**SEBI**

**BULLETIN**

**May 2017 VOL. 15 NUMBER 5**

**(LOGO)**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**EDITORIAL COMMITTEE**

**Mr. Ananta Barua**

**Mr. J. Ranganayakulu**

**Mr. S. V. Murali Dhar Rao**

The Securities and Exchange Board of India Bulletin is issued by the Department of Economic and Policy Analysis, Securities and Exchange Board of India under the direction of an Editorial Committee. SEBI is not responsible for accuracy of data/information/interpretations and opinions expressed in the case of signed articles/speeches as authors are responsible for their personal views. SEBI has no objection to the material published herein being reproduced, provided an acknowledgement of the same is made. The soft copy of SEBI Bulletin is available free of cost to the subscribers/readers, who register at [bulletin@sebi.gov.in](mailto:bulletin@sebi.gov.in) along with their complete address. A readable version of SEBI Bulletin is available at <http://www.sebi.gov.in>. Any comments and suggestions on any of the features/sections may be sent to [bulletin@sebi.gov.in](mailto:bulletin@sebi.gov.in)

**CONTENTS**

**CAPITAL MARKET REVIEW**

**GLOBAL MARKET REVIEW - MAY 2017**

**HIGHLIGHTS OF DEVELOPMENTS IN INTERNATIONAL SECURITIES MARKET**

**TABLES**

**PUBLICATIONS**

**CAPITAL MARKET REVIEW**

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

Resource mobilisation through primary securities market witnessed slowdown during April 2017 compared to the previous month. During April 2017, the primary market witnessed 12 equity issues that mobilised `3,200 crore compared to 30 equity issues in March 2017 that raised `4,610 crore. Out of the total equity issues in April 2017, there were 10 public issues, out of which nine were initial public offerings (IPOs) of equity that mobilized `864 crore and one debt issue that mobilised ` 1,969 crore. There were two right issues that mobilized `368 crore.

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Items** | **Apr-17** | | **Mar-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 | 10 | 2,833 | 26 | 3,223 | 10 | 2,833 | 5 | 3,572 |
| (i) Debt | 1 | 1,969 | 0 | 0 | 1 | 1,969 | 0 | 0 |
| (ii) Equity, of which |  |  |  |  |  |  |  |  |
| IPOs | 9 | 864 | 26 | 3,223 | 9 | 864 | 5 | 3,572 |
| FPOs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b. Rights Issues | 2 | 368 | 4 | 1,387 | 2 | 368 | 0 | 0 |
| Total Equity Issues a(ii)+b | 11 | 1,232 | 30 | 4,610 | 11 | 1,232 | 5 | 3,572 |
| ***Grand Total (a+b)*** | ***12*** | ***3,200*** | ***30*** | ***4,610*** | ***12*** | ***3,200*** | ***5*** | ***3,572*** |

***Notes:***

*1. IPOs - Initial Public Offers, FPOs - Follow on Public Offers*

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

*$ denotes as at the end of April 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. In April 2017, ` 5,206.65 crore was mobilised through five QIP issues compared to ` 3,627.49 crore mobilised through one QIP issue in the previous month **(*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 41 preferential allotments (amounting to `1,835 crore) listed at BSE and NSE together during April 2017, compared to 52 preferential allotments (amounting to `4,170 crore) listed during March 2017 **(*Table 11*)**.

1. **Private Placement of Corporate Debt**

Private placement mechanism dominates the resource mobilization through corporate bonds. During the month under review, `63,819 crore was raised through private placement of 301 issues in the corporate bond market. On the other hand, ` 1,969 crore was raised through one public debt issue during April 2017 **(*Table 12 and Exhibit 1A*)**.

Further, in April 2017, the total amount mobilised through public issues and private placement of both debt and equity combined stood at `74,060 crore as compared to `98,041 crore in March 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$** | **1,232** | **7,041** | **8,273** | **1,969** | **63,819** | **65,787** | **74,060** |
| Apr-17 | 1,232 | 7,041 | 8,273 | 1,969 | 63,819 | 65,787 | 74,060 |

***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 April 2017 are provisional*

1. **Resource Mobilisation by Mutual Funds**

In April 2017, there were net inflow of ` 1,50,703 crore into mutual funds, of which ` 1,27,588 crore was into private sector mutual funds and ` 23,115 crore was into public sector mutual funds. During the month under review income / debt oriented schemes recorded net inflow of `1,33,788 crore and growth / equity oriented schemes and balanced schemes recorded net inflow of `9,429 crore and ` 7,136 crore, respectively. Exchange Traded Funds witnessed a net inflow of ` 391 crore out of which there was a net outflow of ` 65 crore from Gold ETFs and a net inflow of ` 456 crore in other ETFs. The Fund of funds schemes investing overseas registered net outflow of ` 40 crore. The cumulative net assets under management by all mutual funds increased by 9.8 per cent to ` 19,26,302 crore at the end of April 2017 from ` 17,54,619 crore at the end of March 2017 **(*Tables 52 & 54*).**

1. **Trends in the Secondary Market**

The Indian stock market witnessed moderate gain during April 2017. At the end of April 2017, S&P BSE Sensex closed at 29918.4 witnessing a 1.0 per cent gain over its last month’s closing at 29620.50. The Nifty 50 also increased by 3.8 per cent to close at 9304.1 at the end of April 2017 compared to previous month’s closing at 9173.8 (***Figure 1***). S&P BSE Sensex and Nifty 50 touched their intraday highs of 30184.22 and 9367.15 respectively on April 27, 2017. Both Sensex and Nifty touched their intraday lows of 29241.48 and 9075.15 respectively on April 19, 2017.

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

Reflecting the steady trend in market movements, the market capitalisation of BSE increased by 2.7 per cent to ` 1,24,84,963 crore at the end of April 2017, from ` 1,21,54,525 crore at the end of March 2017. Market capitalization at NSE also rose to ` 1,23,03,875 crore from ` 1,19,78,421 crore during the same period witnessing a gain of 2.7 per cent. The P/E ratios of S&P BSE Sensex and Nifty 50 were 22.9 and 23.6 respectively at the end of April 2017 compared to 22.6 and 23.3 respectively a month ago (***Exhibit 2***).

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2017-18$** | **2016-17** | **Apr-17** | **Mar-17** | **Per centage change over previous month** |
| *1* | *2* | *3* | *4* | *5* | *6* |
| 1. **Indices** |  |  |  |  |  |
| S&P BSE Sensex | **29918** | **29621** | 29918.4 | 29620.5 | 1.0 |
| Nifty 50 | **9215** | **9174** | 9304.1 | 9173.8 | 1.4 |
| 1. **Market Capitalisation** | |  |  |  |  |
| BSE | **1,24,84,963** | **1,21,54,525** | 1,24,84,963 | 1,21,54,525 | 2.7 |
| NSE | **1,23,03,875** | **1,19,78,421** | 1,23,03,875 | 1,19,78,421 | 2.7 |
| 1. **Gross Turnover** | | | | | |
| BSE | **75,070** | **9,98,261** | 75,070 | 2,89,107 | -74.0 |
| NSE | **4,72,110** | **50,55,913** | 4,72,110 | 5,56,240 | -15.1 |
| 1. **P/E Ratio** | | | | | |
| S&P BSE Sensex | **22.9** | **22.6** | 22.9 | 22.6 | 1.1 |
| Nifty 50 | **23.6** | **23.3** | 23.6 | 23.3 | 1.6 |
| 1. **No. of Listed Companies** | | | | | |
| BSE | **5,828** | **5,834** | 5,828 | 5,834 | -0.1 |
| NSE | **1,831** | **1,817** | 1,831 | 1,817 | 0.8 |

***$ denotes as at the end of April 2017***

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

The monthly turnover of BSE (cash segment) fell by 74.0 per cent to ` 75,070 crore in April 2017 from ` 2,89,107 crore in March 2017. During March 2017, there was a sudden hike in the cash segment turnover caused by Block Deals executed on March 9, 15 and 20. The monthly turnover of NSE (cash segment) also fell by 15.1 per cent to ` 4,72,110 crore in April 2017 from ` 5,56,240 crore in March 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 showcased an overall positive scenario during April 2017 as indicated by different market indices. Among BSE indices, in April 2017, S&P BSE Capital Goods index increased the most (8.6 per cent), followed by S&P BSE Small Caps index (6.5 per cent) and S&P BSE PSU index (4.9 per cent). On the other hand, S&P BSE Teck index fell by 5.6 per cent followed by S&P BSE Metal index (4.2 per cent). As regards NSE indices, Nifty Small 100 index rose the most (6.6 per cent), followed by Nifty Midcap 50 index (6.3 per cent) and Nifty Midcap 100 index (5.2 per cent), whereas Nifty IT index fell by 7.1 per cent, followed by Nifty Pharma index (2.8 per cent). During the month under review, the S&P BSE Metal index recorded the highest daily volatility (1.2 per cent), followed by BSE Capital Goods index (1.0 per cent) and S&P BSE FMCG index (0.9 per cent). At NSE during the same period, daily volatility of Nifty PSU Bank index was the highest at 1.3 per cent, followed by Nifty FMCG index (1.0 per cent) and Nifty Media index (1.0 per cent) (***Exhibit 3***).

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **BSE** |  |  | **NSE** |  |  |
| **Index** | **Change over Previous quarter** | **Volatility** | **Index** | **Change over Previous quarter** | **Volatility** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| S&P BSE Sensex | 1.0 | 0.6 | Nifty 50 | 1.4 | 0.5 |
| S&P BSE 100 | 1.8 | 0.5 | Nifty Next 50 | 4.8 | 0.6 |
| S&P BSE 200 | 2.3 | 0.5 | Nifty 100 | 2.0 | 0.5 |
| S&P BSE 500 | 2.7 | 0.5 | Nifty 200 | 2.4 | 0.5 |
| S&P BSE Large Cap | 1.6 | 0.5 | Nifty 500 | 2.7 | 0.5 |
| S&P BSE Small Cap | 6.5 | 0.6 | Nifty Midcap 50 | 6.3 | 0.7 |
| S&P BSE Consumer Durables | 1.4 | 0.8 | Nifty Midcap 100 | 5.2 | 0.6 |
| S&P BSE Capital Goods | 8.6 | 1.0 | Nifty Small 100 | 6.6 | 0.9 |
| S&P BSE Bankex | 3.7 | 0.6 | Nifty Bank | 4.3 | 0.6 |
| S&P BSE Teck | -5.6 | 0.8 | Nifty IT | -7.1 | 0.9 |
| S&P BSE FMCG | 1.5 | 0.9 | Nifty FMCG | 0.6 | 1.0 |
| S&P BSE Metal | -4.2 | 1.2 | Nifty Pharma | -2.8 | 0.8 |
| S&P BSE PSU | 4.9 | 0.6 | Nifty PSU Bank | 3.8 | 1.3 |
| S&P BSE Power | 2.4 | 0.7 | Nifty Media | 2.5 | 1.0 |
| S&P BSE Healthcare | -1.9 | 0.7 | Nifty MNC | 2.4 | 0.7 |

***Source:*** *BSE and NSE*

1. **Trends in Depository Accounts**

The total number of investor accounts at the end of April 2017 was 157 lakh at NSDL (an increase of 0.59 per cent over March 2017) and 124 lakh at CDSL (an increase of 1.30 per cent over February 2017). The number of investor accounts increased by 7.22 per cent at NSDL and by 14.11 per cent at CDSL over the number of investors at the respective depositories in April 2016 **(*Table 58*)**.

