.35 |
| India (NSE) | Nifty 50 | 7738.4 | 9173.8 | 10335.30 | 10226.55 |
| Brazil | Bovespa | 50055.3 | 64984.1 | 74308.49 | 71970.99 |
| Chile | Stock Market Select | 3937.5 | 4783.4 | 5588.08 | 5003.40 |
| China | Shanghai SE Composite IX | 3003.9 | 3222.5 | 3393.34 | 3317.19 |
| Colombia | IGBC General | 9871.5 | 10150.7 | 10631.81 | 10808.29 |
| Egypt | Hermes | 687.3 | 1167.8 | 1352.16 | 1396.15 |
| Hungary | Budapest Stock Exchange | 26451.0 | 31634.3 | 39611.64 | 38673.73 |
| Indonesia | Jakatra Composite | 4845.4 | 5568.1 | 6005.78 | 5952.14 |
| Malaysia | FTSE Bursa Malaysia KLCI | 1717.6 | 1740.1 | 1747.92 | 1717.86 |
| Mexico | Bolsa | 45881.1 | 48541.6 | 48625.53 | 47092.45 |
| Pakistan | Karachi 30 | 19167.5 | 25615.6 | 19995.40 | 20108.91 |
| Russia | Russian Traded | 1203.3 | 1509.7 | 1522.17 | 1562.43 |
| South Africa | FTSE/JSE Africa All Share | 52250.3 | 52056.1 | 58980.11 | 59772.83 |
| Taiwan | Taiwan Taiex | 8744.8 | 9811.5 | 10793.80 | 10560.44 |
| Thailand | Stock Exchange of Thai | 1407.7 | 1575.1 | 1721.37 | 1697.39 |
| Turkey | ISE National 100 | 83268.0 | 88947.4 | 110142.60 | 103984.40 |

\*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** | |
|
| **Oct-17** | **Nov-17** | **Oct-17** | **Nov-17** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| **Developed Markets** |  |  |  |  |  |
| Australia | All Ordinaries | 0.4 | 0.4 | 16.4 | 16.6 |
| France | CAC 40 | 0.4 | 0.5 | 16.1 | 15.8 |
| Germany | Dax | 0.4 | 0.7 | 14.9 | 14.7 |
| Hong Kong HSI | Hang Seng | 0.9 | 0.8 | 12.8 | 13.2 |
| Japan NIKKEI | Nikkei 225 | 0.4 | 0.9 | NA | NA |
| Singapore STI | Straits Times | 0.5 | 0.5 | 15.4 | 15.7 |
| UK | FTSE 100 | 0.4 | 0.5 | 15.2 | 14.9 |
| USA DOW JONES | Dow Jones Industrial Average | 0.3 | 0.5 | 18.6 | 19.3 |
| USA NASDAQ Composite | Nasdaq Composite | 0.6 | 0.6 | 24.1 | 24.3 |
| **Emerging Markets** |  |  |  |  |  |
| India (BSE) | S&P Sensex | 0.5 | 0.6 | 23.4 | 23.7 |
| India (NSE) | Nifty 50 | 0.5 | 0.6 | 22.2 | 22.5 |
| Argentina | Indice Bolsa General | 1.2 | 1.6 | 16.9 | 16.7 |
| Brazil | Bovespa | 1.1 | 1.5 | 14.2 | 13.8 |
| Chile | Stock Market Select | 0.6 | 1.6 | 21.8 | 19.0 |
| China | Shanghai SE Composite IX | 0.3 | 0.7 | 14.6 | 14.6 |
| Colombia | IGBC General | 0.6 | 0.7 | 16.6 | 17.2 |
| Egypt | Hermes | 0.8 | 1.0 | 11.1 | 11.7 |
| Hungary | Budapest Stock Exchange | 0.5 | 0.9 | 11.0 | 11.4 |
| Indonesia | Jakatra Composite | 0.5 | 0.5 | 17.5 | 17.5 |
| Malaysia | FTSE Bursa Malaysia KLCI | 0.2 | 0.3 | 16.3 | 15.8 |
| Mexico | Bolsa | 0.7 | 0.6 | 17.7 | 17.5 |
| Pakistan | Karachi 30 | 1.4 | 1.0 | 9.3 | 9.5 |
| Russia | Russian Traded | 0.7 | 1.4 | 7.1 | 7.2 |
| South Korea | Kospi Index | 0.6 | 0.6 | 11.8 | 11.2 |
| South Africa | FTSE/JSE Africa All Share | 0.4 | 0.6 | 15.9 | 16.4 |
| Taiwan | Taiwan Taiex | 0.4 | 0.5 | 13.9 | 13.9 |
| Thailand | Stock Exchange of Thai | 0.6 | 0.5 | 17.1 | 17.1 |
| Turkey | ISE National 100 | 1.1 | 1.5 | 9.1 | 8.4 |

