**SEBI**

**BULLETIN**

**September 2017 VOL. 15 NUMBER 9**

**(LOGO)**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**EDITORIAL COMMITTEE**

**Mr. Ananta Barua**

**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 - SEPTEMBER 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 August 2017 as compared to the previous month. During the month under review, the primary market witnessed 12 issues that mobilised ` 1,920 crore as compared to 15 issues during July 2017 that mobilised ` 2,820 crore. There were 12 initial public offerings (IPOs) that raised ` 1,920 crore. Out of the total public issues, there were 11 equity IPOs raising ` 1,705 crore and one debt issue that raised ` 215 crore. There was no rights issue during the month.

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Items** | **Aug-17** | | **Jul-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 | 12 | 1,920 | 14 | 2,621 | 57 | 14,366 | 36 | 26,057 |
| (i) Debt | 1 | 215 | 2 | 1,713 | 4 | 3,896 | 7 | 16,399 |
| (ii) Equity, of which |  |  |  |  |  |  |  |  |
| IPOs | 11 | 1,705 | 12 | 909 | 53 | 10,470 | 29 | 9,658 |
| FPOs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b. Rights Issues | 0 | 0 | 1 | 199 | 4 | 687 | 2 | 575 |
| Total Equity Issues a(ii)+b | 11 | 1,705 | 13 | 1,108 | 57 | 11,156 | 31 | 10,233 |
| ***Grand Total (a+b)*** | ***12*** | ***1,920*** | ***15*** | ***2,820*** | ***61*** | ***15,052*** | ***38*** | ***26,632*** |

***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 August of the respective years*

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

Qualified Institutional Placement (QIP) is an alternative mode of resource raising available for listed companies to raise funds from domestic market. In a QIP, a listed issuer issues equity shares or non-convertible debt instruments along with warrants and convertible securities other than warrants to Qualified Institutional Buyers only. There was one QIP issue during August 2017 which raised ` 874 crore compared to ` 2,775 crore raised through four QIP issues 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 30 preferential allotments (amounting to ` 5,493 crore) listed at BSE and NSE together during August 2017, compared to 28 preferential allotments (amounting to ` 561 crore) listed during July 2017 **(*Table 11*)**.

1. **Private Placement of Corporate Debt**

Private placement mechanism dominates the resource mobilization through corporate bonds. During August 2017, ` 51,552 crore was raised through private placement of 155 issues in the corporate bond market. There was one public issue of debt during the month that mobilised ` 215 crore **(*Table 12 and Exhibit 1A*)**.

Total amount mobilised through public issues and private placement of both debt and equity combined stood at ` 59,838 crore in August 2017 as compared to ` 55,189 crore in July 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$** | **11,156** | **46,243** | **57,400** | **3,896** | **2,73,130** | **2,77,026** | **3,34,426** |
| Apr-17 | 1,232 | 7,041 | 8,273 | 1,969 | 63,819 | 65,787 | 74,060 |
| May-17 | 1,480 | 9,675 | 11,155 | 0 | 33,389 | 33,389 | 44,544 |
| Jun-17 | 5,632 | 19,825 | 25,457 | 0 | 75,337 | 75,337 | 1,00,794 |
| Jul-17 | 1,108 | 3,335 | 4,443 | 1,713 | 49,033 | 50,746 | 55,189 |
| Aug-17 | 1,705 | 6,367 | 8,072 | 215 | 51,552 | 51,767 | 59,838 |

***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 August 2017 are provisional*

1. **Resource Mobilisation by Mutual Funds**

During August 2017, there was a net inflow of ` 61,701crore into the mutual funds industry against a net inflow of ` 63,505 crore during July 2017. In the month under review, there were inflow of ` 31,163crore into income / debt oriented schemes and ` 20,361 crore into growth / equity oriented schemes. Balanced schemes recorded inflow of ` 8,783 crore. Exchange traded funds witnessed net inflow of ` 1,454 crore of which there was an outflow of ` 58 crore from gold ETFs and an inflow of ` 1,513 crore in other ETFs. The Fund of funds schemes investing overseas recorded net outflow of ` 61 crore. The cumulative net assets under management by all mutual funds rose by 3.1 per cent to ` 20,59,289 crore at the end of August 2017 from ` 19,96,905 crore at the end of July 2017 **(*Tables 52 & 54*).**

1. **Trends in the Secondary Market**

The Indian stock market witnessed correction during August 2017. At the end of August 2017, S&P BSE Sensex closed at 31,730.49 witnessing 2.6 per cent fall from its last month’s closing at 32,514.9. The Nifty 50 also decreased by 1.9 per cent to close at 9917.90 at the end of August 2017 compared to previous month’s closing at 10,077.1 (***Figure 1***). S&P BSE Sensex and Nifty 50 touched their intraday highs of 32,686.48 and 10,054.2 respectively on August 02, 2017. Both Sensex and Nifty touched their intraday lows of 31,128.02 and 9,685.55 respectively on August 11, 2017.