1. **Trends in Derivatives Segment**

**A. 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 5.1 per cent to ` 94,59,682 crore in April 2017 from ` 99,71,153 crore in March 2017 (***Figure 4***). During

the month under review options on index accounted for about 77 per cent of the total turnover in the F&O segment at NSE. During April 2017, monthly turnover of index futures fell, whereas monthly turnover of index options, stock futures and stock options increased in turnover compared to the previous month. The open interest in value terms in the equity derivative segment of NSE went up by 5.8 per cent to ` 2,63,899 crore as on April 30, 2017 from ` 2,49,497 crore as on March 31, 2017.

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

The monthly total turnover in equity derivative segment of BSE increased to ` 1,330 crore in April 2017 from ` 234 crore in March 2017. The open interest in value terms in equity derivatives segment of BSE fell to ` 7 crore as on April 30, 2017 from ` 8 crore as on March 31, 2017 (***Exhibit 4***).

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Particular** | **NSE** | | | **BSE** | | |
| **Mar-17** | **Apr-17** | **Percentage Change Over Month** | **Mar-17** | **Apr-17** | **Percentage Change Over Month** |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** |
| **A. Turnover (` crore)** | | | | | | |
| (i) Index Futures | 3,47,989 | 3,14,580 | -9.6 | 223 | 1,330 | 495.4 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 36,16,237 | 35,54,411 | -1.7 | 0 | 2 | -100.0 |
| *Call* | 42,34,222 | 37,29,736 | -11.9 | 0 | 6 | -95.1 |
| (iii) Stock Futures | 11,48,132 | 11,60,682 | 1.1 | 10 | 4 | -57.8 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 1,87,765 | 2,13,125 | 13.5 | 0 | 0 | NA |
| *Call* | 4,36,808 | 4,87,147 | 11.5 | 0 | 0 | NA |
| **Total** | **99,71,153** | **94,59,682** | **-5.1** | **234** | **1,343** | **473.8** |
| **B. No. of Contracts** | | | | | | |
| (i) Index Futures | 47,47,968 | 41,74,077 | -12.1 | 3,156 | 18,597 | 489.3 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 4,74,76,842 | 4,55,48,822 | -4.1 | 0 | 32 | -100.0 |
| *Call* | 5,38,63,017 | 4,61,81,751 | -14.3 | 4 | 82 | -95.1 |
| (iii) Stock Futures | 1,58,31,232 | 1,53,23,013 | -3.2 | 116 | 51 | -56.0 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 26,28,015 | 28,23,557 | 7.4 | 0 | 0 | NA |
| *Call* | 33,15,699 | 60,24,771 | 81.7 | 0 | 0 | NA |
| **Total** | **12,78,62,773** | **12,00,75,991** | **-6.1** | **3,276** | **18,762** | **472.7** |
| **C. Open Interest in terms of Value ( ` crore)** | | | | | | |
| (i) Index Futures | 30,190 | 27,328 | -9.5 | 7 | 6 | 16.9 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 53,673 | 64,879 | 20.9 | 0 | 0 | NA |
| *Call* | 57,139 | 58,586 | 2.5 | 0 | 0 | NA |
| (iii) Stock Futures | 94,331 | 96,621 | 2.4 | 0 | 0 | -30.4 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 5,274 | 6,019 | 14.1 | 0 | 0 | NA |
| *Call* | 8,890 | 10,465 | 17.7 | 0 | 0 | NA |
| **Total** | **2,49,497** | **2,63,899** | **5.8** | **8** | **7** | **-15.4** |
| **D. Open Interest in terms of No of Contracts** | | | | | | |
| (i) Index Futures | 4,22,593 | 3,66,737 | -13.2 | 102 | 86 | 18.6 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 7,57,034 | 8,91,605 | 17.8 | 0 | 0 | NA |
| *Call* | 8,01,917 | 8,05,799 | 0.5 | 0 | 0 | NA |
| (iii) Stock Futures | 13,62,099 | 14,23,124 | 4.5 | 5 | 5 | 0.0 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 74,015 | 84,454 | 14.1 | 0 | 0 | NA |
| *Call* | 1,24,746 | 1,46,418 | 17.4 | 0 | 0 | NA |
| **Total** | **35,42,404** | **37,18,137** | **5.0** | **107** | **91** | **-15.0** |

**B. 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 per centage) 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 10.86 at the end of April 2017, lower than 12.42 registered at the end of March 2017 (***Figure 5***). During March and April 2017 there was no trade in VIX futures contract. The open interest in India VIX contracts was zero at the end of April 2017.

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

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

April 2017 witnessed a slowdown in currency derivatives trade across exchanges. The monthly turnover of currency derivatives at NSE during April 2017 fell by 4.9 per cent to ` 3,98,004 crore from ` 4,18,537 crore in March 2017. During the same time the monthly turnover of currency derivatives at BSE went up by 21.9 per cent to ` 3,38,721 crore from ` 2,77,957 crore, whereas the monthly turnover of currency derivatives at MSEI fell by 26.9 per cent to ` 10,170 crore from `13,922 crore (***Figure 6*** ***and Tables 37, 38 and 39*)**.

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

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

During April 2017, the monthly turnover of interest rate futures at NSE decreased by 14.8 per cent to ` 32,824 crore from ` 38,528 crore in March 2017. The turnover of interest rate futures at BSE decreased by 43.6 per cent to ` 11,047 crore in April 2017 from ` 19,504 crore in March 2017. At MSEI, there was no trade in interest rate futures in both the months (***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 April 2017, the composite index MCXCOMDEX decreased by 2.92 percent and Dhaanya Index of NCDEX decreased by 1.99 percent over the closing values of previous month. On April 28, 2017, MCXCOMDEX and Dhaanya closed at 3148.19 and 3019.45, respectively (Figure 8). MCXCOMDEX recorded an intraday high of 3291.16 on April, 05, 2017 while 3110.03 on April 27, 2017 was its lowest intra-day level during the month. NCDEX Dhaanya recoded an intra-day high of 3185.09 on April 05, 2017 and an intra-day low of 3013.79 on April 28, 2017. The group indices of MCXCOMDEX, namely, MCX Metal, MCX Energy and MCX Agri. decreased by 2.44 percent, 2.75 percent and 4.99 percent, respectively. **(Details in Table 61 to 69).**

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

Source: MCX and NCDEX

Daily volatility during April 2017 of MCXCOMDEX and NCDEX Dhaanya indices was recorded at 0.53 percent and 0.74 percent, respectively. Among the component indices of MCXCOMDEX, MCX Energy recorded highest volatility of 1.11 percent, followed by MCX Metal (0.65 percent) and MCX Agri. (0.59 percent). The daily volatility and return over the previous months of commodity futures market indices is shown in the Exhibit 5 below:

**Exhibit 5: Performance of Indices at MCX and NCDEX during April 2017 (Percent)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **MCX** | | | **NCDEX** | | |
| **Index** | **Change over Previous month** | **Daily Volatility** | **Index** | **Change over Previous month** | **Daily Volatility** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| MCXCOMDEX | -2.92 | 0.53 | Dhaanya | -1.99 | 0.74 |
| MCX Metal | -2.44 | 0.65 |  |  |  |
| MCX Energy | -2.75 | 1.11 |  |  |  |
| MCX Agri. | -4.99 | 0.59 |  |  |  |

Source: MCX and NCDEX

During April 2017, all the national commodity exchanges and also regional commodity exchange of CoC, Hapur recorded decrease in turnover over their respective turnover during March 2017.

The total turnover at MCX was `3,64,260 crore in April 2017, which is a decrease of 17.28 percent over the total turnover of `4,40,373 crore during March 2017. The contribution to the total turnover at MCX from Metal segment was at 37.22 percent followed by Energy segment at 32.63 percent, Bullion segment with 27.61 percent and agricultural commodities had a share of 2.54 percent.

The total turnover at NCDEX has decreased from `64,077 crore in March 2017 to `43,955 crore in April 2017, a decrease of 31.4 percent. Since June 2016, the entire turnover at NCDEX is contributed by the agricultural commodities segment only.

The total turnover at NMCE has decreased from `3,359 crore in March 2017 to `2,367 crore in April 2017, a decrease of 29.5 percent. The entire turnover at NMCE is also contributed by the agricultural commodities segment only.

The total turnover in agricultural commodities at all the three national exchanges stood at `55,586 crore while that of the non - agricultural commodities stood at `3,54,993 crore. The total turnover of agricultural commodities was the highest at NCDEX (`43,955 crore) followed by MCX (`9,267 crore) and NMCE (`2,367 crore) (Figure 9). Presently, the non-agricultural commodities of Bullion, Metals and Energy segments are traded only at MCX. (Figure 10). Details in Table 63, 64, & 65.

At Chamber of Commerce (CoC), Hapur, a regional exchange is trading in only Mustard Seed contract. CoC, Hapur recorded a turnover of `456 crore during April 2017 as against total turnover of `664 crore during March 2017, a decrease of 31.4 percent.