NA.: Not Available

**Source**: Bloomberg,

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Stock Exchange** | **Oct-17** | | | **Nov-17** | | |
| **Bonds (USD Million)** | **Equity (USD Million)** | **Total (USD Million)** | **Bonds (USD Million)** | **Equity (USD Million)** | **Total (USD Million)** |
| Australian Securities Exchange | NA | 4,578 | 4,578 | NA | 2,955 | 2,955 |
| BME Spanish Exchanges | NA | 1,042 | 1,042 | NA | 2,007 | 2,007 |
| Bolsa de Comercio de Buenos Aires | 3,271 | 2 | 3,273 | 5,877 | 0 | 5,877 |
| Borsa Istanbul | 8,319 | 24 | 8,343 | 4,107 | 248 | 4,354 |
| Euronext | NA | 11,423 | 11,423 | NA | 3,342 | 3,342 |
| Hong Kong Exchanges and Clearing | 5,657 | 6,138 | 11,795 | 19,184 | 17,510 | 36,693 |
| Irish Stock Exchange | 4,657 | 846 | 5,503 | 1,484 | 82 | 1,567 |
| Japan Exchange Group Inc. | 5,923 | 1,890 | 7,813 | NA | NA | NA |
| Johannesburg Stock Exchange | 4,355 | 713 | 5,068 | 2,815 | 389 | 3,204 |
| Korea Exchange | 33,792 | 65 | 33,857 | 41,795 | 518 | 42,313 |
| London SE Group | 40,789 | 8,505 | 49,294 | 32,471 | 12,087 | 44,558 |
| Moscow Exchange | 22,921 | 253 | 23,174 | 17,309 | 1 | 17,310 |
| Nasdaq - US | NA | 1,379 | 1,379 | NA | 1,223 | 1,223 |
| Nasdaq Nordic Exchanges | 4,404 | 1,210 | 5,614 | 3,840 | 269 | 4,109 |
| NYSE | NA | 6,632 | 6,632 | NA | 12,978 | 12,978 |
| Oslo Bors | 4,276 | 286 | 4,563 | 4,262 | 1,599 | 5,861 |
| Shanghai Stock Exchange | NA | 7,347 | 7,347 | NA | 18,844 | 18,844 |
| Shenzhen Stock Exchange | 2,910 | 8,864 | 11,773 | 1,091 | 8,308 | 9,399 |
| Singapore Exchange | 17,166 | 1,089 | 18,255 | 22,229 | 1,188 | 23,417 |
| SIX Swiss Exchange | 6,877 | 0 | 6,877 | 5,748 | 38 | 5,786 |
| Tel-Aviv Stock Exchange | 2,112 | 220 | 2,332 | 1,945 | 293 | 2,238 |
| TMX Group | 109 | 2,116 | 2,224 | 467 | 2,921 | 3,388 |
| Warsaw Stock Exchange | NA | 179 | 179 | NA | 160 | 160 |

