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**CONTENTS**

**CAPITAL MARKET REVIEW**

**GLOBAL MARKET REVIEW**

**HIGHLIGHTS OF DEVELOPMENTS IN INTERNATIONAL SECURITIES MARKET**

**TABLES**

**PUBLICATIONS**

**CAPITAL MARKET REVIEW**

1. **Introduction**

A string of events influenced the broad trends in the Indian securities market during June 2018. The month started off on a positive note of the GDP in Q4 2017 – 18 having grown at 7.7 per cent (the fastest rate in the previous seven quarters), aided by rapid growth especially in agriculture, manufacturing and construction sectors. The Indian economy was also estimated to have grown by 6.7 per cent in 2017 – 18. All the forecasts of the South-West monsoon augur well for the robust growth in the agriculture sector in 2018 – 19 also. The index of industrial production of April 2018 at 123.0 was 4.9 per cent higher than the level a year ago. The overall level of consumer price inflation for May 2018 edged upto 4.87 per cent.

The Reserve Bank of India (RBI) increased the policy repo rate by 25 basis points to 6.25 per cent, while maintaining the neutral stance. A strengthening US Dollar, the playing out of the trade war and India’s heavy oil imports, especially from Iran, were some of the main factors that put downward pressure on the Indian Rupee during the month. The current account deficit in the fourth quarter of 2017 – 18 was 1.9 per cent of GDP (2.1 percent of GDP in the third quarter).

The SEBI Board, in its meeting held on June 21, 2018, decided, inter alia, to make some amendments to SEBI (Substantial Acquisition of Shares and Takeovers), Regulations and SEBI (Issue of Capital and Disclosure Requirements) Regulations, to bring in a new SEBI (Buy-back of Securities) Regulations and to review the norms governing market infrastructure institutions. Also, SEBI set up an Expert Committee for listing of equity share capital of companies incorporated in India on foreign exchanges and vice versa. An Ordinance was promulgated to amend the Insolvency and Bankruptcy Code, 2016 so as to consider real estate allottees as financial creditors and also to further fine-tune the Code. RBI increased the housing loan limits for eligibility under priority sector lending.

Against this backdrop, a review of the developments in the Indian securities market during June 2018 is undertaken in the following sections.

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

During June 2018, the primary market witnessed 11 equity issues (all issues were IPOs) that mobilised ` 3,152 crore as compared to 20 equity issues (all issues were IPOs) that mobilised ` 2,225 crore during May 2018. Further, there was no debt issue to the public in June 2018, however, three debt public issues were listed that raised ` 12,205 crore during May 2018.

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Items** | **Jun-18** | | **May-18** | | **2018-19$** | | **2017-18$** | |
|  | **No. of Issues** | **Amount (` crore)** | **No. of Issues** | **Amount (` crore)** | **No. of Issues** | **Amount (` crore)** | **No. of Issues** | **Amount (` crore)** |
|  |
| *1* | *2* | *3* | *2* | *3* | *6* | *7* | *8* | *9* |
| a. Public Issues | 11 | 3,152 | 23 | 14,429 | 48 | 20,987 | 32 | 9,831 |
| (i) Debt | 0 | 0 | 3 | 12,205 | 5 | 15,419 | 1 | 1,969 |
| (ii) Equity, of which |  |  |  |  | 0 | 0 |  |  |
| IPOs | 11 | 3,152 | 20 | 2,225 | 43 | 5,568 | 31 | 7,862 |
| FPOs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b. Rights Issues | 0 | 0 | 0 | 0 | 2 | 150 | 3 | 518 |
| Total Equity Issues a(ii)+b | 11 | 3,152 | 20 | 2,225 | 45 | 5,718 | 34 | 8,380 |
| ***Grand Total (a+b)*** | ***11*** | ***3,152*** | ***23*** | ***14,429*** | ***50*** | ***21,136*** | ***35*** | ***10,348*** |

***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 June of the respective years*

1. **Private Placement**
2. **QIPs Listed at NSE, BSE & MSEI**

During June 2018, there was one QIP issues amounting of ` 1,200 crore that got listed at BSE and NSE compared to five QIP issues raising ` 1,008 crore during May 2018 **(*Table 10*)**.

1. **Preferential Allotments Listed at NSE, BSE & MSEI**

There were 40 preferential allotments (amounting to ` 24,549 crore) that got listed at BSE, NSE and MSEI together during June 2018, compared to 25 preferential allotments (amounting to ` 2,812 crore) during May 2018 **(*Table 11*)**.

1. **Private Placement of Corporate Debt**

During June 2018, ` 23,733 crore was raised through private placement in the corporate bond market compared to ` 10,539 crore in May 2018 (**Exhibit 2**).

1. **Total Resources Mobilised by Corporate Sector**

Total amount mobilised through public issues and private placement of both debt and equity securities stood at ` 53,835 crore in June 2018 as compared to ` 29,796 crore in May 2018 **(*Table 12 and Exhibit 2*)**.

**Exhibit 2: 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*** |
| **2017-18** | **1,05,178** | **1,30,488** | **2,35,666** | **4,953** | **5,99,147** | **6,04,100** | **8,39,766** |
| **2018-19$** | **5,718** | **1,07,951** | **1,11,793** | **15,419** | **1,00,672** | **1,16,091** | **2,27,883** |
| Apr-18 | 341 | 76,174 | 74,639 | 3,214 | 66,399 | 69,614 | 1,44,253 |
| May-18 | 2,225 | 4,828 | 7,053 | 12,205 | 10,539 | 22,744 | 29,796 |
| Jun-18 | 3,152 | 26,949 | 30,101 | 0 | 23,733 | 23,733 | 53,835 |

***Notes:***

* 1. *Private placement of Equity includes amount raised through preferential allotments, QIP and IPP mechanism.*
  2. *Public Equity Issues includes IPO, FPO and Rights issues of common equity shares.*
  3. *Data pertaining to Debt Issue of June 2018 are provisional*

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

1. **Resource Mobilisation by Mutual Funds**

During June 2018, there was a net inflow of `46,475 crore to the mutual funds industry as against a net outflow of ` 50,001 crore during May 2018. In the month under review, income / debt oriented schemes mobilised ` 28,479 crore followed by Exchange traded funds (` 8,257 crore), Growth / equity oriented schemes (` 8,238 crore), Balanced schemes (` 1,482 crore) and Fund of funds schemes investing overseas (` 19 crore). The cumulative net assets under management of all mutual funds increased by 1.2 per cent to ` 22,86,400 crore at the end of June 2018 from ` 22,59,578 crore at the end of May 2018 **(*Tables 56 & 58*).**

1. **Trends in the Secondary Market**

The Indian stock market closed on a flat note during the month under review. At the end of June 2018, S&P BSE Sensex closed at 35423 witnessing an increase of 0.3 per cent from previous month’s closing at 35322. The Nifty 50 closed at 10,714 witnessing a decrease of 0.2 per cent compared to previous month’s closing at 10736 during the same period (***Figure 1***). Both S&P BSE Sensex and Nifty 50 touched their intraday high of 35877 and 10893, respectively on June 13, 2018 and touched their intraday lows of 34785 and 10551, respectively on June 5, 2018.

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

Market capitalisation of BSE decreased by 2.5 per cent to ` 1,45,01,942 crore at the end of June 2018, from ` 1,48,69,671 crore at the end of May 2018. Market capitalization at NSE too decreased to ` 1,43,29,072 crore from ` 1,46,93,260 crore during the same period. The monthly turnover of BSE also decreased by 14.9 per cent to ` 64,163 crore in June 2018 from ` 75,361 crore in May 2018. Further, the monthly turnover of NSE too decreased by 15.5 per cent to ` 5,91,696 crore in June 2018 from ` 7,00,013 crore in May 2018. The P/E ratios of S&P BSE Sensex and Nifty 50 were 22.5 and 25.9 respectively, at the end of June 2018 compared to 23.2 and 27.2 respectively a month ago (***Exhibit 3***).