**Figure 9: Turnover of Agricultural Commodities Futures at National Exchanges (`crore)**

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

**Exhibit 6 : 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 28/4/2017** | **Variation in prices as on 28/04/2017 (percent)** | | **Commodities traded at NCDEX / NMCE** | **Closing value as on 28/4/2017** | **Variation in prices as on 28/04/2017 (percent)** | |
|
| **M-o-M** | **Y-o- Y** | **M-o-M** | **Y-o- Y** |
| **MCX Comdex** | 3148 | -2.9 | 5.3 | Dhaanya Index | 3019 | -2.0 | 1.9 |
| **MCX AGRI Index** | 2442 | -5.0 | 7.3 | Guar seed 10 MT | 3866 | -3.1 | 14.2 |
| **MCX Metal Index** | 4571 | -2.4 | 2.8 | Guar Gum | 8356 | 1.2 | 37.9 |
| **MCX Energy Index** | 2393 | -2.7 | 9.4 | Soybean | 2934 | 2.8 | -25.3 |
| Gold | 28873 | 1.4 | -4.6 | Turmeric | 6058 | -3.5 | -27.6 |
| GoldM | 28872 | 0.9 | -4.2 | Sugar | 3659 | -3.1 | 9.6 |
| Gold Petal | 2903 | 1.0 | -3.2 | RM seed | 3759 | -3.8 | -14.5 |
| Gold Guinea | 23203 | 1.3 | -3.4 | Soy Oil | 610 | -3.9 | -5.8 |
| Silver | 39503 | -6.7 | -5.0 | Maize Kharif | 1465 | 4.0 | NA |
| Silver 1001 | 40004 | -5.2 | -2.6 | Cottonseed oilcake | 1970 | -7.6 | -14.2 |
| Nickel | 609 | -4.9 | -3.2 | Cotton 29 mm | 20860 | -1.0 | 22.3 |
| Copper | 368 | -3.5 | 10.0 | Jeera | 19490 | 8.9 | 11.9 |
| Lead | 146 | -2.2 | 22.6 | Wheat | 1610 | -3.1 | -1.2 |
| Crude Oil | 3174 | -3.3 | 4.6 | Coriander | 6567 | -12.9 | -8.6 |
| Crude Brent | 3337 | -3.9 | 4.6 | Barley | 1545 | -2.3 | -0.7 |
| Natural Gas | 212 | 3.1 | 47.5 | Chilli | 7152 | -4.5 | -41.3 |
| Zinc | 169 | -6.1 | 31.2 | V797 kapas | 992 | -3.2 | 32.0 |
| Aluminium | 124 | -1.8 | 11.4 | Shankar Kapas | 1109 | -2.9 | 12.9 |
| Cotton | 20600 | -1.4 | 23.1 | Castor Seed | 4689 | -2.5 | NA |
| CPO | 517 | -4.1 | -8.4 | **NMCE** |  |  |  |
| Mentha Oil | 1087 | -3.8 | 9.0 | Castor Seed 10 MT | 4711 | -1.2 | 56.7 |
| Cardamom | 1209 | -13.7 | 55.8 | Rubber | 13987 | -3.2 | 4.6 |
| Castor Seed | 4670 | -3.7 | NA | Raw Jute | 3992 | -3.6 | -30.9 |
|  |  |  |  | Isabgul Seed | 11591 | -3.3 | -0.2 |
|  |  |  |  | RM seed | 661 | -3.9 | -14.0 |
|  |  |  |  | Guar Seed | 3857 | -3.1 | 15.7 |
|  |  |  |  | Pepper | 56344 | -8.3 | NA |

Source: Bloomberg & NMCE

At the end of April 2017, M-o-M returns among the near month contracts of non-agricultural commodities were positive only for Gold and Natural Gas(Exhibit 6). During the month Natural Gas futures prices gained by 3.1 percent, while gold and its variants closed with positive returns ranging from 0.9 to 1.4 percent. M-o-M prices of Silver futures declined the most by -6.7 percent, followed by Zinc (-6.1 percent), Nickel (-4.9 percent), Copper (-3.5 percent), Crude Brent Oil (-3.9 percent), Crude Oil (-3.3 percent) and Aluminum (-1.1 percent).

Among all the agricultural commodities traded at all three national exchanges, only four contracts generated positive M-o-M returns. Among them, Jeera futures recorded highest gain of 8.9 percent, followed by Maize Kharif (4.0 percent), Soybean (2.8 percent) and Guar Gum (1.2 percent). Among losers in terms of M-o-M prices, Cardamom declined the most by -13.7 percent, followed by Coriander (-12.9 percent), Pepper (-8.3 percent).

On Y-o-Y basis, in terms of futures prices a mixed trend is observed among non-agricultural commodities. Among these, Natural Gas futures was the top gainer with 47.5 percent increase, followed by Zinc (31.2 percent), Lead (22.6 percent), Aluminum and (11.4 percent each), Copper (10.0 percent), both Crude Oil and Brent Crude (4.6 percent each). Among losers, prices of Silver and its variant Silver 1001 declined by 5.0 and 2.6 percent, respectively, while Gold and its variants (Gold Petal, Gold Guinea and Gold Mini) declined in the range of 2.6 to 3.0 percent.

Among agricultural commodities, Y-o-Y returns in terms of futures prices was highest for Castor Seed contract at NMCE (56.7 percent), followed by Cardamom (55.8 percent), Guar Gum (37.9 percent), V797 Kapas (32.0 percent), Mentha Oil (36.1 percent), Cotton (23.1 percent), Cotton 29 mm (22.3 percent). On the other hand, Y-o-Y return on prices among agricultural commodities declined the most for Chilly (41.3 percent), followed by Raw Jute (-30.9 percent) Turmeric (-27.6 percent), Soybean (-25.3 percent).

The 3rd Advance Estimates of production of major crops for 2016-17 have been released on May 9, 2017 by the Department of Agriculture, Cooperation and Farmers Welfare.  According to the estimates, the country has witnessed record foodgrain production in the current year. As per estimates for 2016-17, total foodgrain production in the country is estimated at 273.38 million tonnes which is higher by 8.34 million tonnes (3.15 percent) than the previous record production of foodgrain of 265.04 million tonnes achieved during 2013-14.   The current year’s production is also higher by 16.37 million tonnes (6.4 percent) than the previous five years’ (2011-12 to 2015-16) average production of foodgrains. The current year’s production is significantly higher by 21.81 million tonnes (8.7 percent) than the last year’s foodgrain production.

Production of Wheat, estimated at 97.44 million tonnes is also a record. This year’s wheat production is higher by 1.66 percent than the previous record production of 95.85 million tonnes achieved during 2013-14.  The current year’s production is higher by 5.15 million tonnes (5.6 percent) as compared to Wheat production of 92.29 million tonnes achieved during 2015-16.

With an increase of 7.27 million tonnes (28.8 percent) over the previous year, total Oilseeds production in the country is estimated at 32.52 million tonnes. The production of Oilseeds during 2016-17 is also higher by 3.27 million tonnes (11.2 percent) than the five year’s average Oilseeds production.

Despite lower area coverage during 2016-17, higher productivity of Cotton has resulted into higher production of 32.58 million bales (of 170 kg each), i.e. an increase of 8.57 percent, as compared to 30.01 million bales during 2015-16. However, production of sugarcane is estimated at 306.03 million tonnes which is lower by 42.42 million tonnes (-12.2 percent) than the last year’s production of 348.45 million tonnes.  Also production of Jute & Mesta estimated at 10.27 million bales (of 180 kg each) is marginally lower (-2.4 percent) than their production of 10.52 million bales during the last year.

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister, has increased the MSP of Jute to a level of ` 3,500/- per quintal for 2017-18 season which indicates an increase of `300/- (9.4 percent) over the previous year. During the last three years (2015-16, 2016-17 & 2017-18), Government has increased the MSP for jute from `2700/- to `3,500/- (29.6 percent) as compared to increase from `2,200/- to `2,400/- (9.1 percent) in the preceding three years (2012-13, 2013-14 & 2014-15).

1. **Trading in Corporate Debt Market**

During April 2017, BSE recorded 2,287 trades of corporate debt with a traded value of ` 37,605 crore compared to 3,105 trades with a traded value of ` 44,580 crore recorded in March 2017. At NSE, 4,718 trades were reported in April 2017 with a traded value of ` 1,01,729 crore compared to 7, 646 trades with value of ` 1,47,831 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 ` 67,177 crore in April 2017 out of which ` 11,244 crore was invested in equity and ` 55,933 crore was invested in debt. This is an increment over total investment of ` 39,085 crore in March 2017 out of which ` 4,191 crore was invested in equity and ` 34,894 crore was invested in debt (***Figure 12***).

As on April 30, 2017, there were a total of 2,162 mutual fund schemes in the market, of which 1,553 (71.8 per cent) were income / debt oriented schemes, 486 (22.5 per cent) were growth / equity oriented schemes, 31 (1.4 per cent) were balanced schemes, 63 (2.9 per cent) were exchange traded funds and 29 (1.3 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 April 2017, the FPIs remained net buyers in the Indian securities market to the tune of ` 22,758 crore. There were net inflow of ` 2,394 crore in equity and ` 20,364 crore in debt (***Figure 13***).

The assets of the FPIs in India, as reported by the custodians, at the end of April 2017 was ` 27,86,083 crore, out of which the value of offshore derivative instruments (including ODIs on derivatives) was ` 1,28,380 crore, constituting 4.6 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 3.5 per cent to ` 10,00,994 crore in April 2017 from ` 9,67,036 crore in March 2017. During the same time the AUM of Non-discretionary PMS increased by 4.9 per cent from ` 75,061 crore to ` 78,716 crore. However, AUM of Advisory services decreased by 1.1 per cent from ` 1,88,385 crore to ` 1,86,399 crore.

In terms of number of clients, discretionary services category leads with total of 76,322 clients, out of 82,785 clients in PMS industry, followed by non-discretionary category with 4,935 clients and advisory category with 1,528 clients. ***(Table 57)***

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

In April 2017, nine open offers with offer value of ` 587 crore were made to the shareholders as against three open offers with offer value of ` 3 crore in March 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 1.2 percent in Q1 of 2017 (Y-o-Y) as compared to 2.1 percent in Q4 2016. CPI inflation was 2.2 percent (Y-o-Y) in April 2017. Unemployment rate fell to 4.4 percent in April 2017 from 4.7 percent in March 2017.

**United Kingdom**

Real GDP grew by 0.2 percent (Y-o-Y) in Q1 of 2017 against 1.8 percent of Q4 2016. CPI inflation was 2.7 percent (Y-o-Y) in April 2017 as compared to 2.3 in March. Unemployment rate remained at 4.6 percent during the period January 2017 to March 2017.