NA: Not Available

**Source**: World Federation of Exchanges

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Exchange** | **Nov-17** | | | |
| **Stock options** | | **Stock futures** | |
| **Number of contracts traded** | **Notional turnover (USD Million)** | **Number of contracts traded** | **Notional turnover (USD Million)** |
| **Americas** |  |  |  |  |
| BM&FBOVESPA | 6,17,04,936 | 40,358 | 0 | 0 |
| Bolsa de Comercio de Buenos Aires | 36,66,262 | 0 | 0 | 0 |
| Chicago Board Options Exchange | 3,92,69,975 | NA | NA | NA |
| Nasdaq - US | 6,26,07,158 | NA | NA | NA |
| NYSE | 3,42,14,728 | 9,375 | NA | NA |
|  |  |  |  |  |
| **Asia - Pacific** |  |  |  |  |
| Australian Securities Exchange | 61,75,090 | 13,641 | 1,10,692 | 158 |
| Hong Kong Exchanges and Clearing | 1,34,35,970 | 48,110 | 7,291 | 85 |
| Japan Exchange Group | 51,981 | NA | NA | NA |
| Korea Exchange | 23,36,495 | NA | 3,37,96,122 | 33,199 |
| TAIFEX | 17,218 | 77 | 22,07,400 | 14,428 |
| Thailand Futures Exchange | NA | NA | 46,58,784 | NA |
|  |  |  |  |  |
| **Europe - Africa - Middle East** |  |  |  |  |
| Athens Derivatives Exchange | 1,285 | 1 | 14,07,584 | 158 |
| BME Spanish Exchanges | 17,90,288 | 1,736 | 52,596 | 47 |
| Borsa Istanbul | 3,05,464 | 66 | 26,82,812 | 519 |
| EUREX | 1,56,45,595 | 83,016 | 56,58,266 | 29,535 |
| Euronext | 76,83,659 | 26,539 | 20,197 | 224 |
| Johannesburg Stock Exchange | 8,78,141 | 68 | 14,68,029 | 1,399 |
| Moscow Exchange | 2,42,904 | 80 | 2,12,92,583 | 7,154 |
| Nasdaq Nordic Exchanges | NA | NA | NA | NA |
| Oslo Bors | 0 | 0 | 0 | 0 |
| Tehran Stock Exchange | 16,47,370 | 1 | 0 | 0 |
| Tel-Aviv Stock Exchange | 53,279 | 325 | 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** | **Nov-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 | 17,83,770 | 22,122 | 3,62,64,898 | 1,95,800 |
| Chicago Board Options Exchange | 4,50,18,175 | NA | NA | NA |
| CME Group | 1,59,09,781 | 27,91,490 | 4,13,09,148 | 51,72,280 |
| ICE Futures US | 2,020 | 303 | 24,81,498 | 2,09,095 |
| MexDer | 279 | 7 | 43,808 | 1,113 |
| Nasdaq - US | 2,73,800 | NA | NA | NA |
|  |  |  |  |  |
| **Asia - Pacific** |  |  |  |  |
| Australian Securities Exchange | 11,39,018 | 50,404 | 7,02,927 | 78,479 |
| Hong Kong Exchanges and Clearing | 30,51,464 | 3,38,829 | 77,84,040 | 8,97,755 |
| Japan Exchange Group | 42,11,311 | NA | 3,30,37,459 | 13,18,610 |
| Korea Exchange | 5,95,69,336 | 45,03,820 | 69,57,799 | 3,96,228 |
| Singapore Exchange | 11,51,759 | NA | 1,42,30,608 | NA |
| TAIFEX | 1,71,89,400 | 3,07,379 | 53,42,662 | 2,68,848 |
| Thailand Futures Exchange | 86,094 | NA | 26,06,498 | NA |
|  |  |  |  |  |
| **Europe - Africa - Middle East** |  |  |  |  |
| Athens Derivatives Exchange | 16,644 | 76 | 49,275 | 223 |
| BME Spanish Exchanges | 4,07,702 | 4,843 | 7,41,815 | 71,179 |
| Borsa Istanbul | 17,250 | 59 | 45,05,814 | 15,428 |
| EUREX | 3,33,61,050 | 14,73,530 | 3,42,73,071 | 20,29,090 |
| Euronext | 15,16,077 | 96,768 | 33,12,996 | 2,59,786 |
| Johannesburg Stock Exchange | 4,21,785 | 159 | 9,26,523 | 24,209 |
| Moscow Exchange | 32,55,065 | 7,467 | 1,16,01,260 | 25,788 |
| Nasdaq Nordic Exchanges | NA | NA | NA | NA |
| Oslo Bors | 0 | 0 | 0 | 0 |
| Tel-Aviv Stock Exchange | 33,27,817 | NA | NA | NA |
| Warsaw Stock Exchange | 31,979 | 222 | 3,34,452 | 4,666 |