**Exhibit 3: The Basic Indicators of the Equity Cash Segment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2018-19$** | **2017-18** | **Jun-18** | **May-18** | **Percentage change over previous month** |
| *1* | *2* | *3* | *4* | *5* | *6* |
| **A. Indices** | | | | | |
| S&P BSE Sensex | **35,423** | **32,969** | 35,423 | 35,322 | 0.3 |
| Nifty 50 | **10,714** | **10,114** | 10,714 | 10,736 | -0.2 |
| **B. Market Capitalisation (` crore)** | | | | | |
| BSE | **1,45,01,942** | **1,21,54,525** | 1,45,01,942 | 1,48,69,671 | -2.5 |
| NSE | **1,43,29,072** | **1,19,78,421** | 1,43,29,072 | 1,46,93,260 | -2.5 |
| **C. Gross Turnover (` crore)** | | | | | |
| BSE | **2,11,153** | **10,82,968** | 64,163 | 75,361 | -14.9 |
| NSE | **19,33,149** | **72,34,826** | 5,91,696 | 7,00,013 | -15.5 |
| **D. P/E Ratio** | | | | | |
| S&P BSE Sensex | **22.5** | **22.7** | 22.5 | 23.2 | -2.8 |
| Nifty 50 | **25.9** | **24.7** | 25.9 | 27.2 | -4.7 |
| **E. No. of Listed Companies** | | | | | |
| BSE | **5,458** | **5,619** | 5,458 | 5,450 | 0.1 |
| NSE | **1,951** | **1,931** | 1,951 | 1,941 | 0.5 |

***Note:*** *$ denotes as at the end of June 2018*

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

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

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

Indian securities market witnessed a mixed trend during the month under review. Among BSE indices, 12 indices out of 15 indices witnessed negative trends in June 2018. Among three which displayed upward trends, S&P BSE Healthcare increased by 7.7 per cent, followed by S&P BSE Teck (2.9 per cent) and S&P BSE Sensex (0.3 per cent). Further, among the indices that declined, S&P BSE Power decreased by 8.6 per cent, followed by S&P BSE PSU (7.6 per cent) and S&P BSE Capital Goods (7.1 per cent). As regards NSE indices, 12 out of 15 indices decreased over the previous month. Among three which displayed upward trends, Nifty Pharma increased by 11.6 per cent followed by Nifty IT (2.4 per cent) and Nifty FMCG (0.5 per cent). Further, among the indices that registered losses, Nifty Small 100 decreased by 8.3 per cent followed by Nifty PSU Bank (6 per cent) and Nifty Media (4.8 per cent). Among BSE indices, the S&P BSE Small Cap recorded the highest daily volatility (1.3 per cent), followed by S&P BSE Consumer Durables (1.2 per cent) and S&P BSE Healthcare (1.2 per cent). At NSE during the same period, daily volatility of Nifty PSU Bank was 1.6 per cent, followed by Nifty Small 100 (1.5 per cent) and Nifty Pharma (1.4 per cent) (***Exhibit 4***).

**Exhibit 4: Performance of Indices at BSE and NSE during June 2018 (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 Healthcare | 7.7 | 1.2 | Nifty Pharma | 11.6 | 1.4 |
| S&P BSE Teck | 2.9 | 0.9 | Nifty IT | 2.4 | 1.0 |
| S&P BSE Sensex | 0.3 | 0.6 | Nifty FMCG | 0.5 | 0.8 |
| S&P BSE Large Cap | -0.5 | 0.6 | Nifty 50 | -0.2 | 0.6 |
| S&P BSE 100 | -0.5 | 0.6 | Nifty MNC | -0.3 | 0.8 |
| S&P BSE FMCG | -0.7 | 0.8 | Nifty 100 | -0.6 | 0.6 |
| S&P BSE 200 | -1.0 | 0.7 | Nifty 200 | -1.0 | 0.7 |
| S&P BSE 500 | -1.6 | 0.7 | Nifty 500 | -1.6 | 0.7 |
| S&P BSE Consumer Durables | -2.2 | 1.2 | Nifty Bank | -2.2 | 0.6 |
| S&P BSE Bankex | -2.5 | 0.7 | Nifty Midcap 50 | -3.2 | 1.1 |
| S&P BSE Metal | -4.0 | 1.2 | Nifty Next 50 | -3.2 | 0.9 |
| S&P BSE Small Cap | -7.1 | 1.3 | Nifty Midcap 100 | -3.8 | 1.1 |
| S&P BSE Capital Goods | -7.1 | 1.2 | Nifty Media | -4.8 | 1.0 |
| S&P BSE PSU | -7.6 | 1.2 | Nifty PSU Bank | -6.0 | 1.6 |
| S&P BSE Power | -8.6 | 1.2 | Nifty Small 100 | -8.3 | 1.5 |

***Source:*** *Bloomberg*

1. **Trends in Depository Accounts**

The total number of investor accounts at the end of June 2018 was 173.1 lakh at NSDL (an increase of 0.4 per cent over May 2018) and 153.5 lakh at CDSL (an increase of 1.2 per cent over May 2018). The number of investor accounts increased by 8.8 per cent at NSDL and by 20.4 per cent at CDSL over the number of investor accounts at the respective depositories in June 2017 **(*Table 62*)**.

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 total monthly turnover in equity derivatives market at NSE decreased by 3.8 per cent to ` 1,86,10,617 crore during June 2018 from ` 1,93,42,073 crore during May 2018 (*Figure 4*). During the month under review, options on index accounted for about 85.4 per cent of the total turnover in the F&O segment at NSE. In June 2018, monthly turnover of index futures increased by 4.9 per cent, however, that of stock futures decreased by 7.9 per cent over previous month. Further, monthly turnover of put options on index and call options on index decreased by 6.1 per cent and 0.5 per cent, respectively. In addition, monthly turnover of put options on stock and call options on stock also decreased by 14.1 per cent and 8.6 per cent, respectively over previous month. The open interest in value terms in the equity derivative segment of NSE increased by 5.3 per cent to ` 3,00,616 crore at the end of June, 2018 from ` 2,85,599 crore as at end May 2018 **(Table 35).**

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

The monthly turnover in equity derivatives segment of BSE was ` 30.6 crore in June 2018, compared to ` 2.6 crore in May 2018. The open interest in value terms in equity derivatives segment of BSE stood at ` 0.9 crore as on June 30, 2018 *(****Exhibit 5 and Table 34****)*.

**Exhibit 5: Trends in Equity Derivatives Market**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Particulars** | **NSE** | | | **BSE** | | |
| **May-18** | **Jun-18** | **Percentage Change Over Month** | **May-18** | **Jun-18** | **Percentage Change Over Month** |
| *1* | *2* | *3* | *4* | *5* | *6* | *7* |
| **A. Turnover (` crore)** | | | | | | |
| (i) Index Futures | 4,46,741 | 4,68,591 | 4.9 | 0.5 | 29.3 | 5,451.6 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 79,27,461 | 74,41,948 | -6.1 | 0.0 | 0.0 | NA |
| *Call* | 84,91,736 | 84,45,193 | -0.5 | 0.0 | 0.0 | NA |
| (iii) Stock Futures | 14,30,487 | 13,17,353 | -7.9 | 2.0 | 1.2 | -37.8 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 3,32,672 | 2,85,773 | -14.1 | 0.0 | 0.0 | NA |
| *Call* | 7,12,977 | 6,51,758 | -8.6 | 0.1 | 0.0 | NA |
| **Total** | **1,93,42,073** | **1,86,10,617** | **-3.8** | **2.6** | **30.6** | **1069.9** |
| **B. No. of Contracts** | | | | | | |
| (i) Index Futures | 49,91,448 | 51,82,508 | 3.8 | 6 | 331 | 5,416.7 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 8,28,60,071 | 7,65,22,830 | -7.6 | 0 | 0 | NA |
| *Call* | 8,65,98,523 | 8,45,77,639 | -2.3 | 0 | 0 | NA |
| (iii) Stock Futures | 2,18,01,493 | 2,00,44,920 | -8.1 | 33 | 21 | -36.4 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 51,05,748 | 42,12,883 | -17.5 | 0 | 0 | NA |
| *Call* | 99,68,877 | 89,67,595 | -10.0 | 2 | 0 | NA |
| **Total** | **21,13,26,160** | **19,95,08,375** | **-5.6** | **41** | **352** | **758.5** |
| **C. Open Interest in terms of Value ( ` crore)** | | | | | | |
| (i) Index Futures | 29,146 | 27,225 | -6.6 | 0.0 | 0.7 | NA |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 73,607 | 76,229 | 3.6 | 0.0 | 0.0 | NA |
| *Call* | 51,641 | 60,581 | 17.3 | 0.0 | 0.0 | NA |
| (iii) Stock Futures | 1,19,078 | 1,18,413 | -0.6 | 0.2 | 0.2 | -16.1 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 4,275 | 6,577 | 53.9 | 0.0 | 0.0 | NA |
| *Call* | 7,853 | 11,592 | 47.6 | 0.0 | 0.0 | NA |
| **Total** | **2,85,599** | **3,00,616** | **5.3** | **0.2** | **0.9** | **291.9** |
| **D. Open Interest in terms of No of Contracts** | | | | | | |
| (i) Index Futures | 3,36,966 | 3,25,389 | -3.4 | 0 | 8 | NA |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 8,66,530 | 8,97,571 | 3.6 | 0 | 0 | NA |
| *Call* | 5,95,459 | 6,92,885 | 16.4 | 0 | 0 | NA |
| (iii) Stock Futures | 18,12,134 | 17,98,041 | -0.8 | 4 | 3 | -25.0 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 65,643 | 1,00,132 | 52.5 | 0 | 0 | NA |
| *Call* | 1,19,845 | 1,78,803 | 49.2 | 0 | 0 | NA |
| **Total** | **37,96,577** | **39,92,821** | **5.2** | **4** | **11** | **145.0** |