**Japan:**

GDP expanded by 1.6 percent (Y-o-Y) in Q1 of 2017, as compared to 1.7 percent in Q4. CPI inflation was 0.4 percent (Y-o-Y) in April 2017. Unemployment rate remained unchanged at 2.8 percent in April 2017.

**Euro Zone (EA19):**

GDP advanced by 1.7 percent (Y-o-Y) in Q1 of 2017, remain unchanged from Q4. CPI inflation was 1.9 percent (Y-o-Y) in April 2017 against 1.5 percent in March 2017. Unemployment dropped to 9.3 percent in April 2017, as compared to 9.4 in March 2017.

**BRICS Nations:**

* Real GDP of Brazil contracted by 0.4 percent (Y-o-Y) in Q1 2017. CPI inflation came down to 4.1 percent in April 2017. Unemployment rate increased to 13.6 percent April 2017.
* Russia’s GDP advanced by 0.5 percent (Y-o-Y) in Q1 2017. CPI inflation was 4.1 percent (Y-o-Y) in April 2017. Unemployment rate decreased slightly to 5.3 percent in April 2017.
* India’s real GDP grew by 7.1 percent (Y-o-Y) in Q4 quarter of 2016-17 as compared to 7.0 percent in Q3 quarter of 2016-17. Consumer prices in India recorded 3.0 percent (Y-o-Y) in April 2017, decreasing from a 3.9 percent in March 2017.
* GDP of China expanded by 6.9 percent (Y-o-Y) in the March quarter of 2017. Consumer prices in China rose by 1.2 percent (Y-o-Y) in March 2017, compared to a 0.9 percent rise in February 2017. Unemployment rate almost remained stable at 4.0 percent in March quarter.
* GDP of South Africa advanced by 1.0 percent, against 0.7 percent in the previous quarter. Consumer prices increased by 5.3 percent in April 2017. Unemployment rate in South Africa increased to 27.7.

1. **Introduction:**
   1. Global economic activity has been continuing to expand with recovery of some Euro-zone economies, robust growth in China and improvements in commodity exporting economies. The US GDP data of the first quarter of 2017 on the other hand shows temporary weakness.However, the latest labour market data and other short-term indicators signals of quick recovery. The Japanese economy also has shown sign of recovery. China has recorded strong GDP figures in recent quarters. India is also forecast to continue growing at a high rate depending on near-term developments in domestic consumption, agricultural output and the success of its structural reforms. Brazil and Russia are forecasted to rebound to growth, after two years of recession.
   2. In the emerging economies, India and China are expected to continue to witness high rate of growth. On the other hand, Russia and Brazil, faced contraction over past few quarters, are expected to recover in 2017. Effect of demonetization in India is ebbing fast and it is expected that the country will witness robust growth in 2017. China on the other hand is suffering from slowing growth rate. Russia underperformed with weaker oil prices a headwind.
2. **Major Recent Developments Across the Globe:**
   1. **Unemployment decreases but recovery remains uneven in OECD area**

The employment continues to improve in the OECD area, with the unemployment rate reaching to pre-crisis levels. But people on low and middle incomes have seen their wages stagnate and the share of middle-skilled jobs has fallen, contributing to rising inequality and concerns that top earners are getting a disproportionate share of the gains from economic growth, according to a new OECD report. The Outlook projects that the labour market can be expected to improve until at least the end of 2018, with nearly 47 million more people employed than those were at the end of 2007.

* 1. **Policy reforms in services trade are expected to boost the global economy**

As per a new OECD report, better policies in services trade can initiate inclusive economic growth by promoting access to the information, skills, technology, funding and markets needed for success in an increasingly digital global economy. Services generate more than two-thirds of global GDP, employ the most workers and create the most new jobs globally. The OECD-WTO Trade in Value Added (TiVA) database shows that services contributes more than 50 percent of the value added in gross exports, and over 30 percent of the value added in exports of manufacturing goods.

**The World Economy:**

* 1. The IMF in its World Economic Outlook published in April 2017 has slightly revised up the projection of the world growth from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018, above the its previous forecast (Table 1). ­Albeit the upward revision, IMF points out that structural impediments may hold back a stronger recovery. Besides the structural factors, the IMF also concerned about the pressures for inward-looking policies being adopted in advanced economies, which may affect global integration.
  2. Growth in the advanced economies is primarily driven by higher projected growth in the United States. While the growth projection of most of the advanced economies have been revised up, a number of emerging economics saw down ward revisions. Growth projections have been revised up in the US reflecting the protectionism being adopted by the present government. The outlook has also improved for Europe and Japan based on a cyclical recovery in global manufacturing and trade that started in the second half of 2016. Commodity exporting countries are expected to reap the benefit of existing high commodity prices.
  3. Growth forecasts for emerging market and developing economies was revised downward as a result of weaker outlook in several large economies. Growth forecasts have been marked up for China, reflecting stronger-than-expected policy support. Russia is predicted to grow at a faster pace as economic activities are improving and higher oil prices bolster the recovery. On the other hand, growth forecasts for India was revised down as a result of the impact of the demonetization. Brazil is also expected to grow slowly as the country has been mire in deep recession.

**Exhibit 1: Overview of the *World Economic Outlook* Projections**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Projections | | Difference from January 2017 WEO update1 | | Difference from October 2016 WEO1 | |
|  | **2016** | **2017** | **2018** | **2017** | **2018** | **2017** | **2018** |
| **World Output** | **3.1** | **3.5** | **3.6** | **0.1** | **0.0** | **0.1** | **0.0** |
| **Advanced Economies** | **1.7** | **2.0** | **2.0** | **0.1** | **0.0** | **0.2** | **0.2** |
| United States | 1.6 | 2.3 | 2.5 | 0.0 | 0.0 | 0.1 | 0.4 |
| Euro Area | 1.7 | 1.7 | 1.6 | 0.1 | 0.0 | 0.2 | 0.0 |
| Germany | 1.8 | 1.6 | 1.5 | 0.1 | 0.0 | 0.2 | 0.1 |
| France | 1.2 | 1.4 | 1.6 | 0.1 | 0.0 | 0.1 | 0.0 |
| Italy | 0.9 | 0.8 | 0.8 | 0.1 | 0.0 | –0.1 | –0.3 |
| Spain | 3.2 | 2.6 | 2.1 | 0.3 | 0.0 | 0.4 | 0.2 |
| European Union | 2.0 | 2.0 | 1.8 | 0.2 | 0.0 | 0.3 | 0.0 |
| Japan2 | 1.0 | 1.2 | 0.6 | 0.4 | 0.1 | 0.6 | 0.1 |
| United Kingdom | 1.8 | 2.0 | 1.5 | 0.5 | 0.1 | 0.9 | –0.2 |
| Canada | 1.4 | 1.9 | 2.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Other Advanced Economies3 | 2.2 | 2.3 | 2.4 | 0.1 | 0.0 | 0.0 | 0.0 |
| **Emerging Market and Developing Economies** | **4.1** | **4.5** | **4.8** | **0.0** | **0.0** | **–0.1** | **0.0** |
| Brazil | –3.6 | 0.2 | 1.7 | 0.0 | 0.2 | –0.3 | 0.2 |
| Russia | –0.2 | 1.4 | 1.4 | 0.3 | 0.2 | 0.3 | 0.2 |
| India4 | 6.8 | 7.2 | 7.7 | 0.0 | 0.0 | –0.4 | 0.0 |
| China | 6.7 | 6.6 | 6.2 | 0.1 | 0.2 | 0.4 | 0.2 |
| South Africa | 0.3 | 0.8 | 1.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| Low-Income Developing Countries | 3.6 | 4.7 | 5.3 | 0.0 | –0.1 | –0.2 | 0.1 |
| Middle East and North Africa | 3.8 | 2.3 | 3.2 | –0.6 | –0.1 | –0.9 | –0.2 |

**Notes:**1Difference based on rounded figures for the current, January 2017 *World Economic Outlook Update*, and October 2016 *World Economic Outlook* forecasts.

2Japan’s historical national accounts figures reflect a comprehensive revision by the national authorities, released in December 2016. The main revisions are the

switch from the System of National Accounts 1993 to the System of National Accounts 2008 and the updating of the benchmark year from 2005 to 2011.

3Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

4For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with FY2011/12 as a base year.

**Source:** IMF

**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, quarterly growth of real GDP in the OECD area decelerated sharply to 0.4 per cent in the first quarter of 2017, compared with 0.7 per cent in the previous quarter. Year-on-year (Y-o-Y) GDP growth for the OECD area was stable at 2.0 per cent in the first quarter of 2017.
  3. Annual inflation in the OECD area picked up to 2.4 per cent in April 2017, compared with 2.3 per cent in March 2017. Food price inflation picked up to 1.1 per cent in the year to April, compared with 0.9 per cent in the year to March while energy prices grew at a slower pace (8.2 per cent) than in the year to March 2017 (9.1 per cent). Excluding food and energy, inflation in the OECD area increased by 1.9 per cent, compared with 1.8 per cent in March. The OECD unemployment rate was stable at 5.9 percent in April 2017.