NA: Not Available

**Source**: World Federation of Exchanges

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Stock Exchange** | **Sep-17** | **Oct-17** | **Nov-17** | **M-o-M change(%)** |
| *1* | *2* | *3* | *4* | *5* |
| **Developed Markets** |  |  |  |  |
| Australia | 12,94,956 | 13,19,877 | 13,21,861 | 0.2 |
| France | 25,02,531 | 25,30,088 | 25,44,643 | 0.6 |
| Germany | 23,52,442 | 23,88,398 | 24,27,201 | 1.6 |
| Hong Kong | 49,86,881 | 51,60,102 | 53,22,506 | 3.1 |
| Japan | 58,17,558 | 60,68,227 | 62,08,398 | 2.3 |
| Singapore | 5,46,951 | 5,67,490 | 5,75,936 | 1.5 |
| UK | 36,19,296 | 36,49,211 | 36,75,726 | 0.7 |
| USA | 2,80,55,837 | 2,85,60,968 | 2,91,12,869 | 1.9 |
|  |  |  |  |  |
| **Emerging Markets** |  |  |  |  |
| India | 20,30,816 | 22,31,750 | 22,84,752 | 2.4 |
| Argentina | 96,639 | 1,02,066 | 1,05,595 | 3.5 |
| Brazil | 9,17,775 | 8,90,369 | 8,10,139 | (9.0) |
| Chile | 2,71,857 | 2,85,897 | 2,55,837 | (10.5) |
| China | 75,68,913 | 77,60,054 | 75,98,971 | (2.1) |
| Colombia | 1,10,005 | 1,06,659 | 1,08,937 | 2.1 |
| Egypt | 44,240 | 45,904 | 48,308 | 5.2 |
| Hungary | 29,006 | 30,794 | 30,553 | (0.8) |
| Indonesia | 4,77,893 | 4,84,695 | 4,91,539 | 1.4 |
| Malaysia | 4,16,954 | 4,19,465 | 4,16,597 | (0.7) |
| Mexico | 3,99,984 | 3,73,146 | 3,89,831 | 4.5 |
| Pakistan | 83,478 | 79,608 | 79,320 | (0.4) |
| Russia | 5,86,066 | 5,79,475 | 5,87,261 | 1.3 |
| South Korea | 15,06,031 | 16,29,323 | 17,00,748 | 4.4 |
| South Africa | 4,70,069 | 4,75,233 | 5,15,763 | 8.5 |
| Taiwan | 11,48,333 | 11,96,126 | 12,01,663 | 0.5 |
| Thailand | 4,85,971 | 5,02,678 | 5,08,246 | 1.1 |
| Turkey | 2,15,945 | 2,13,913 | 1,93,760 | (9.4) |

*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. More Than $16 Million Awarded to Two Whistleblowers

*30th November, 2017*: SEC announced awards of more than $8 million each to two whistleblowers whose critical information and continuing assistance helped the agency bring the successful underlying enforcement action. With this case, SEC enforcement actions involving whistleblower awards have now resulted in more than $1 billion in financial remedies ordered against wrongdoers. The SEC’s whistleblower program has now awarded more than $175 million to 49 whistleblowers since issuing its first award in 2012. All payments are made out of an investor protection fund established by Congress that is financed entirely through monetary sanctions paid to the SEC by securities law violators. Whistleblower awards can range from 10 percent to 30 percent of the money collected when the monetary sanctions exceed $1 million.

*Source: https://www.sec.gov/news/pressrelease/2017-216.html*

1. SEC Warns Investors About Paid-to-Click Scams.

*7th November, 2017:* The SEC is warning investors to beware online “paid-to-click” scams that promise an easy payday by merely purchasing a membership or an advertising product up front and then clicking on a certain number of online ads each day. The SEC’s investor alert explains that these online advertising programs may have little to no revenues besides membership fees or sales of “ad packs” and may be nothing more than a Ponzi scheme. The SEC filed an enforcement case that was unsealed last week in federal court in Florida, alleging that roughly 99 percent of the purported “profits” paid to earlier investors came directly from the buy-in fees collected from newer investors. According to the SEC’s investor alert, online advertising programs also can target those with something to advertise, promising to display a company’s ads on their network or guaranteeing traffic to a website by simply paying a membership fee or buying ad packs.

*Source: https://www.sec.gov/news/pressrelease/2017-208.html*

1. IOSCO reports on implementation of G20/FSB recommendations to strengthen securities markets

*8th November, 2017:* IOSCO published a report *The Implementation Report: G20/FSB Recommendations related to Securities Markets* and is designed to provide further clarity on the recommendations and the role of securities market regulators in overseeing how these recommendations are implemented. For this report IOSCO coordinated with the Financial Stability Board (FSB) to analyse the responses to the FSB’s 2017 Implementation Monitoring Network (IMN) survey. The report covers the following areas relating to securities markets: Hedge funds; Structured products and securitisation; Oversight of CRAs; Measures to safeguard the integrity and efficiency of markets; and Commodity derivative markets.

*Source: https://www.iosco.org/news/pdf/IOSCONEWS479.pdf*

1. IOSCO report provides new data on global hedge fund industry

*23rd November, 2017:* IOSCO published its Report on the *Fourth IOSCO Hedge Fund Survey*, which provides regulators new insights into the global hedge fund industry and the potential systemic risks this industry may pose to the international financial system. The latest survey makes the following observations:

• In the two years since the previous results, global assets under management (AUM) of hedge funds captured by the Survey rose 24% to US $3.2 trillion.

• The Cayman Islands continues to be the fund domicile of choice, making up 53% of the global total by net asset value (NAV).

• Gross leverage of the hedge funds in the Survey was 7.1x NAV.

• There is a considerable liquidity buffer,

• 3.8% of hedge fund assets had constrained redemptions through the use of liquidity management tools, such as gates, suspensions, or side pockets.

*Source: https://www.iosco.org/news/pdf/IOSCONEWS481.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)