1. **VIX Futures at NSE**

India VIX closed at 12.9 at the end of June 2018, lower than 13.2 registered at the end of May 2018 (***Figure 5***).

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

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

The monthly turnover of currency derivatives at NSE during June 2018 decreased by 11.2 per cent to ` 6,12,389 crore from ` 6,89,452 crore in May 2018. During the same time the monthly turnover of currency derivatives at BSE also decreased by 2.0 per cent to ` 7,13,685 crore during June 2018 from ` 7,28,468 crore during May 2018. In addition, the monthly turnover of currency derivatives at MSEI too decreased by 27.4 per cent to ` 5,257crore during June 2018 from ` 7,237 crore during May 2018 (***Figure 6* *and Tables 41, 42 and 43***).

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

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

During June 2018, the monthly turnover of interest rate futures at NSE decreased by 28.7 per cent to ` 8,624 crore from ` 12,088 crore in May 2018. The monthly turnover of interest rate futures at BSE too decreased by 17.4 per cent to ` 6,562 crore in June 2018 from ` 7,944 crore in May 2018. There was no trading in interest rate futures at MSEI during the month under review. (***Figure 7* *and Table 51***).

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

1. **Commodities Derivatives Markets**

**A. Market Trends**

At the end of June 2018, MCX Comdex closed at 3933.1, registering an increase of 1.9 percent over the closing value of 3860.6 on May 31, 2018. On Y-o-Y basis, the MCX Comdex increased by 28.7 per cent, mainly on account of increase in prices of all the traded commodities, except cardamom. NCDEX Dhaanya closed at 2981.4, an increase of 3.6 per cent over the closing values of 2876.6 at the end of May 2018. On Y-o-Y basis, the NCDEX Dhaanya Index increased by 3.7 per cent mainly due to increase in prices of Soybean, Refined Soy Oil, Turmeric, Guar Gum, Guar Seed, Wheat, RM Seed and Barley. **(Figure 8)**.

MCX Comdex recorded an intra-day high of 3954.3 on June 28, 2018 while 3796.0 on June, 21, 2018 was its lowest intra-day level. NCDEX Dhaanya recorded an intra-day high of 3001.5 on June 29, 2018 and an intra-day low of 2838.4 on June 13, 2018 (Details in Table 66).

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

**Source: MCX and NCDEX**

During June 2018, among the three component indices of MCX Comdex, Energy and Agri. indices increased by 8.8 per cent and 2.1 per cent respectively, while MCX Metal Index declined by 2.2 per cent. MCX Energy index which is composed of Crude Oil and Natural Gas increased on account of gain in futures prices of Crude Oil (12.6 per cent), followed by Natural Gas (0.7 per cent). The uptrend in Agri. index in June 2018 was due to 11.1 per cent rise in futures prices of Cardamom followed by Cotton (5.9 per cent) and Mentha Oil (5.4 per cent). The downtrend in MCX Metal Index was driven by decrease in Zinc futures prices by 3.3 per cent, followed by Aluminium (2.9 per cent), Copper (2.4 per cent), Nickel and Brass (0.2 per cent each). An increase of 3.6 per cent for NCDEX Dhaanya index may be attributed to the increase in futures prices of its components namely, Cotton Seed Oilcake (15.2 per cent), Jeera (14.2 per cent), Coriander (8.4 per cent), Guar Gum (7.9 per cent), Castor Seed (7.0 per cent), Guar Seed (6.0 per cent), Turmeric (3.7 per cent), RM Seed (1.7 per cent), Wheat (1.1 per cent) and Soybean (0.5 per cent). Decrease in prices of Maize Rabi (3.0 per cent), Refined Soy Oil (2.0 per cent), Barley (1.5 per cent) and Chana (1.1 per cent) resisted further rise in Dhaanya index.

Daily volatility during June 2018 of MCX Comdex and NCDEX Dhaanya indices was recorded at 0.8 per cent and 0.9 per cent respectively. Among the component indices of MCX Comdex, MCX Energy recorded highest volatility of 1.5 per cent, followed by MCX Metal and MCX Agri ( 0.7 per cent each). The daily volatility and variation over the previous month for indices on commodity derivatives is shown in the Figure 9 below:

**Figure 9: Variation (point-to-point) and daily volatility of India commodity indices in June 2018 (Per cent)**

**Source: MCX and NCDEX**

**Turnover**

During June 2018, among the four national commodity derivative exchanges, except NCDEX, MCX, NMCE and ICEX have recorded a decrease in turnover.

The total turnover at all the four national exchanges stood at `5,59,230 crore, a decrease of 4.4 per cent over the turnover of ₹5,84,991 crore during the previous month. The agricultural segment contributed `54,012 crore (9.7 per cent) while that of the non-agricultural segment contributed `5,05,218 crore (90.3 per cent) to the total turnover during the month. Among, the non-agricultural commodities segments, Bullion, Metals and Energy are traded at MCX, whereas, diamond contracts are traded at ICEX.

The total turnover (futures+ options) at MCX decreased by 4.7 per cent during June 2018 to `5,14,639 crore, over total turnover of `5,39,755 crore recorded in May 2018. The turnover in MCX Gold options, decreased from ₹14,859 crore in May 2018 to ₹10,918 crore, a decrease of 26.5 per cent in June 2018, while options turnover for Silver (1251.4 crore), Copper (961.6 crore) and Crude Oil (2687.9 crore) recorded an increase over the previous month. The total turnover in all the options contracts taken together resulted in declined from ₹16,870 crore in May 2018 to ₹ 15,988 crore in June 2018, a decrease of 5.2 per cent.

The options trading in Zinc contracts commenced at MCX on 21st June, 2018 and recorded a total turnover of ₹169 crore up to the month end.

The contribution to the total turnover at MCX from futures segment in metal was at 41.3 per cent followed by energy (32.3 per cent), bullion (21.4 per cent) and agricultural commodities had a share of 1.9 per cent. The options segment contributed 3.1 per cent to the total turnover.

The total turnover (futures +options) at NCDEX increased by 0.4 per cent to `41,910 crore during June 2018, from `41,751 crore in May 2018. The turnover in Guar Seed options contracts increased to ₹17 crore in June 2018, an increase of 24.7 per cent over ₹13 crore recorded in May 2018.

The total turnover at NMCE decreased by 23.6 per cent to `2,385 crore from `3,123 crore recorded for last month.

The total turnover at ICEX in diamond contracts decreased by 18.6 per cent to ₹295 crore in May 2018 from ₹362 crore during last month.

The total turnover of agricultural commodities was the highest at NCDEX (`41,910 crore) followed by MCX (`9,716 crore) and NMCE (`2,385 crore). The turnover of agricultural and non- agricultural commodities at national exchanges is shown in Figures 10, 11 and the details in Tables 67 to 72.