**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 | 1.90 | Q1 | 0.70 | Q1 | 2.20 | Apr-17 | 4.40 | Apr-17 | 1.00 |
| United Kingdom | 2.10 | Q1 | 0.20 | Q1 | 2.70 | Apr-17 | 4.60 | Mar-17 | 0.25 |
| Eurozone | 1.70 | Q1 | 0.50 | Q1 | 1.90 | Apr-17 | 9.30 | Apr-17 | 0.00 |
| Germany | 2.30 | Q1 | 0.60 | Q1 | 2.00 | Apr-17 | 3.90 | Apr-17 | 0.00 |
| France | 0.80 | Q1 | 0.30 | Q1 | 1.20 | Apr-17 | 9.60 | Q1 of 2017 | 0.00 |
| Japan | 1.60 | Q1 | 0.50 | Q1 | 0.40 | Apr-17 | 2.80 | Apr-17 | -0.10 |
| **BRICS** | Brazil | -0.40 | Q1 | 1.00 | Q1 | 4.08 | Apr-17 | 13.60 | Apr-17 | 10.25 |
| Russia | 0.50 | Q1 | NA | - | 4.10 | Apr-17 | 5.30 | Apr-17 | 9.25 |
| India | 6.10 | Q1 | 1.60 | Q4 | 2.99 | Apr-17 | NA | - | 6.25 |
| China | 6.90 | Q1 | 1.30 | Q1 | 1.20 | Apr-17 | 3.97 | Q1 of 2017 | 4.35 |
| South Africa | 1.00 | Q1 | -0.70 | Q1 | 5.30 | Apr-17 | 27.7 | Q1 of 2017 | 7.00 |
| **Other Ems** | South Korea | 2.70 | Q1 | 0.90 | Q1 | 1.90 | Apr-17 | 4.00 | Mar-17 | 1.25 |
| Indonesia | 5.01 | Q1 | -0.34 | Q1 | 4.17 | Apr-17 | 5.33 | Q1 of 2017 | 4.75 |
| Turkey | 3.50 | Q4 | 3.80 | Q4 | 11.87 | Apr-17 | 12.60 | Feb-17 | 8.00 |

***Note:*** *Q1 refers to Jan - March 2017*

*Q4 refers to Oct- Dec 2016*

***Source:*** *Bloomberg*

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

***Source:*** *Bloomberg*

**Chart 2: Year-on-Year Consumer Price Inflation (percent)**

***Source:*** *Bloomberg*

**United States:**

* 1. As per the “third” estimates released by the Bureau of Economic Analysis the real GDP of US grew at 1.4 percent (Q-o-Q) (in annualised terms) during the first quarter of 2017 from 2.1 percent growth rate recorded in the previous quarter. The increase in real GDP in the first quarter reflected positive contributions from non-residential fixed investment, exports, residential fixed investment, and PCE that were partly offset by negative contributions from private inventory investment, federal government, state and local government spending. Real GDP increased by 1.6 percent in 2016 (Y-o-Y) compared with an increase of 2.6 percent in 2015.
  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 April 2017. The price index for all items less food and energy rose by 1.9 percent (Y-o-Y) during the same period. Unemployment rate in the US marginally fell to 4.4 percent in April 2017 from 4.7 percent in the previous month. The Federal Open Market Committee (FOMC) on May 03, 2017 decided to maintain the federal funds rate at 1 percent in view of positive market conditions.
  3. The seasonally adjusted Markit US Manufacturing Purchasing Managers’ Index (PMI) posted 52.8 in April 2017, slightly down from 53.3 of March. The Markit U.S. Services PMI also moderated marginally to 53.1 in April 2017 from 52.8 in March 2017.

***Observations:*** *As reported by* m*anufacturers, growth of production and order books have slowed markedly since peaking in January, with April seeing the weakest improvements in past seven months. The signs of decreasing the pace of growth are most evident in the domestic consumer segment, but investment goods manufacturers continue to do well, benefitting from stronger capital equipment spending from the energy sector in particular. Service PMI combined with a weak manufacturing PMI reading, the surveys suggest that business activity is growing at a slower pace than seen over the first quarter as a whole. However, a rise can be expected to be seen in second quarter GDP as the official number exhibit greater seasonality than that is exhibited by PMI, with consistently weak first quarters are being followed by a rebound in subsequent periods.*

**United Kingdom:**

* 1. As per the second estimate by Office for National Statistics, the British economy grew at 0.2 percent (Q-o-Q) in the Q1 2017, compared to 0.7 percent growth in the previous quarter. UK GDP growth in Q1 2017 saw a fall in consumer facing industries such as retail and accommodation and household spending also slowed. There was strong growth in the output of the services sector with a notable contribution in consumer-focused industries. On a Y-o-Y basis, GDP expanded 1.9 percent in the fourth quarter of 2016 following a 2 percent expansion in the previous period.
  2. The CPI Inflation in the UK remain same as 2.7 percent (Y-o-Y) in April 2017 against 2.3 percent in March 2017. UK unemployment rate fell to 4.6 percent during the period January 2017 to March 2017 compared to 4.7 percent in the period December 2016 to February 2017. The Bank of England Monetary Policy Committee kept the Bank Rate at same as of 0.25 percent and left the stock of purchased assets at £435 billion on May 11th, 2017.
  3. Manufacturing PMI further softened to 57.3 in April 2017 from 54.2 in March 2017. The UK Services PMI picked up to 55.8 from 55.0 in the previous month.

***Observations:*** *Growth in new export business, as the weak sterling exchange rate helped manufacturers to take advantage of the revival in the global economy, and especially the Eurozone. Although pressure of price remains up, input cost inflation has eased significantly since hitting a record high in January. The growth strengthening and the increase in prices will bolster calls for higher interest rates but weak growth in the consumer sector is likely to remain a concern.*

**Japan:**

* 1. The Japanese economy grew 0.5 percent (Q-o-Q) in the first quarter of 2017, following a 0.3 percent expansion in the previous quarter. It was the strongest expansion since Q1 of 2016 quarter supported by private consumption, exports and an unexpected rise in capital expenditure.In Y-o-Y terms, Japanese economy grew by 1.6 percent (Y-o-Y) during Q1 of 2017 as compared to 1.7 percent (Y-o-Y) in Q4 of 2016.
  2. Consumer prices in Japan increased by 0.4 percent in April 2017, compared to a 0.2 percent rise in March.This increased inflation was driven by continuous rise in the cost of food and transport prices while housing prices continued to fall.

* 1. The seasonally adjusted unemployment rate in Japan continued to remain unchanged at 2.8 percent in April of 2017 as compared to previous month.
  2. The Bank of Japan left its key short-term interest rate unchanged at -0.1 percent at its April 2017 meeting, as expected. The policymakers also decided to maintain its 10 year Government bond yield target around 0 percent.

***Observations:*** *A weak currency and healthy global demand are propping up economic activity in the world’s third-largest economy. However, limited wage growth, uncertainty regarding economic policies in the United States and a sizeable slowdown in China could derail Japan’s economic recovery.*

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

* 1. The real GDP growth in the Euro area was recorded 1.7 percent in the Q1 of 2017 (Y-o-Y). In Q-o-Q terms, the Euro Area economy growth rate increased by 0.5 in Q1 of 2017 as compared to the previous quarter. Among the largest economies in the Euro area, the GDP growth of Germany, Spain and Belgium increased to 0.6 percent, 0.8 percent and 0.5 percent as compared to 0.4 percent, 0.7 percent and 0.4 percent respectively in Q4. In contrast, economic growth decelerated in France and Cyprus to 0.3 percent and 0.6 percent as compared to 0.5 percent and 0.7 percent respectively.
  2. Eurozone annual inflation increased to 1.9 percent year-on-year in April 2017 from 1.5 percent increase in the previous month. The highest annual rates were recorded in Estonia (3.6 percent), Latvia (3.5 percent) and Lithuania (3.3 percent) and  the lowest in Ireland (0.7 percent) and Slovakia (0.8 percent).The Inflation rose in Germany (2.0 percent),Italy (2.0 percent) and Spain (2.6 percent) while was stable in France(1.4 percent).
  3. The seasonally-adjusted unemployment rate in the Eurozone dropped to 9.3 percent in April 2017, as compared to 9.4 in March 2017. This remains the lowest rate recorded in the euro area since March 2009. Among the Member States, the lowest unemployment rates were recorded in the Czech Republic (3.2 percent) ,Germany (3.9 percent) and Malta( 4.1 percent); while the highest unemployment rates were observed in Greece (23.2 percent in February 2017) and Spain (17.8 percent).
  4. The European Central Bank held its benchmark refinancing rate at 0 percent for the tenth consecutive meeting and left the pace of its bond-purchases unchanged on April 27th, as widely expected. Policymakers confirmed the monthly asset purchases will run at the current monthly pace of €80 billion until March, and from April, they are intended to continue at a monthly pace of €60 billion until the end of the year. Both the deposit rate and the lending rate were also left steady at -0.4 percent and 0.25 percent, respectively.

***Observations:*** *Momentum is clearly firming in the Eurozone’s economy. A firmer labour market and stronger economy will support the healthy expansion of the Eurozone in the coming year. The Eurozone Manufacturing PMI rose marginally to 56.7 in April of 2017 while services PMI registered 56.4 in April. The European Central Bank (ECB) decided to hold interest rates, as widely expected, at its April meeting and made no changes to its bond-buying program.*

**Brazil:**

* 1. GDP of Brazil contracted by 0.4 percent in the first quarter of 2017, performing better than market expectations. It was the twelfth straight quarter of contraction for the country but at the slowest pace in 2 years, mainly on account of decline in consumer spending and smaller investment.
  2. Consumer prices in Brazil went up by 4.08 percent (Y-o-Y) in April 2017, easing down from a 4.6 percent rise in the March 2017 meeting the market expectations. The Central Bank of Brazil executed another 100 basis point cut in its benchmark SELIC rate to 10.25 percent .It is the sixth straight rate decline, bringing borrowing costs to the lowest since December of 2013 amid slowing inflation and a sticky contraction. Unemployment Rate in Brazil increased to 13.6 percent in April 2017, up from 12.6 percent rate recorded in January 2017.

**China:**

* 1. The Chinese economy expanded by 6.9 percent in the first quarter of 2017, compared to a 6.8 percent growth figure in the previous quarter, surpassing market expectations of a 6.8 percent predicted growth. This growth was supported by faster rises in industrial output, retail sales and fixed-asset investment while fiscal spending surged.

* 1. Consumer prices in China increased by 1.2 percent (Y-o-Y) during March 2017, following a 0.9 rise in March 2017 slightly above market expectations of 1.1 percent rise. 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 fell slightly to 3.97 percent in the first quarter of 2017 from 4.02 percent in the December 2016 quarter.

**Russia:**

* 1. The Russian economy expanded 0.5 percent(Y-o-Y) in the first quarter of 2017, following 0.3 percent growth in the previous quarter. The economy is expected to return to growth in 2017 after two years of contraction as a result of recovering private consumption and fixed investment. Higher oil prices also helped strengthen up government revenues and support exports.
  2. Consumer prices in Russia decreased to 4.1 percent (Y-o-Y) in April 2017, following a 4.3 percent growth in the previous month. Given the faster-than-expected decline in inflation, the Central Bank of Russia unexpectedly cut the monetary policy rate by 50 basis points to 9.25 percent at its April meeting .Russian unemployment rate declined to 5.3 percent in April of 2017 from 5.4 percent in the previous month and below market expectations of 5.5 percent.

**South Africa**

* 1. The South African economy advanced 1 percent (Y-o-Y) in the first quarter of 2017, higher than 0.7 percent in the previous two quarters and matching market expectations. A recovery in agriculture and stronger growth in trade, finance, real estate, business and government services drove the expansion, offsetting contraction in mining, manufacturing and utilities.
  2. Consumer prices in South Africa increased 5.3 percent year-on-year in April of 2017, lower than 6.1 percent in March which was the lowest rate since December of 2015.The South African Reserve Bank kept its benchmark repo rate on hold at 7 percent at its May meeting, in line with market expectations.The unemployment rate in South Africa increased to 27.7 percent in the first quarter of 2017 from 26.5 percent in the previous period. It is the highest jobless rate since 2004.