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

Market capitalisation of BSE decreased by 0.5 per cent to ` 1,31,89,763 crore at the end of August 2017, from ` 1,32,62,246 crore at the end of July 2017. Market capitalization at NSE also fell to ` 1,30,55,208 crore from ` 1,31,21,441 crore during the same period witnessing a loss of 0.5 per cent. The P/E ratios of S&P BSE Sensex and Nifty 50 were 23.7 and 25.6 respectively at the end of August 2017 compared to 23.7 and 25.7 respectively a month ago (***Exhibit 2***).

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2017-18$** | **2016-17** | **Aug-17** | **Jul-17** | **Percentage change over previous month** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| **A. Indices** |  |  |  |  |  |
| S&P BSE Sensex | **31,730** | **29,621** | 31,730.5 | 32,514.9 | -2.4 |
| Nifty 50 | **9,918** | **9,174** | 9,917.9 | 10,077.1 | -1.6 |
| **B.Market Capitalisation** | |  |  |  |  |
| BSE | **1,31,89,763** | **1,21,54,525** | 1,31,89,763 | 1,32,62,246 | -0.5 |
| NSE | **1,30,55,208** | **1,19,78,421** | 1,30,55,208 | 1,31,21,441 | -0.5 |
| **C. Gross Turnover** | | | | | |
| BSE | **4,19,570** | **9,98,261** | 79,064 | 88,395 | -10.6 |
| NSE | **26,44,690** | **50,55,913** | 5,53,829 | 5,43,944 | 1.8 |
| **D. P/E Ratio** | | | | | |
| S&P BSE Sensex | **23.7** | **22.6** | 23.7 | 23.7 | 0.1 |
| Nifty 50 | **25.6** | **23.3** | 25.6 | 25.7 | -0.3 |
| **E. No.of Listed Companies** | | | | | |
| BSE | **5,627** | **5,834** | 5,627 | 5,811 | -3.2 |
| NSE | **1,848** | **1,817** | 1,848 | 1,837 | 0.6 |

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

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

The monthly turnover of BSE (cash segment) decreased by 10.6 per cent to ` 79,064 crore in August 2017 from ` 88,395 crore in July 2017. The monthly turnover of NSE (cash segment) rose by 1.8 per cent to ` 5,53,829 crore in August 2017 from ` 5,43,944 crore in July 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 a mixed trend during August 2017 as indicated by different market indices. Among BSE indices, in August 2017, S&P BSE Consumer Durables index increased the most (7.5 per cent), followed by S&P BSE Metal index (6.9 per cent) and S&P BSE FMCG index (0.8 per cent). On the other hand, S&P BSE Healthcare index fell by 7.4 per cent, followed by S&P BSE Capital Goods (3.6 per cent) and S&P BSE Bankex (3.3 per cent). As regards NSE indices, Nifty MNC index rose the most (1.7 per cent), followed by Nifty Next 50 index (0.5 per cent) and Nifty MNC index (0.4 per cent), whereas Nifty PSU Bank index fell by 11.6 per cent followed by Nifty Pharma index (6.5 per cent). Among BSE indices the S&P BSE Metal index recorded the highest daily volatility (1.7 per cent), followed by S&P BSE Healthcare index (1.5 per cent) and S&P BSE Small Cap index (1.3 per cent) during the month under review. At NSE during the same period, daily volatility of Nifty PSU Bank index, Nifty Pharma index and Nifty Small 100 index recorded volatility of 1.7 per cent (***Exhibit 3***).

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **BSE** | | | **NSE** | | |
| **Index** | **Change over Previous month** | **Volatility** | **Index** | **Change over Previous month** | **Volatility** |
| *1* | *2* | *3* | *4* | *5* | *6* |
| S&P BSE Sensex | -2.4 | 0.7 | Nifty 50 | -1.6 | 0.7 |
| S&P BSE 100 | -1.1 | 0.8 | Nifty Next 50 | 0.5 | 1.3 |
| S&P BSE 200 | -1.1 | 0.8 | Nifty 100 | -1.3 | 0.8 |
| S&P BSE 500 | -1.0 | 0.8 | Nifty 200 | -1.2 | 0.8 |
| S&P BSE Large Cap | -1.5 | 0.7 | Nifty 500 | -1.1 | 0.9 |
| S&P BSE Small Cap | -0.6 | 1.3 | Nifty Midcap 50 | -1.8 | 1.4 |
| S&P BSE Consumer Durables | 7.5 | 1.3 | Nifty Midcap 100 | -1.3 | 1.4 |
| S&P BSE Capital Goods | -3.6 | 0.9 | Nifty Small 100 | -0.7 | 1.7 |
| S&P BSE Bankex | -3.3 | 0.8 | Nifty Bank | -3.1 | 0.8 |
| S&P BSE Teck | -3.2 | 1.0 | Nifty IT | -1.8 | 0.8 |
| S&P BSE FMCG | 0.8 | 0.9 | Nifty FMCG | 0.4 | 0.8 |
| S&P BSE Metal | 6.9 | 1.7 | Nifty Pharma | -6.5 | 1.7 |
| S&P BSE PSU | -0.5 | 1.3 | Nifty PSU Bank | -11.6 | 1.7 |
| S&P BSE Power | -2.7 | 1.2 | Nifty Media | -4.3 | 1.2 |
| S&P BSE Healthcare | -7.4 | 1.5 | Nifty MNC | 1.7 | 1.0 |

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

1. **Trends in Depository Accounts**

The total number of investor accounts at the end of August 2017 was 162 lakh at NSDL (an increase of 0.8 per cent over July 2017) and 132 lakh at CDSL (an increase of 1.6 per cent over July 2017). The number of investor accounts increased by 8.2 per cent at NSDL and by 16.0 per cent at CDSL over the number of investor accounts at the respective depositories in July 2016 **(*Table 58*)**.