**Figure 10: Trends in Turnover of Agricultural Commodity Derivatives (**₹**crore)**

**Figure 11: Trends in Turnover of non-Agricultural Commodity Derivatives (`crore)**

**B. Commodity price trends**

At the end of June 2018, M-o-M returns among the near month contracts of non-agricultural commodities were positive for Crude Oil (12.6 per cent), followed by Lead and Natural Gas, while the returns decreased the most for Zinc at 3.3 percent followed by Aluminium, Copper, Silver, Gold, Nickel and Brass. Among agricultural commodities, the M-o-M returns were the highest for Cotton Seed Oilcake (15.2 per cent), followed by Jeera, Cardamom, Guar Gum, Coriander, Castor Seed, Guar Seed, Cotton, Mentha Oil, Turmeric, RM Seed, Rubber, Wheat, Soybean and Raw Jute. M-o-M returns declined the most for Maize Rabi (3.0 per cent), followed by Isabgul Seed, Refined Soy Oil, Crude Palm Oil, Barley and Chana.

The Y-o-Y returns on futures prices among non-agricultural commodities increased the most for Crude Oil by 71.4 per cent, followed by Nickel, Aluminium, Copper, Zinc, Lead, Gold, Natural Gas and Silver. Among agricultural commodities, Y-o-Y returns increased the most for Mentha Oil (37.0 per cent) followed by Crude Palm Oil, Soybean, Refined Soy Oil, Guar Seed, Turmeric, RM Seed, Guar Gum, Wheat, Cotton, Raw Jute and Barley, while Y-o-Y returns declined the most for Isabgul Seed (28.1 per cent), followed by Pepper, Cotton Seed Oilcake, Coriander, Castor Seed, Cardamom, Jeera and Rubber. **(Exhibit 6).**

**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, ICEX and NMCE**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Commodities traded at MCX and NMCE | Closing value as on 30/06/2018 | Variation in prices as on 30/06/2018 (percent) | | Commodities traded at NCDEX and ICEX | Closing value as on 30/06/2018 | Variation in prices as on 30/06/2018 (percent) | |
| **M-o-M** | **Y-o- Y** | **M-o-M** | **Y-o- Y** |
| MCX | | | | **NCDEX** | | | |
| Aluminum | 149.7 | -2.9 | 21.2 | Guar Seed | 3,855.0 | 6.0 | 13.8 |
| Copper | 446.2 | -2.4 | 15.8 | Guar Gum | 8,171.0 | 7.9 | 14.5 |
| Crude Oil | 5,086.0 | 12.6 | 71.4 | Soybean | 3,566.0 | 0.5 | 24.9 |
| Gold | 30,432.0 | -1.3 | 7.0 | Chana | 3,470.0 | -1.1 | NA |
| Lead | 166.7 | 1.1 | 13.2 | Turmeric | 7,362.0 | 3.7 | 15.4 |
| Natural Gas | 200.8 | 0.7 | 3.6 | RM Seed | 3,981.0 | 1.7 | 10.3 |
| Nickel | 1,022.3 | -0.2 | 70.2 | Ref. Soy Oil | 751.0 | -2.0 | 17.3 |
| Silver | 39,228.0 | -1.7 | 2.3 | Cotton Seed Oil cake | 1,538.5 | 15.2 | -11.1 |
| Zinc | 202.2 | -3.3 | 13.4 | Wheat | 1,826.0 | 1.1 | 13.8 |
| Cardamom | 994.7 | 11.1 | -3.8 | Jeera | 18,500.0 | 14.2 | -2.2 |
| Cotton | 22,630.0 | 5.9 | 11.9 | Coriander | 4,681.0 | 8.4 | -7.0 |
| CPO | 643.4 | -1.5 | 31.1 | Barley | 1,473.0 | -1.5 | 2.4 |
| Mentha Oil | 13,76.5 | 5.4 | 37.0 | Castor Seed | 4,193.0 | 7.0 | -4.6 |
| Brass | 360.0 | -0.2 | NA | Maize Rabi | 1,152.0 | -3.0 | -12.1 |
| NMCE | | | | **ICEX** |  |  |  |
| Castor Seed | 4197.0 | 7.1 | -5.0 | Diamond 1CT | 3,396.5 | 1.4 | NA |
| Rubber | 12,857.0 | 1.6 | -0.5 | Diamond 0.5CT | 1,565.3 | 1.5 | NA |
| Raw Jute | 4,314.0 | 0.4 | 10.7 | Diamond 0.3 CT | 1065.0 | 8.7 | NA |
| Isabgul Seed | 8,103.0 | -2.9 | -28.1 |  |  |  |  |
| RM seed | 695.1 | -0.9 | 15.4 |  |  |  |  |
| Guar Seed | 3,923.0 | 7.9 | 15.6 |  |  |  |  |
| Pepper | 37,212.0 | -2.7 | -26.0 |  |  |  |  |

Notes: Returns are calculated as percentage change in the closing prices of near month contracts in the current month over that in the previous month.

**Source: MCX, NCDEX, NMCE & ICEX**

**D. Monsoon and kharif crop sowing progress**

As per the Minutes of the Meeting of Crop weather watch Group, Ministry of Agriculture and Farmers Welfare, in the monsoon season, at All-India level, the rainfall during the week (28th June, 2018 – 04th July, 2018) has been 1% higher than Long Period Average (LPA).

As per latest information available on sowing of Kharif crops, around 31.49% of the normal area under Kharif crops has been sown upto 06.07.2018. Area sown under all Kharif crops taken together has been reported to be 333.78 lakh hectares at All India level as compared to 388.88 lakh hectares in the corresponding period of last year and 370.16 lakh ha. normal area as on date.

**Exhibit 7: Kharif crop sowing progress**

*(in lakh hectare)*

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Crop name** | **Normal area for whole kharif season** | **Normal area as on date** | **Area sown reported** | | | **Absolute change over (+/-)** | |
| **This year 2018** | **% of Normal for whole season** | **Last year 2017** | **Normal as on date** | **Last year** |
| Maize | 74.2 | 38.6 | 35.9 | 48.4 | 38.8 | -2.7 | -2.9 |
| Soybean | 112.5 | 51.5 | 51.6 | 45.9 | 53.7 | 0.2 | -2.1 |
| Castor Seed | 10.5 | 0.5 | 0.3 | 2.9 | 0.3 | -0.2 | 0.0 |
| Cotton | 119.8 | 73.0 | 54.6 | 45.6 | 71.8 | -18.4 | -17.2 |
| Sugarcane | 48.8 | 45.4 | 50.4 | 103.3 | 49.6 | 5.1 | 0.8 |
| Jute & Mesta | 8.1 | 7.5 | 6.9 | 85.4 | 7.0 | -0.5 | 0.0 |

*Source: Dept. of Agriculture Co-operation and Farmers’ Welfare, Government of India*

1. **Trading in Corporate Debt Market**

During June 2018, BSE recorded 3,067 trades of corporate debt with a traded value of ` 53,080 crore compared to 3,000 trades with a traded value of ` 49,384 crore in May 2018. At NSE, 5,252 trades were reported in June 2018 with a traded value of ` 1,03,336 crore compared to 4,863 trades with a traded value of ` 96,402 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 ` 49,077 crore in June 2018, compared to the total net outflow of ` 467 crore in May 2018. During June 2018, Mutual funds invested ` 9,231 crore in equity and ` 39,845 crore in debt in comparison to net investment of ` 13,619 crore in equity and withdrawal of ` 14,086 crore from debt in May 2018 (***Figure 12***).

As on June 30, 2018, there were a total of 1,861 mutual fund schemes in the market, of which 1,221 (65.6 per cent) were income / debt oriented schemes, 516 (27.7 per cent) were growth / equity oriented schemes, 26 (1.4 per cent) were balanced schemes, 69 (3.7 per cent) were exchange traded funds and 29 (1.6 per cent) were fund of funds investing overseas **(*Tables 59 & 60*).**

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

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

In June 2018 too, FPIs liquidated ` 15,795 crore from Indian securities market, out of which ` 4,831 crore was from equity and ` 10,970 crore was from debt. On the other hand, FPIs invested ` 7 crore in hybrid securities during the month (***Figure 14***).

The assets of the FPIs in India, as reported by the custodians, at the end of June 2018 was ` 31,88,252 crore, out of which the notional value of offshore derivative instruments (including ODIs on derivatives) was ` 83,688 crore, constituting 2.6 per cent of the total assets of the FPIs (***Tables 53, 54 & 55***).