1. **Review of Global Financial Markets:** 
   1. International stocks registered solid gains for U.S. dollar-based investors in April as sentiment improved following elections in France, strengthening economic data, and better-than-expected corporate earnings. The Bank of Japan (BoJ) left its monetary policy unchanged. The European Central Bank (ECB) kept interest rates steady and its monetary stimulus program unchanged at its April monetary policy meeting.  The MSCI Emerging Markets index outperformed the MSCI World index in April 2017.
   2. Emerging markets advanced in April 2017, driven by investors’ search for yield and an improving global growth outlook. The International Monetary Fund (IMF) forecast that world economic growth would gain speed in the next two years after picking up in the final quarter of 2016, driven by better macroeconomic conditions in large commodity exporters, continued strong growth in China, and higher projected U.S. growth. Stable commodity prices, tame inflation, and relatively attractive valuations compared with developed markets stocks were other factors that supported demand for the asset class. The MSCI Emerging Markets Index rose for the fifth straight month to its highest level since June 2015.
   3. MSCI World Index, which is a leading indicator for tracking the overall performance of stock markets in developed markets witnessed marginal increase of 1.3 percent. On the other hand, MSCI Emerging Market Index registered a increase of 2.0 percent during April 2017. MSCI India Index registered a growth of 0.9 percent over the previous month.(Chart 3).

**Chart 3: Movement in MSCI World and Emerging Market Index**

*Source: Bloomberg*

**Bond Markets:**

* 1. Most segments of the fixed income market generated healthy returns as U.S. Treasuries rallied, with riskier and international bonds posting the best performance. The outperformance of the riskier elements of the bond market was the result of continued economic strength and particularly encouraging political developments in France.
  2. President Donald Trump’s hope that the Federal Reserve would keep interest rates low, drove Treasury yields even lower .The 10-year Treasury note’s yield is pushed to 2.3 percent at the end of April, as compared to the last month. U.K. 10-year gilt yields descended marginally to 1.09 percent from 1.14 percent in the previous month.
  3. The 10 year German bond yields remained almost stable at 0.3 percent at the end of April 2017. The 10 year government bond yield of China has increased marginally to 3.4 percent. The yield of India ascended to 7.0 percent while the Russian bond yield fell to 8.1 percent in April 2017.

**Chart4: Movement in 10 year bond yield of major countries**

***Source****: Bloomberg*

**Currency Market:**

* 1. During April 2017 (by comparing the closing prices of the close of last trading days of the March and April), the U.S. dollar (USD) lost against 3 out of 7 currencies evaluated against it (i.e. INR, YEN, GBP, EURO, Real, Yuan and Ruble). The currencies gained GBP (3.17 percent), Euro (1.87 percent) and INR (0.91 percent) respectively against Dollar. The currencies which lost against it were Real (1.80 percent), Ruble (1.06 percent), Yuan (0.23 percent) and Yen (0.10 percent) respectively.
  2. US Dollar Index, an index representing the strength of dollar against basket of other major currencies, observed to be 99.05 on close of April 2017, it lost 1.30 percent against the basket of major currencies during April 2017, and was 3.90 percent below of the close of last trading day of 2016.
  3. Comparing the closing prices of currencies in 2016 with the closing price of April, Ruble gained 7.09 percent followed by INR (5.45 percent), GBP (4.74 percent), Yen (4.48 percent), Euro (3.38 percent), Real (2.13 percent) and Yuan (0.67 percent) respectively.
  4. Since the beginning of March 2015 till (closing prices of the last trading days of March 2015 and April 2017 were compared), Brazilian Real and Russian Ruble have gained 0.46 and 2.23 percent respectively against USD. During the same period, INR depreciated by 3.15 percent, and Yen gained 7.11 percent against USD. Euro gained by 1.35 percent against USD while GBP depreciated by 15.25 percent against USD. Chinese Yuan has depreciated by 11.18 percent against USD compared to the beginning of 2013.

**Chart 5: 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 April 2017. Amongst the developed markets CAC 40 of France witnessed a notable increase of 3.5 percent, followed by USA’s Nasdaq Composite increasing by 2.3 percent and Hang Seng of Hong Kong increasing by 2.0 percent during April 2017.On the contrary, a fall of 1.6 percent was registered by FTSE 100 of UK during the similar period.

* 1. As regards the emerging market indices ISE National 100 led the way with an increase of 6.4 percent, followed by Budapest Stock Exchange of Hungary which increased by 4.2 percent and JSE Africa All Share of South Africa which recorded an increase of 3.4 percent during April 2017. On the contrary, a fall of 2.13 percent was registered by Hermes of Egypt, followed by Shanghai Composite of China declining by 2.11 percent and Stock Exchange of Thailand declining by 0.6 percent during the same period.

**Chart 6: Trend in Major Developed Market Indices**

**Source**: Bloomberg

**Chart 7: Trend in Market Indices of BRIC Nations**

**Source**: Bloomberg

**Market Capitalisation:**

* 1. Market capitalisation of major countries in the world, at the end of April 2017, is given in table A6 and is illustrated in Chart 8. The market capitalisation of all the major countries decreased during the month of April 2017.
  2. Among major developed markets, the market capitalisation of France, Germany and U.K increased significantly by 6.8 percent, 4.4 percent and 2.4 percent respectively during April 2017. The market capitalisation of Japan and Hong Kong increased marginally by 1.2 percent and 1.1 percent respectively at the end of April 2017.
  3. As regards the emerging markets, the market capitalisation showed negative trend for most of the countries. The market capitalisation of India increased by 4.7 percent to USD 1.9 trillion while market capitalisation of China is decreased by 1.1 percent to USD 6.8 trillion. The market capitalisation of Russia descended significantly by 3.1 percent while Colombia’s market capitalisation decreased by 2.4 percent. Market capitalisation of Brazil declined by 1.7 percent while Chile came down by 0.9 percent. Turkey and South Africa showed increase in their market capitalisation and rose by 7.6 percent and 1.2 percent at the end of April 2017.

**Chart 8: 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 April 2017, the monthly notional turnover of index futures in CME Group was the highest at USD 4,187 billion followed by EUREX (USD 1,410 billion), Japan Exchange Group (USD 783 billion) and Hong Kong Exchanges and Clearing (USD 529 billion). In case of Index options, Korea Exchange recorded the monthly turnover of USD 3,388 billion followed by CME Group (USD 1,974 billion) and EUREX (USD 1,442 billion). Korea Exchange recorded highest number of contracts traded in Index option category, with 56.2 million contracts traded in April 2017, followed by EUREX (40.7 million contracts), Chicago Board Options Exchange (39.8 million contracts) and TAIFEX (13.5 million contracts).
  2. In case of Stock Options, BM&FBOVESPA recorded highest volume (46.9 million contracts) in terms of contracts traded on the major world exchanges followed by Nasdaq - US (40.8 million contracts), Chicago Board Options Exchange (28.4 million contracts), NYSE (18.9 million contracts) and EUREX (12.5 million contracts). In case of Stock Futures, Moscow Exchange remains the number one exchange in terms of number of contracts traded with monthly volume of 17.3 million contracts, followed by Korea Exchange (16.9 million contracts), EUREX (14.1 million contracts) and Thailand Futures Exchange (2.4 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 Q4 of 2016-17. As per the estimates, quarterly GVA (Gross Value Added) at basic price for Q4 of 2016-17 has shown a growth rate of 5.6 percent (Y-o-Y). Agriculture sector's GVA at basic price has been estimated at 5.2 percent in Q4 of 2016-17 as against 1.5 percent in Q4 of 2015-16. Quarterly GVA at basic prices for Q4 of 2016-17 from manufacturing sector grew by 5.3 percent as compared to growth of 12.7 percent in Q4 of 2015-16. For the financial, real estate and professional services sector, quarterly GVA at basic prices for Q4 2016-17 grew by 2.2 percent as compared to growth of 9 percent in Q4 2015-16.
   2. GDP in Q4 of 2016-17 has shown a growth rate of 7.1 percent (Y-o-Y). The World Bank has marginally kept India's economic growth forecasts to 7.2 percent and 7.5 percent for 2017 and 2018 respectively.
   3. The Nikkei India Manufacturing PMI (Purchasing Managers’ Index) stood at 52.5 in April same as in March. The Nikkei India Services PMI Index noted increase to 51.5 in April, from 50.2 in March, from the reading of previous month, registering an expansion for consecutive 3 months.

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

| **Items** | **2015-16** | **2016-17** | **2015-16** | | | | **2016-17** | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **(1st RE)** | **(PE)** | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| **1. Agriculture & allied activities** | 0.7 | 4.9 | 2.4 | 2.3 | -2.1 | 1.5 | 2.5 | 4.1 | 6.9 | 5.2 |
| **2. Industry** |  |  |  |  |  |  |  |  |  |  |
| Mining & Quarrying | 10.5 | 1.8 | 8.3 | 12.2 | 11.7 | 10.5 | -0.9 | -1.3 | 1.9 | 6.4 |
| Manufacturing | 10.8 | 7.9 | 8.2 | 9.3 | 13.2 | 12.7 | 10.7 | 7.7 | 8.2 | 5.3 |
| Electricity, Gas, Water Supply & Other Utility Services | 5 | 7.2 | 2.8 | 5.7 | 4 | 7.6 | 10.3 | 5.1 | 7.4 | 6.1 |
| **3. Services** |  |  |  |  |  |  |  |  |  |  |
| Construction | 5 | 1.7 | 6.2 | 1.6 | 6 | 6 | 3.1 | 4.3 | 3.4 | -3.7 |
| Trade, Hotel, Transport, Communication and services related to broadcasting | 10.5 | 7.8 | 10.3 | 8.3 | 10.1 | 12.8 | 8.9 | 7.7 | 8.3 | 6.5 |
| Financial, Real Estate & Professional Services | 10.8 | 5.7 | 10.1 | 13 | 10.5 | 9 | 9.4 | 7 | 3.3 | 2.2 |
| Public Administration, Defense and Other services | 6.9 | 11.3 | 6.2 | 7.2 | 7.5 | 6.7 | 8.6 | 9.5 | 10.3 | 17 |
| **Gross Value Added at Basic Price** | **7.9** | **6.6** | **7.6** | **8.2** | **7.3** | **8.7** | **7.6** | **6.8** | **6.7** | **5.6** |

***RE-*** *Revised Estimates;* ***PE****- Provisional Estimates*

***Source:*** *CSO*

**Index of Industrial Production**

* 1. India’s General Index of Industrial Production (IIP) growth by 2.7 percent in March 2017, against 5.5 percent growth recorded in March 2016 (both over the corresponding period in the previous year), with manufacturing grew by 1.2 percent as compared to its 5.0 percent growth in previous year. Electricity grew at 6.2 percent in March as compared to 11.9 percent growth in previous year. Mining grew by 9.7 percent in March, compared to a growth of 4.7 percent in previous year. During April-March 2016-17, the IIP grew 5.0 percent, against 5.8 percent growth recorded in April-March 2015-16.