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

***Note:*** *Data on**investment by FPIs in Hybrid securities has been compiled since December 26, 2017.*

1. **Trends in Portfolio Management Services**

Assets under management (AUM) of discretionary portfolio management services (PMS) decreased by 0.3 per cent to ` 11,75,947 crore in June 2018 from ` 11,72,543 crore in May 2018. The AUM of Non-discretionary PMS also decreased by 0.3 per cent to ` 92,114 crore in June 2018 from ` 92,414 crore in May 2018. In addition, AUM of Advisory services too decreased by 0.6 per cent to ` 2,09,378 crore in June 2018 from ` 2,10,645 crore in May 2018. In terms of number of clients in PMS industry, discretionary services category topped at with 120,929 clients, followed by non-discretionary category with 5,656 clients and advisory category with 2,315 clients at the end of June 2018. ***(Table 61).***

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

During June 2018, nine open offers with offer value of ` 960 crore were made to the shareholders as against eight open offers with offer value of ` 463 crore in May 2018(***Figure 15***).

**Figure 15: Details of Open Offers Made under the SEBI (SAST) Regulations (` crore)**

**REVIEW OF GLOBAL FINANCIAL MARKETS**

**Overview of the Global Financial Markets:**

During June 2018, the markets across the globe exhibited mixed trend. While, markets were vulnerable on the possibility of the tariff war between two superpowers, namely the US and China, faster growth in some of the developed nations including the USA boosted the markets. A strong US economy gave the Federal Reserve (Fed) the confidence to raise interest rates in June 2018.

In contrast, amid a gloomy economic environment, the European Central Bank (ECB) announced that it is not going to increase the interest rates in near future, and confirmed that Eurozone quantitative easing would come to an end by the end of 2018.

The Bank of England did not raise interest rates although markets anticipated such action. Nevertheless, a bounce back in UK retail sales, combined with the lowest unemployment since 1975 and surveys indicating firming wage pressure, suggest that rates will rise this year and next unless Brexit negotiations prove disruptive. Against this backdrop, government bond returns have been broadly flat other than in Italy.

**Equity Markets:**

The equities markets across the globe mostly recorded negative returns in June 2018. The headwinds from latest developments in trade negotiations between the US and its main partners coupled with political volatility in Italy increased the uncertainties in equity markets. Besides, the US President refused to sign the communiqué of the 8-9 June G7 summit where reprisals were announced on a number of US products by Mexico, Canada and the EU, in response. The mood of the market reflected in the MSCI AC World index, which fell by 0.7 per cent in US dollar terms.

Most of the developed market indices witnessed negative return during the month under review. The Hang Seng index of Hong Kong fell by 5.0 per cent during June 2018 from its closing in May 2018, followed by Strait Times index of Singapore (4.7 per cent) and Dax index of Germany. On the other hand, the All Ordinaries index of Australia rose by 2.7 per cent followed by Nasdaq Composite index of USA (0.9 per cent) and Nikkei 225 index of Japan (0.5 per cent) (Chart 1).

The abovementioned factors also adversely affected the performance of emerging equity markets. This was reflected in the 4.6 per cent drop in the MSCI Emerging Markets index (in US dollar terms). The Asian equity markets suffered by the fall in Chinese equity market that was directly affected by global trade uncertainties. On a positive note, a surge in crude oil price helped the oil exporting countries of Europe and Latin America.

The Shanghai SE Composite IX index fell by 8.0 per cent during June 2018, followed by SET index of Thailand (7.6 per cent) and Bovespa index of Brazil (5.2 per cent). Very few markets have recorded positive return. The Bolsa index of Mexico increased by 6.7 per cent followed by FTSE/JSE Africa All Share index of South Africa (2.6 per cent) and Budapest Stock Exchange Index of Hungary (2.2 per cent).

**Chart 1: Movement of Major Developed Market Indices**

**Source:** Bloomberg

**Note:** In order to compare the different currencies on same scale, the indices have been indexed considering their respective values as 100 on April 01, 2018

**Chart 2: Movement of BRICS Indices**

**Source:** Bloomberg

**Note:** In order to compare the different currencies on same scale, the indices have been indexed considering their respective values as 100 on April 01, 2018

**Table A1: Fund Mobilisation by Issuance of Equity and Bond in Major Exchanges**

(US$ Million)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Exchange** | **Apr-18** | | | **May-18** | | |
|  | **Equity** | **Bond** | **Total** | **Equity** | **Bond** | **Total** |
| Developed Markets | Nasdaq - US | 1,664.89 | NA | **1,664.89** | - | NA | **-** |
| NYSE | 1,871.00 | NA | **1,871.00** | 16,194.00 | NA | **16,194.00** |
| LSE Group | 232.87 | 37,180.88 | **37,413.75** | 2,085.04 | 25,275.08 | **27,360.12** |
| Euronext | 15.16 | NA | **15.16** | 4,000.70 | NA | **4,000.70** |
| Deutsche Boerse AG | - | 32,859.66 | **32,859.66** | - | 25,614.33 | **25,614.33** |
| BME Spanish Exchanges | - | 4,963.56 | **4,963.56** | 447.73 | NA | **447.73** |
| Japan Exchange Group Inc. | 69.98 | 4,963.56 | **5,033.54** | NA | NA | **NA** |
| Singapore Exchange | 49.47 | 35,317.14 | **35,366.61** | 43.64 | 28,223.19 | **28,266.82** |
| Australian Securities Exchange | 1,245.97 | NA | **1,245.97** | 1,395.24 | NA | **1,395.24** |
| Hong Kong Exchanges and Clearing | 70.12 | 13,289.23 | **13,359.35** | 2,085.69 | 13,959.38 | **16,045.06** |
| Korea Exchange | 83.83 | 48,126.41 | **48,210.24** | - | 48,916.82 | **48,916.82** |
| BRICS | BM&FBOVESPA S.A. | 919.23 | 203.14 | **1,122.37** | - | 189.49 | **189.49** |
| Moscow Exchange | NA | 23,690.67 | **23,690.67** | NA | 24,365.77 | **24,365.77** |
| BSE India Limited | 855.02 | 717.24 | **1,572.26** | - | 1,278.04 | **1,278.04** |
| National Stock Exchange of India Limited | 870.28 | 26,360.96 | **27,231.24** | 317.23 | 21,044.57 | **21,361.79** |
| Shanghai Stock Exchange | 829.46 | NA | **829.46** | 2,948.49 | NA | **2,948.49** |
| Shenzhen Stock Exchange | 81.70 | 2,958.84 | **3,040.53** | 1,911.18 | 5,363.35 | **7,274.53** |
| Johannesburg Stock Exchange | NA | 2,567.42 | **2,567.42** | 200.54 | 2,353.20 | **2,553.74** |

**Source:** World Federation of Exchanges

**Note:** NA: Not Available

**Table A2: Market Capitalisation of Major Exchanges**

(US$ Million)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Exchange** | **Apr-18** | **May-18** |
| Developed Markets | Nasdaq - US | 10,375,717.88 | 10,929,637.74 |
| NYSE | 23,138,626.00 | 23,117,880.77 |
| LSE Group | 4,595,748.79 | 4,380,728.31 |
| Euronext | 4,649,073.44 | 4,357,785.31 |
| Deutsche Boerse AG | 2,339,091.58 | 2,224,885.33 |
| BME Spanish Exchanges | 918,838.49 | 840,253.29 |
| Japan Exchange Group Inc. | 6,287,738.92 | 6,219,793.11 |
| Singapore Exchange | 795,071.96 | 766,525.91 |
| Hong Kong Exchanges and Clearing | 4,443,082.22 | 4,462,001.65 |
| Korea Exchange | 1,841,445.26 | 1,770,746.26 |
| Australian Securities Exchange | 1,442,177.03 | 1,458,781.56 |
| BRICS | BM&FBOVESPA S.A. | 910,128.19 | 848,991.79 |
| Moscow Exchange | 628,003.45 | 631,992.99 |
| BSE India Limited | 2,298,178.73 | 2,204,738.58 |
| National Stock Exchange of India Limited | 2,273,285.63 | 2,181,523.67 |
| Shanghai Stock Exchange | 5,022,691.39 | 5,005,476.81 |
| Shenzhen Stock Exchange | 3,547,311.78 | 3,488,672.19 |
| Johannesburg Stock Exchange | 1,165,292.36 | 1,105,351.53 |

**Source:** World Federation of Exchanges

**Equity Derivatives:**

During May 2018, Nasdaq-US recorded 58,169,458 contracts traded on stock options, followed by BM&FBOVESPA of Brazil (52,865,849) and NYSE (39,245,951). As regards single stock futures, EUREX recorded highest number of contracts traded 59,085,770, followed by Korea Exchange (50,152,310) and National Stock Exchange of India (21,801,493) (Table A3).