**Inflation**

* 1. India's CPI inflation grew by 2.99 percent in April, as compared to 3.89 percent in March. Food prices (as measured by CFPI) showed a rise of 0.61 percent in April as compared to 2.01 percent in March. The Repo rate currently stands at 6.25 percent.

**Chart 10: Inflation as measured by CPI (in percent)**

***Sourc****e: CSO, RBI, Office of Economic Advisor*

**Trade – Exports and Imports**

* 1. Exports during April 2017 growing by 19.77 percent in dollar terms valued at US$ 24.64 billion as compared to US$ 20.57 billion during April 2016. Imports increased by 49.07 percent to USD 37.88 billion in April 2017 from 25.41 billion in April 2016. The merchandise trade deficit was USD 13.25 billion in during April, 173.47 percent higher than the deficit of USD 4.8 billion. Taking merchandise and services together, overall trade deficit for April- March 2016-17 was estimated at USD 40.98 billion, which is 16.87 percent lower than the deficit of USD 49.30 billion during April-March 2015-16.

**Foreign Exchange Reserves**

* 1. Since the end of April 2017, forex reserves have increased by about USD 2,777.30 million. The reserves were recorded at USD 372.73 billion as on Apr 28, 2017. (Exhibit 4)

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Apr 28, 2017** | **Mar 31, 2017** | **Feb 24, 2017** | **Jan 27, 2017** |
| **Total Reserves** | 372.7 | 370.0 | 362.8 | 361.6 |
| **Foreign Currency Assets** | 349.1 | 346.3 | 339.8 | 339.2 |
| **Gold** | 19.9 | 19.9 | 19.2 | 18.6 |
| **SDRs** | 1.5 | 1.4 | 1.4 | 1.4 |
| **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** | **As on** |
| **March\*, 2017** | **April\*, 2017** |
| *1* | *2* | *4* | **5** |  |
| Australia | All Ordinaries | 5151.8 | 5903.835 | 5947.588 |
| France | CAC 40 | 4385.1 | 5089.64 | 5267.33 |
| Germany | Dax | 9965.5 | 12312.87 | 12438.01 |
| Hong Kong HSI | Hang Seng | 20776.7 | 24111.59 | 24615.13 |
| Japan NIKKEI | Nikkei 225 | 16758.7 | 18909.26 | 19196.74 |
| Singapore STI | Straits Times | 2840.9 | 3175.11 | 3175.44 |
| UK | FTSE 100 | 6174.9 | 7322.92 | 7203.94 |
| USA DOW JONES | Dow Jones Industrial Average | 17685.1 | 20663.22 | 20940.51 |
| USA NASDAQ Composite | Nasdaq Composite | 4869.8 | 5911.738 | 6047.606 |
| India (BSE) | Sensex | 25341.9 | 29620.5 | 29918.4 |
| India (NSE) | Nifty 50 | 7738.4 | 9173.75 | 9304.05 |
| Brazil | Bovespa | 50055.3 | 64984.07 | 65403.25 |
| Chile | Stock Market Select | 3937.5 | 4783.42 | 4795.13 |
| China | Shanghai SE Composite IX | 3003.9 | 3222.514 | 3154.658 |
| Colombia | IGBC General | 9871.5 | 10150.68 | 10198.39 |
| Egypt | Hermes | 687.3 | 1167.812 | 1142.947 |
| Hungary | Budapest Stock Exchange | 26451 | 31634.26 | 32956.3 |
| Indonesia | Jakarta Composite | 4845.4 | 5568.106 | 5685.298 |
| Malaysia | FTSE Bursa Malaysia KLCI | 1717.6 | 1740.09 | 1768.06 |
| Mexico | Bolsa | 45881.1 | 48541.56 | 49261.33 |
| Pakistan | Karachi 30 | 19167.5 | 25615.6 | 26004.58 |
| Russia | Russian Traded | 1203.3 | 1509.67 | 1511.65 |
| South Africa | FTSE/JSE Africa All Share | 52250.3 | 52056.06 | 53817.31 |
| Taiwan | Taiwan Taiex | 8744.8 | 9811.52 | 9872 |
| Thailand | Stock Exchange of Thai | 1407.7 | 1575.11 | 1566.32 |
| Turkey | ISE National 100 | 83268 | 88947.4 | 94655.31 |

\*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** | |
|
| **Mar-17** | **Apr-17** | **Mar-17** | **Apr-17** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| **Developed Markets** |  |  |  |  |  |
| Australia | All Ordinaries | 0.6 | 0.5 | 16.4 | 16.7 |
| France | CAC 40 | 0.6 | 1.2 | 15.1 | 15.6 |
| Germany | Dax | 0.6 | 0.9 | 14.0 | 14.0 |
| Hong Kong HSI | Hang Seng | 0.7 | 0.7 | 12.0 | 12.2 |
| Japan NIKKEI | Nikkei 225 | 0.9 | 0.8 | NA | NA |
| Singapore STI | Straits Times | 0.6 | 0.4 | 14.7 | 14.6 |
| UK | FTSE 100 | 0.5 | 0.9 | 14.8 | 14.8 |
| USA DOW JONES | Dow Jones Industrial Average | 0.5 | 0.5 | 17.2 | 17.3 |
| USA NASDAQ Composite | Nasdaq Composite | 0.6 | 0.5 | 22.5 | 23.0 |
| **Emerging Markets** |  |  |  |  |  |
| India (BSE) | S&P Sensex | 0.6 | 0.6 | 21.8 | 19.6 |
| India (NSE) | Nifty 50 | 0.6 | 0.5 | 21.9 | 19.5 |
| Argentina | Indice Bolsa General | 1.1 | 0.7 | 18.9 | 17.9 |
| Brazil | Bovespa | 1.3 | 1.1 | 12.1 | 12.2 |
| Chile | Stock Market Select | 0.7 | 0.6 | 17.8 | 17.7 |
| China | Shanghai SE Composite IX | 0.5 | 0.7 | 13.7 | 13.7 |
| Colombia | IGBC General | 0.6 | 0.4 | NA | NA |
| Egypt | Hermes | 0.9 | 1.0 | 11.3 | 10.6 |
| Hungary | Budapest Stock Exchange | 1.3 | 0.7 | 11.2 | 11.7 |
| Indonesia | Jakatra Composite | 0.5 | 0.6 | 16.5 | 16.2 |
| Malaysia | FTSE Bursa Malaysia KLCI | 0.5 | 0.3 | 16.5 | 16.7 |
| Mexico | Bolsa | 0.7 | 0.6 | 18.2 | 18.3 |
| Pakistan | Karachi 30 | 0.7 | 1.1 | 10.8 | 10.9 |
| Russia | Russian Traded | 1.6 | 1.6 | 6.0 | 6.4 |
| South Korea | Kospi Index | 0.5 | 0.5 | NA | NA |
| South Africa | FTSE/JSE Africa All Share | 0.7 | 0.7 | 15.2 | 14.8 |
| Taiwan | Taiwan Taiex | 0.5 | 0.7 | 13.4 | 13.3 |
| Thailand | Stock Exchange of Thai | 0.4 | 0.3 | 15.5 | 15.2 |
| Turkey | ISE National 100 | 0.8 | 0.9 | 8.9 | 9.4 |

NA.: Not Available

**Source**: Bloomberg,

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Stock Exchange** | **Mar-17** | | | **Apr-17** | | |
| **Bonds (USD Million)** | **Equity (USD Million)** | **Total (USD Million)** | **Bonds (USD Million)** | **Equity (USD Million)** | **Total (USD Million)** |
| Australian Securities Exchange | NA | 2,945 | 2,945 | NA | 3,486 | 3,486 |
| BME Spanish Exchanges | NA | 8,078 | 8,078 | NA | 10,683 | 10,683 |
| Bolsa de Comercio de Buenos Aires | 5,368 | 46 | 5,414 | 7,852 | 7 | 7,858 |
| Borsa Istanbul | 7,613 | 4 | 7,617 | 3,511 | 125 | 3,637 |
| Euronext | NA | 8,023 | 8,023 | NA | 13,167 | 13,167 |
| Hong Kong Exchanges and Clearing | 17,139 | 4,609 | 21,748 | 18,866 | 5,219 | 24,085 |
| Irish Stock Exchange | 1,869 | 69 | 1,938 | 2,232 | 3 | 2,234 |
| Japan Exchange Group Inc. | 13,818 | 5,345 | 19,163 | 5,238 | 718 | 5,956 |
| Johannesburg Stock Exchange | 3,610 | 934 | 4,543 | 2,040 | 1,177 | 3,217 |
| Korea Exchange | 43,122 | 223 | 43,346 | 46,659 | 41 | 46,699 |
| London SE Group | 44,668 | NA | 44,668 | 32,317 | NA | 32,317 |
| Moscow Exchange | 20,024 | NA | 20,024 | 18,464 | NA | 18,464 |
| Nasdaq - US | NA | 266 | 266 | NA | 474 | 474 |
| Nasdaq Nordic Exchanges | 4,701 | 345 | 5,046 | 1,503 | 240 | 1,743 |
| NYSE | NA | 10,848 | 10,848 | NA | 8,403 | 8,403 |
| Oslo Bors | 5,010 | 667 | 5,677 | 2,747 | 119 | 2,865 |
| Shanghai Stock Exchange | NA | 7,093 | 7,093 | NA | 9,319 | 9,319 |
| Shenzhen Stock Exchange | 675 | 9,476 | 10,151 | 653 | 8,514 | 9,166 |
| Singapore Exchange | 33,575 | 97 | 33,672 | 31,778 | 342 | 32,120 |
| SIX Swiss Exchange | 6,208 | 0 | 6,208 | 3,907 | 1,933 | 5,840 |
| Tel-Aviv Stock Exchange | 3,477 | 117 | 3,594 | 2,522 | 296 | 2,818 |
| TMX Group | 203 | 3,341 | 3,544 | 63 | 4,565 | 4,628 |
| Warsaw Stock Exchange | NA | 80 | 80 | NA | 571 | 571 |