Among the major stock exchanges, during May 2018, National Stock Exchange of India recorded highest number of contracts traded on stock index options (169,458,594) followed by Korea Exchange (41,031,429), and Chicago Board Options Exchange (37,286,444). As regards stock index futures, CME Group recorded the highest number of contracts traded (44,942,448) followed by EUREX (44,872,274) and BM&FBOVESPA of Brazil (35,183,655) (Table A4).

**Currency Derivatives:**

As per the available data from World Federation of Exchanges, during May 2018, BSE India limited recorded highest number of contracts traded on currency options (65,134,626), followed by National Stock Exchange of India (42,211,581) and Moscow Exchange (2,679,347). As regards, currency futures, the National Stock Exchange of India recorded highest number of contracts traded 58,034,086 followed by Moscow exchange (46,625,979) and BSE India Limited (42,674,267) (Table A5).

**Interest Rate Derivatives:**

As per the available data from World Federation of Exchanges, CME Group recorded highest number of contracts traded on interest rate options (50,031,352) during May 2018, followed by Nasdaq Nordic Exchanges (791,552) and Bourse de Montreal (115,139). As regards, interest rate futures, the CME Group recorded highest number of contracts traded 205,263,823 followed by BM&FBOVESPA of Brazil (22,684,684) and Australian Securities Exchange (11,794,012) (Table A6).

**Commodity Derivatives:**

According to the data from World Federation of Exchanges, in commodity options, during May 2018, the CME Group recorded highest number of contracts traded 14,480,220 followed by Zhengzhou Commodity Exchange of China (249,502) and EUREX (240,270). The Zhengzhou Commodity Exchange of China recorded highest number of contracts traded (95,845,357) on commodities futures followed by Shanghai Futures Exchange (92,053,962) and CME Group (91,497,023) (Table A7).

**Table A3: Stock Options and Stock Futures Traded in Major Exchanges**

(Turnovers are in US$ million)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **May 2018** | | | | | | **Trading days  May 2018** |
| **Stock options** | | | **Single stock futures** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | | | | | | | |
| BATS Global Markets - US | 25,781,914 | NA | NA | NA | NA | NA |  |
| BM&FBOVESPA | 52,865,849 | 31,534 | 16,611,300 | - | - | - | 19 |
| Bolsa de Comercio de Buenos Aires | 3,342,998 | - | - | - | - | - | 21 |
| Bolsa de Valores de Colombia | NA | - | - | 7,560 | 10 | 10,662 | 21 |
| Bourse de Montreal | 2,320,178 | 8,810 | 3,026,920 | 80,738 | 15,530 | 142,323 | 22 |
| Chicago Board Options Exchange | 38,370,171 | NA | 174,791,000 | NA | NA | NA | 22 |
| International Securities Exchange | 25,781,914 | NA | NA | NA | NA | NA |  |
| MexDer | 2,130 | 1 | 32,195 | 600 | 0 | 300 | 22 |
| Miami International Securities Exchange | 10,655,024 | NA | NA | NA | NA | NA |  |
| Nasdaq - US | 58,169,458 | NA | NA | NA | NA | NA |  |
| NYSE | 39,245,951 | 11,070 | NA | NA | NA | NA | 22 |
| **Total region** | **256,535,587** |  |  | **88,898** |  |  |  |
| **Asia - Pacific** | | | | | | | |
| Australian Securities Exchange | 7,073,944 | 14,082 | 8,255,800 | 163,639 | 233 | 395,762 | 23 |
| BSE India Limited | NA | NA | NA | 33 | 0 | 4 | 22 |
| Hong Kong Exchanges and Clearing | 9,150,994 | 32,345 | 10,308,800 | 33,330 | 140 | 12,466 | 21 |
| Japan Exchange Group | 133,204 | NA | 155,301 | NA | NA | NA | 21 |
| Korea Exchange | 1,656,915 | NA | 454,027 | 50,152,310 | 30,494 | 3,979,080 | 20 |
| National Stock Exchange of India | 15,074,625 | 155,249 | 185,488 | 21,801,493 | 212,386 | 1,812,130 | 22 |
| TAIFEX | 20,465 | 105 | 6,324 | 1,938,010 | 14,069 | 142,338 | 22 |
| Thailand Futures Exchange | NA | NA | NA | 4,658,718 | NA | 3,230,140 | 21 |
| **Total region** | **33,110,147** |  |  | **78,747,533** |  |  |  |
| **Europe - Africa - Middle East** | | | | | | | |
| Athens Derivatives Exchange | 450 | 0 | 345 | 1,173,375 | 178 | 406,061 | 21 |
| BME Spanish Exchanges | 1,476,290 | 1,307 | 8,083,250 | 834,195 | 543 | 1,196,570 | 22 |
| Borsa Istanbul | 159,733 | 18 | 318,969 | 4,787,729 | 948 | 941,887 | 22 |
| Budapest Stock Exchange | - | - | - | 14,823 | 105 | 7,630 | 21 |
| Dubai Gold & Commodities Exchange | NA | NA | NA | 230,747 | 361 | 333 | 23 |
| EUREX | 23 | 20,190,700 | 68,502 | 59,085,770 | 28,779,900 | 104,058 | - |
| Johannesburg Stock Exchange | 643,417 | 44 | 1,419,380 | 403,427 | 447 | 808,272 | 22 |
| Moscow Exchange | 43,577 | 15 | 178,136 | 13,210,624 | 4,218 | 2,163,570 | 21 |
| Nasdaq Nordic Exchanges | 1,758,273 | 2,903 | 3,551,410 | 366,168 | 670 | 441,881 | 21 |
| Oslo Bors | 103,487 | 188 | 359,107 | 26,553 | 38 | 54,665 | 20 |
| Tehran Stock Exchange | 116 | 0 | NA | - | - | - | 7 |
| Tel-Aviv Stock Exchange | 70,344 | 534 | 49,980 | NA | NA | NA | 22 |
| Warsaw Stock Exchange | - | - | - | 108,367 | 191 | 24,218 | 20 |
| **Total region** | **4,255,710** |  |  | **80,241,778** |  |  |  |
| **Total** | **293,901,444** |  |  | **159,078,209** |  |  |  |

**Source:** World Federation of Exchanges

**NA:** Not Available

**Table A4: Index Options and Index Futures Traded in Major Exchanges**

(Turnovers are in US$ million)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **May 2018** | | | | | | | **Trading days  May 2018** | |
| **Stock index options** | | | **Stock index futures** | | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | | **Open interest** |
| **Americas** | | | | | | | | | |
| BM&FBOVESPA | 1,488,248 | 12,374 | 381,184 | 35,183,655 | 162,724 | | 4,385,480 | 19 | |
| Bolsa de Valores de Colombia | - | - | - | 60 | 1 | | 172 | 21 | |
| Bourse de Montreal | 9,150 | 230 | 111,360 | 422,101 | 59,247 | | 291,496 | 22 | |
| CBOE Futures Exchange | NA | NA | NA | 5,357,014 | NA | | 427,708 | 22 | |
| Chicago Board Options Exchange | 37,286,444 | NA | 23,658,800 | NA | NA | | NA | 22 | |
| CME Group | 12,751,402 | 2,107,750 | 4,330,680 | 44,942,448 | 5,903,520 | | 5,028,120 | 22 | |
| ICE Futures US | - | - | - | 2,480,268 | 149,655 | | 1,510,680 | 22 | |
| International Securities Exchange | 81,229 | NA | NA | NA | NA | | NA |  | |
| MexDer | 1,295 | 31 | 2,461 | 49,540 | 1,121 | | 48,860 | 22 | |
| Nasdaq - US | 204,529 | NA | NA | NA | NA | | NA |  | |
| **Total region** | **51,822,297** |  |  | **88,435,086** |  | |  |  | |
| **Asia - Pacific** | | | | | | | | | |
| Australian Securities Exchange | 1,221,695 | 56,078 | 1,200,760 | 985,689 | 111,967 | | 345,241 | 23 | |
| BSE India Limited | NA | NA | NA | 6 | 0 | | - | 22 | |
| Bursa Malaysia Derivatives | 368 | 0 | 162 | 2,556,436 | 5,449 | | 28,989 | 18 | |
| China Financial Futures Exchange | NA | NA | NA | 1,051,110 | 172,818 | | 107,426 | 22 | |
| Hong Kong Exchanges and Clearing | 2,620,045 | 292,717 | 3,539,210 | 9,400,302 | 1,185,530 | | 523,489 | 21 | |
| Japan Exchange Group | 2,564,636 | NA | 2,403,880 | **17,610,962** | 786,557 | | 1,850,120 | 21 | |
| Korea Exchange | 41,031,429 | 2,961,630 | 3,468,340 | 5,565,385 | 295,551 | | 602,682 | 20 | |
| National Stock Exchange of India | 169,458,594 | 2,437,780 | 1,461,990 | 4,991,448 | 66,328 | | 336,966 | 22 | |
| Singapore Exchange | 1,219,833 | NA | 2,063,770 | 12,415,895 | NA | | 2,064,060 |  | |
| TAIFEX | 15,278,054 | 275,640 | 667,344 | 6,589,054 | 316,937 | | 157,092 | 22 | |
| Thailand Futures Exchange | 98,906 | NA | 62,266 | 3,007,716 | NA | | 355,233 | 21 | |
| **Total region** | **233,493,560** |  |  | **64,174,003** |  | |  |  | |
| **Europe - Africa - Middle East** | | | | | | | | | |
| Athens Derivatives Exchange | 7,019 | 34 | 2,879 | 70,622 | 345 | 8,171 | | 21 |
| BME Spanish Exchanges | 303,846 | 3,476 | 1,017,610 | 758,133 | 72,970 | 127,935 | | 22 |
| Borsa Istanbul | 7,691 | 22 | 11,677 | 4,908,463 | 13,810 | 337,317 | | 22 |
| Budapest Stock Exchange | - | - | - | 53,911 | 72 | 11,347 | | 21 |
| Dubai Gold & Commodities Exchange | NA | NA | NA | 5,647 | 54 | 386 | | 23 |
| EUREX | 11,427,664 | 42,630,800 | 1,266,570 | 44,872,274 | 42,058,700 | 1,633,200 | | - |
| Johannesburg Stock Exchange | 484,168 | 211 | 990,353 | 930,845 | 25,440 | 645,478 | | 22 |
| Moscow Exchange | 2,030,128 | 4,688 | 1,795,910 | 8,951,971 | 19,196 | 512,922 | | 21 |
| Nasdaq Nordic Exchanges | 557,483 | 10,059 | 578,046 | 3,283,777 | 58,238 | 696,173 | | 21 |
| Oslo Bors | 47,257 | 452 | 95,947 | 198,574 | 1,960 | 40,346 | | 20 |
| Tel-Aviv Stock Exchange | 2,755,248 | NA | NA | NA | NA | NA | | 22 |
| Warsaw Stock Exchange | 22,658 | 140 | 24,037 | 311,140 | 3,819 | 60,920 | | 20 |
| **Total region** | **17,643,162** |  |  | **64,345,357** |  |  | |  |
| **Total** | **302,959,019** |  |  | **216,954,446** |  |  | |  |

**Source:** World Federation of Exchanges

**NA:** Not Available

**Table A5: Currency Options and Futures Traded in Major Exchanges**

(Turnovers are in US$ million)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **May 2018** | | | | | | **Trading days  May 2018** |
| **Currency options** | | | **Currency futures** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | | | | | | | |
| BM&FBOVESPA | 350,415 | 101 | 622,666 | 19,156,991 | 5,145,303 | 4,385,481 | 19 |
| Bolsa de Comercio de Buenos Aires | - | - | - | - | - | - | 21 |
| Bolsa de Valores de Colombia | - | - | - | 59,881 | 2,157 | 10,895 | 21 |
| Bourse de Montreal | - | - | 113 | NA | NA | NA | 22 |
| CME Group | 1,816,326 | 223,129 | 902,738 | 22,433,478 | 2,280,820 | 1,823,309 | 22 |
| ICE Futures US | 553 | 52 | 1,221 | 652,600 | 57,366 | 78,350 | 22 |
| MexDer | 12,818 | 123 | 46,795 | 354,249 | 3,546 | 620,234 | 22 |
| **Total region** | **2,180,112** |  |  | **42,657,199** |  |  |  |
| **Asia - Pacific** | | | | | | | |
| BSE India Limited | 65,134,626 | 65,165 | 228,957 | 42,674,267 | 42,991 | 1,149,654 | 22 |
| Hong Kong Exchanges and Clearing | 363 | 36 | 3,683 | 122,537 | 12,150 | 29,850 | 21 |
| Korea Exchange | NA | NA | NA | 6,097,859 | 61,002 | 695,252 | 20 |
| National Stock Exchange of India | 42,211,581 | 42,473 | 1,579,319 | 58,034,086 | 57,796 | 3,166,242 | 22 |
| Singapore Exchange | - | NA | - | 1,684,211 | NA | 66,450 |  |
| TAIFEX | 14,289 | 429 | 11,172 | 63,413 | 1,958 | 8,992 | 22 |
| Thailand Futures Exchange | NA | NA | NA | 50,765 | NA | 16,615 | 21 |
| **Total region** | **107,360,859** |  |  | **108,727,138** |  |  |  |
| **Europe - Africa - Middle East** | | | | | | | |
| Borsa Istanbul | 983,011 | 964 | 454,576 | 15,930,577 | 16,202 | 626,933 | 22 |
| Budapest Stock Exchange | NA | NA | NA | NA | NA | NA | 21 |
| Dubai Gold & Commodities Exchange | 11,767 | 0 | 5,386 | 1,852,618 | 11,479 | 292,937 | 23 |
| Johannesburg Stock Exchange | 1,976,298 | 4,170 | 3,871,868 | 2,333,072 | 2,371 | 2,187,025 | 22 |
| Moscow Exchange | 2,679,347 | 2,687 | 1,489,544 | 46,625,979 | 48,589 | 2,750,740 | 21 |
| Tel-Aviv Stock Exchange | 1,296,242 | 13,092 | 561,684 | NA | NA | NA | 22 |
| **Total region** | **6,946,665** |  |  | **66,742,246** |  |  |  |
| **Total** | **116,487,636** |  |  | **218,126,583** |  |  |  |

**Source:** World Federation of Exchanges

**NA:** Not Available

**Table A6: Interest Rate Options and Futures Traded in Major Exchanges**

(Turnovers are in US$ million)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **May 2018** | | | | | | **Trading days  May 2018** |
| **Interest rate options** | | | **Interest rate futures** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | | | | | | | |
| BM&FBOVESPA | 33,355 | 3 | 2,684,480 | 22,684,684 | 522,051 | 25,247,900 | 19 |
| Bolsa de Valores de Colombia | - | - | - | 22,931 | 2,238 | 15,948 | 21 |
| Bourse de Montreal | 115,139 | 78,549 | 213,133 | 6,865,595 | 2,453,850 | 1,747,970 | 22 |
| CME Group | 50,031,352 | 29,519,600 | 50,506,100 | 205,263,823 | 120,099,000 | 29,356,200 | 22 |
| MexDer | NA | NA | NA | 56,856 | 320 | 205,831 | 22 |
| **Total region** | **50,179,846** |  |  | **234,893,889** |  |  |  |
| **Asia - Pacific** | | | | | | | |
| Australian Securities Exchange | 59,231 | 4,484 | 26,000 | 11,794,012 | 3,567,390 | 3,687,200 | 23 |
| BSE India Limited | NA | NA | NA | 426,520 | 1,179 | 4,400 | 22 |
| China Financial Futures Exchange | NA | NA | NA | 1,021,293 | 151,534 | 64,539 | 22 |
| Hong Kong Exchanges and Clearing | NA | NA | NA | 45 | 7 | 386 | 21 |
| Japan Exchange Group | 43,450 | NA | 10,548 | 641,368 | NA | 137,273 | 21 |
| Korea Exchange | NA | NA | NA | 3,062,675 | 318,611 | 365,075 | 20 |
| National Stock Exchange of India | NA | NA | NA | 648,029 | 1,795 | 46,859 | 22 |
| Singapore Exchange | NA | NA | NA | 451,536 | NA | 28,961 |  |
| **Total region** | **102,681** |  |  | **18,045,478** |  |  |  |
| **Europe - Africa - Middle East** | | | | | | | |
| EUREX | 23 | 10,654,400 | 1,323,460 | 3,085,545 | 68,045,200 | 8,139,070 | 0 |
| Johannesburg Stock Exchange | 20,150 | 151 | 82,545 | 870,068 | 7,580 | 815,217 | 22 |
| Moscow Exchange | NA | NA | NA | 11,055 | 2 | 29,256 | 21 |
| Nasdaq Nordic Exchanges | 791,552 | 89,941 | - | 1,367,340 | 155,366 | 1,963,340 | 21 |
| Warsaw Stock Exchange | - | - | 4 | - | - | 101 | 20 |
| **Total region** | **811,725** |  |  | **5,334,008** |  |  |  |
| **Total** | **51,094,252** |  |  | **258,273,375** |  |  |  |