NA: Not Available

**Source**: World Federation of Exchanges

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Exchange** | **Apr-17** | | | |
| **Stock options** | | **Stock futures** | |
| **Number of contracts traded** | **Notional turnover (USD Million)** | **Number of contracts traded** | **Notional turnover (USD Million)** |
| **Americas** |  |  |  |  |
| BM&FBOVESPA | 4,69,45,530 | 31,181 | 0 | 0 |
| Bolsa de Comercio de Buenos Aires | 29,01,776 | 0 | 0 | 0 |
| Chicago Board Options Exchange | 2,83,65,950 | NA | NA | NA |
| Nasdaq - US | 4,08,24,325 | NA | NA | NA |
| NYSE | 1,88,89,660 | 3,458 | NA | NA |
|  |  |  |  |  |
| **Asia - Pacific** |  |  |  |  |
| Australian Securities Exchange | 74,80,645 | 12,167 | 1,51,534 | 426 |
| Hong Kong Exchanges and Clearing | 53,36,909 | 13,511 | 7,304 | 44 |
| Japan Exchange Group | 80,197 | NA | NA | NA |
| Korea Exchange | 9,40,977 | NA | 1,69,38,835 | 14,796 |
| TAIFEX | 21,383 | 73 | 12,97,155 | 5,838 |
| Thailand Futures Exchange | NA | NA | 24,21,446 | NA |
|  |  |  |  |  |
| **Europe - Africa - Middle East** |  |  |  |  |
| Athens Derivatives Exchange | 2,240 | 1 | 9,88,382 | 70 |
| BME Spanish Exchanges | 13,80,629 | 1,020 | 10,91,848 | 708 |
| Borsa Istanbul | 2,15,123 | 48 | 12,41,341 | 191 |
| EUREX | 1,24,93,966 | 54,761 | 1,41,34,723 | 60,423 |
| Euronext | 47,33,093 | 16,110 | 22,316 | 190 |
| Johannesburg Stock Exchange | 8,64,603 | 73 | 4,32,005 | 619 |
| Moscow Exchange | 2,48,653 | 65 | 1,73,28,601 | 4,691 |
| Nasdaq Nordic Exchanges | 16,91,969 | 2,868 | 43,723 | 46 |
| Oslo Bors | 0 | 0 | 0 | 0 |
| Tehran Stock Exchange | 3,32,156 | 0 | 0 | 0 |
| Tel-Aviv Stock Exchange | 62,818 | 367 | 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** | **Apr-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 | 15,11,381 | 15,680 | 1,89,92,392 | 1,02,827 |
| Chicago Board Options Exchange | 3,98,37,252 | NA | NA | NA |
| CME Group | 1,31,51,909 | 19,74,360 | 3,61,85,763 | 41,86,590 |
| ICE Futures US | 5,830 | 802 | 43,31,707 | 4,68,759 |
| MexDer | 1,051 | 26 | 51,243 | 1,125 |
| Nasdaq - US | 1,70,185 | NA | NA | NA |
|  |  |  |  |  |
| **Asia - Pacific** |  |  |  |  |
| Australian Securities Exchange | 7,39,455 | 32,140 | 5,23,793 | 56,538 |
| Hong Kong Exchanges and Clearing | 22,69,386 | 2,06,348 | 54,65,693 | 5,28,663 |
| Japan Exchange Group | 28,09,272 | NA | 2,19,85,371 | 7,83,302 |
| Korea Exchange | 5,61,51,616 | 33,88,290 | 55,76,229 | 2,72,662 |
| Singapore Exchange | 4,59,445 | NA | 1,09,69,369 | NA |
| TAIFEX | 1,35,10,225 | 2,19,151 | 44,35,938 | 2,02,072 |
| Thailand Futures Exchange | 58,040 | NA | 14,74,352 | NA |
|  |  |  |  |  |
| **Europe - Africa - Middle East** |  |  |  |  |
| Athens Derivatives Exchange | 4,294 | 20 | 46,016 | 182 |
| BME Spanish Exchanges | 2,34,224 | 2,589 | 6,22,884 | 57,513 |
| Borsa Istanbul | 32,737 | 102 | 38,55,400 | 12,253 |
| EUREX | 4,07,11,885 | 14,42,350 | 2,89,36,584 | 14,10,310 |
| Euronext | 11,31,602 | 63,472 | 37,66,939 | 2,47,389 |
| Johannesburg Stock Exchange | 1,90,497 | 178 | 9,22,978 | 19,840 |
| Moscow Exchange | 40,19,649 | 7,761 | 1,46,98,555 | 30,011 |
| Nasdaq Nordic Exchanges | 3,60,880 | 6,426 | 28,36,499 | 50,238 |
| Oslo Bors | 0 | 0 | 0 | 0 |
| Tel-Aviv Stock Exchange | 22,95,754 | NA | NA | NA |
| Warsaw Stock Exchange | 18,602 | 110 | 3,25,010 | 3,790 |

NA: Not Available

**Source**: World Federation of Exchanges

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Stock Exchange** | **Feb-17** | **Mar-17** | **Apr-17** | **M-o-M change(%)** |
| *1* | *2* | *3* | *4* | *5* |
| **Developed Markets** |  |  |  |  |
| Australia | 12,47,883 | 12,76,501 | 12,52,435 | (1.9) |
| France | 19,59,635 | 20,89,366 | 22,31,242 | 6.8 |
| Germany | 19,38,153 | 20,12,933 | 21,01,156 | 4.4 |
| Hong Kong | 43,41,631 | 43,92,097 | 44,39,803 | 1.1 |
| Japan | 53,07,604 | 53,23,905 | 53,89,187 | 1.2 |
| Singapore | 5,15,699 | 5,34,994 | 5,32,691 | (0.4) |
| UK | 31,89,555 | 32,92,228 | 33,70,064 | 2.4 |
| USA | 2,65,35,725 | 2,64,59,999 | 2,66,96,106 | 0.9 |
|  |  |  |  |  |
| **Emerging Markets** |  |  |  |  |
| India | 17,60,639 | 18,72,766 | 19,61,125 | 4.7 |
| Argentina | 74,550 | 79,974 | 79,972 | (0.0) |
| Brazil | 8,26,966 | 8,00,661 | 7,87,363 | (1.7) |
| Chile | 2,23,923 | 2,38,972 | 2,36,712 | (0.9) |
| China | 68,42,645 | 68,86,228 | 68,08,335 | (1.1) |
| Colombia | 1,03,106 | 1,08,731 | 1,06,129 | (2.4) |
| Egypt | 39,505 | 38,360 | 38,272 | (0.2) |
| Hungary | 23,232 | 22,886 | 23,585 | 3.1 |
| Indonesia | 4,36,879 | 4,52,572 | 4,62,364 | 2.2 |
| Malaysia | 3,73,187 | 3,88,111 | 4,04,250 | 4.2 |
| Mexico | 3,30,407 | 3,70,890 | 3,72,830 | 0.5 |
| Pakistan | 92,973 | 91,620 | 94,260 | 2.9 |
| Russia | 5,80,653 | 5,93,306 | 5,75,204 | (3.1) |
| South Korea | 13,17,014 | 13,87,760 | 13,91,297 | 0.3 |
| South Africa | 4,48,911 | 4,48,789 | 4,54,320 | 1.2 |
| Taiwan | 10,60,302 | 10,79,318 | 10,89,805 | 1.0 |
| Thailand | 4,27,047 | 4,40,985 | 4,36,694 | (1.0) |
| Turkey | 1,78,919 | 1,84,826 | 1,98,805 | 7.6 |

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

*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 MARKET

1. SEC Adopts JOBS Act Amendments to Help Entrepreneurs and Investors

*5th April, 2017*: The Securities and Exchange Commission announced that it has adopted amendments to increase the amount of money companies can raise through crowdfunding to adjust for inflation.  It also approved amendments that adjust for inflation a threshold used to determine eligibility for benefits offered to “emerging growth companies” (EGCs) under the Jumpstart Our Business Startups (JOBS) Act.

“Regular updates to the JOBS Act, as prescribed by Congress, ensure that the entrepreneurs and investors who benefit from crowdfunding will continue to do so,” said SEC Acting Chairman Michael S. Piwowar. “Under these amendments, the JOBS Act can continue to create jobs and investment opportunities for the general public.”

The SEC is required to make inflation adjustments to certain JOBS Act rules at least once every five years after it was enacted on April 5, 2012.  In addition to the inflation adjustments, the SEC adopted technical amendments to conform several rules and forms to amendments made to the Securities Act of 1933 (“Securities Act”) and the Securities Exchange Act of 1934 (“Exchange Act”) by Title I of the JOBS Act.

The Commission approved the new thresholds March 31. They will become effective when they are published in the Federal Register.

*Source: https://www.sec.gov/news/press-release/2017-78*

1. Payments for Bullish Articles on Stocks Must Be Disclosed to Investors

*10th April, 2017:* The Securities and Exchange Commission today announced enforcement actions against 27 individuals and entities behind various alleged stock promotion schemes that left investors with the impression they were reading independent, unbiased analyses on investing websites while writers were being secretly compensated for touting company stocks.

SEC investigations uncovered scenarios in which public companies hired promoters or communications firms to generate publicity for their stocks, and the firms subsequently hired writers to publish articles that did not publicly disclose the payments from the companies.  The writers allegedly posted bullish articles about the companies on the internet under the guise of impartiality when in reality they were nothing more than paid advertisements.  More than 250 articles specifically included false statements that the writers had not been compensated by the companies they were writing about, the SEC alleges. According to the SEC’s orders as well as a pair of complaints filed in federal district court, deceptive measures were often used to hide the true sources of the articles from investors

The SEC today released an investor alert warning that articles on an investment research website that appear to be an unbiased source of information or provide commentary on multiple stocks may be part of an undisclosed paid stock promotion.  Investors should never make an investment based solely on information published on an investment research website.  When making an investment decision, thoroughly research the company using multiple sources.

*https://www.sec.gov/news/press-release/2017-79*

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)