**Source:** World Federation of Exchanges

**NA:** Not Available

**Table A7: Commodity Options and Futures Traded in Major Exchanges**

(Turnovers are in US$ million)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Exchange** | **May 2018** | | | | | | **Trading days  May 2018** |
| **Commodities options** | | | **Commodities futures** | | |
| **Number of contracts traded** | **Notional turnover** | **Open interest** | **Number of contracts traded** | **Notional turnover** | **Open interest** |
| **Americas** | | | | | | | |
| BM&FBOVESPA | 31,357 | 4 | 60,648 | 76,048 | 609 | 45,196 | 19 |
| Bolsa de Valores de Colombia | NA | NA | NA | - | - | 233 | 21 |
| CME Group | 14,480,220 | 716,218 | 11,961,000 | 91,497,023 | 5,736,150 | 21,585,900 | 22 |
| ICE Futures Canada | 25,477 | 2 | 36,790 | 324,795 | 2,658 | 225,285 | 22 |
| ICE Futures US | 1,417,123 | 43,508 | 1,510,680 | 6,033,285 | 149,608 | 1,930,340 | 22 |
| **Total region** | **15,954,177** |  |  | **97,931,151** |  |  |  |
| **Asia - Pacific** | | | | | | | |
| Australian Securities Exchange | 2,628 | 293 | 16,498 | 39,979 | 2,233 | 78,113 | 23 |
| Bursa Malaysia Derivatives | 1,930 | 722 | 8,775 | 765,264 | 11,660 | 238,428 | 18 |
| Hong Kong Exchanges and Clearing | NA | NA | NA | 23,266 | 943 | 320 | 21 |
| Indonesia Commodity and Derivatives Exchange | NA | NA | NA | 10,796 | NA | 129 |  |
| Multi Commodity Exchange of India | 86,545 | 2,505 | 5,677 | 17,698,670 | 77,633 | 247,940 | 23 |
| NZX Limited | 5,944 | 0 | 9,126 | 20,238 | 81 | 37,379 | 23 |
| Shanghai Futures Exchange | NA | NA | NA | 92,053,962 | 10,271 | 4,747,750 |  |
| Singapore Exchange | 221,515 | NA | 671,768 | 1,026,490 | NA | 647,510 |  |
| TAIFEX | 3,082 | 24 | 1,399 | 8,231 | 128 | 1,168 | 22 |
| Thailand Futures Exchange | NA | NA | NA | 414,222 | NA | 49,685 | 21 |
| Zhengzhou Commodity Exchange | 249,502 | 24 | 120,111 | 95,845,357 | 972,981 | 4,196,930 | 22 |
| **Total region** | **571,146** |  |  | **207,906,475** |  |  |  |
| **Europe - Africa - Middle East** | | | | | | | |
| Borsa Istanbul | NA | NA | NA | 1,282,475 | 402 | 128,922 | 22 |
| Budapest Stock Exchange | - | - | - | - | - | 2 | 21 |
| Dubai Gold & Commodities Exchange | NA | NA | NA | 62,819 | 660 | 3,156 | 23 |
| EUREX | 240,270 | 4,287 | 353,151 | 298,935 | 16,734 | 1,222,080 | - |
| Johannesburg Stock Exchange | 22,328 | 11 | 57,136 | 273,987 | 4,835 | 126,321 | 22 |
| LSE Group | NA | NA | NA | 195 | 8 | 281 | 21 |
| Moscow Exchange | 656,910 | 502 | 359,304 | 36,788,032 | 28,429 | 1,465,100 | 21 |
| **Total region** | **919,508** |  |  | **38,706,443** |  |  |  |
| **Total** | **17,444,831** |  |  | **344,544,069** |  |  |  |

**Source:** World Federation of Exchanges

**NA:** Not Available

**Bond Markets:**

Central banks across the globe have been adopting diverse methods to deal with the challenges of their economies. The US economy is regaining strength as evidenced by economic growth and employment statistics. As a result, the Fed increased the interest rate although concerns of short-term yields moving closer to long-term yields (flattening of the yield curve) persists. During May 2018, the yield on the benchmark 10-year Treasury note hit its highest level since 2011. However, subsequently it decreased and closed at 2.86 per cent at the end of May 2018, compared to 2.95 per cent at the end of April 2018.

In Europe, political developments in Italy triggered broader market concerns in late May 2018. The European Central Bank (ECB) on the other hand has been adopting a more measured approach. For the ECB, the focus is on maintaining favourable liquidity conditions and keeping inflation below the two per cent limit.

Germany Generic Govt. Bond 10Y Yield fell to 0.34 per cent at the end of May 2018 from 0.56 at the end of April 2018.

During the same time, the Spanish 10-Year Bond Yield went up to 1.50 per cent from 1.26 per cent.

The Japan Generic Govt. 10Y Yield fell to 0.04 per cent at the end of May 2018 from 0.06 per cent at the end of April 2018.

**Chart 3: Movement of 10 year Government Bond Yields in Developed Nations**

**Source:** Bloomberg

While external vulnerabilities of emerging market sovereigns are generally thought to have declined, the impacts of higher U.S. rates and an appreciating dollar had impacts on emerging markets during the month. The Brazilian financial markets have been much volatile during June 2018 which was reflected in abrupt movement in 10 year government bond yields.

**Chart 4: Movement of 10 year Government Bond Yields in BRIC Nations**

**Source:** Bloomberg

**Currency Market:**

The impacts of higher U.S. rates and an appreciating dollar had impacts on emerging markets during May 2018. Major emerging market countries such as Argentina and Turkey experienced significant currency depreciation during the month. Argentina is negotiating a bailout package with the International Monetary Fund (IMF) expected to be in the range of US$ 30 billion.

At the end of May 2018, the Brazilian Real depreciated by 7.00 per cent against U.S. dollar followed by the Euro (3.70 per cent), the Great Britain Pound (3.57 per cent) the INR (1.17 per cent) and the Chinese Yuan (1.00 per cent). On the other hand, during the same time, the Rubble appreciated by 1.06 per cent followed by the Japanese Yen (0.35 per cent).

**Chart 3: Movement of major currencies against US Dollar (US$)**

**Source:** Bloomberg

**Note:** In order to compare the different currencies on same scale, the values of all currencies have been indexed considering their respective values as 100 on April 01, 2018.

**HIGHLIGHTS OF DEVELOPMENTS IN INTERNATIONAL SECURITIES MARKET**

**SEC Proposes New Approval Process for Certain Exchange-Traded Funds**

June 28, 2018 Proposed rule 6c-11 would permit ETFs that satisfy certain conditions to operate within the scope of the Investment Company Act of 1940 (the “Act”), and come directly to market without the cost and delay of obtaining an exemptive order.

The proposal would replace hundreds of individualized exemptive orders with a single rule subject to public notice and comment. The proposed rule’s standardized conditions are designed to level the playing field among most ETFs and protect ETF investors, while proposed disclosure amendments would provide investors who purchase and sell ETF shares on the secondary market with new information.

**Source**:

https://www.sec.gov/news/press-release/2018-118

**SEC Adopts Targeted Changes to Public Liquidity Risk Management Disclosure**

June 28, 2018 Under the amendments, funds would discuss in their annual or semi-annual shareholder report the operation and effectiveness of their liquidity risk management program, replacing a pending requirement that funds publicly provide the aggregate liquidity classification profile of their portfolios on Form N-PORT.

**Source**:

https://www.sec.gov/news/press-release/2018-119