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

India is one of the most vibrant markets for exchange traded equity derivatives in the world. The monthly total turnover in equity derivatives market at NSE rose by 20.8 per cent to ` 1,47,35,150

crore in August 2017 from ` 1,21,92,441 crore in July 2017 (***Figure 4***). During the month under review options on index accounted for about 83 per cent of the total turnover in the F&O segment at NSE. During August 2017, monthly turnover of index futures and stock futures increased by 15.1 per cent and 1.9 per cent, respectively. Monthly turnover of put options on index rose by 14.3 per cent, whereas, monthly turnover of call options on index rose by 35.4 per cent. Monthly turnover of put options on stock and call options on stock rose by 9.5 per cent and 3.4 per cent, respectively. The open interest in value terms in the equity derivative segment of NSE decreased by 18.7 per cent to

` 2,46,904 crore as on August 31, 2017 from ` 3,03,767 crore as on July 31, 2017 **(Table 31).**

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

The monthly total turnover in equity derivative segment of BSE fell to ` 22 crore in August 2017 from ` 322 crore in July 2017. The open interest in value terms in equity derivatives segment of BSE decreased to ` 0.08 crore as on August 31, 2017 from ` 9 crore as on July 31, 2017 *(****Exhibit 4 and Table 30****)*.

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Particular** | **NSE** | | | **BSE** | | |
| **Jul-17** | **Aug-17** | **Percentage Change Over Month** | **Jul-17** | **Aug-17** | **Percentage Change Over Month** |
| *1* | *2* | *3* | *4* | *5* | *6* | *7* |
| **A. Turnover (` crore)** | | | | | | |
| (i) Index Futures | 3,46,732 | 3,99,317 | 15.2 | 317 | 19 | -94.0 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 49,95,039 | 57,12,286 | 14.4 | 0 | 0 | NA |
| *Call* | 48,20,710 | 65,27,897 | 35.4 | 0 | 0 | NA |
| (iii) Stock Futures | 12,34,363 | 12,57,968 | 1.9 | 4 | 2 | -46.9 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 2,45,583 | 2,69,013 | 9.5 | 0 | 0 | NA |
| *Call* | 5,50,015 | 5,68,669 | 3.4 | 0 | 0 | -44.6 |
| **Total** | **1,21,92,441** | **1,47,35,150** | **20.9** | **322** | **22** | **-93.3** |
| **B. No. of Contracts** | | | | | | |
| (i) Index Futures | 42,24,510 | 47,89,537 | 13.4 | 4,165 | 248 | -94.0 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 5,85,10,108 | 6,52,75,950 | 11.6 | 0 | 0 | NA |
| *Call* | 5,46,92,544 | 7,19,81,496 | 31.6 | 0 | 0 | NA |
| (iii) Stock Futures | 1,69,74,717 | 1,74,70,818 | 2.9 | 59 | 28 | -52.5 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 33,89,270 | 37,39,525 | 10.3 | 0 | 0 | NA |
| *Call* | 33,15,699 | 74,30,204 | 124.1 | 1 | 2 | -50.0 |
| **Total** | **14,11,06,848** | **17,06,87,530** | **21.0** | **4,225** | **278** | **-93.4** |
| **C. Open Interest in terms of Value ( ` crore)** | | | | | | |
| (i) Index Futures | 27,778 | 20,611 | -25.8 | 9 | 0 | NA |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 87,729 | 70,407 | -19.7 | 0 | 0 | NA |
| *Call* | 70,596 | 54,096 | -23.4 | 0 | 0 | NA |
| (iii) Stock Futures | 96,163 | 90,916 | -5.5 | 1 | 0 | -85.5 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 7,775 | 4,033 | -48.1 | 0 | 0 | NA |
| *Call* | 13,726 | 6,840 | -50.2 | 0 | 0 | NA |
| **Total** | **3,03,767** | **2,46,904** | **-18.7** | **9** | **0** | **-99.1** |
| **D. Open Interest in terms of No of Contracts** | | | | | | |
| (i) Index Futures | 3,47,255 | 2,64,930 | -23.7 | 110 | 0 | NA |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 11,04,868 | 9,18,273 | -16.9 | 0 | 0 | NA |
| *Call* | 8,83,307 | 7,02,612 | -20.5 | 0 | 0 | NA |
| (iii) Stock Futures | 13,69,565 | 13,29,883 | -2.9 | 7 | 1 | -85.7 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 1,05,534 | 56,731 | -46.2 | 0 | 0 | NA |
| *Call* | 1,87,458 | 99,245 | -47.1 | 0 | 0 | NA |
| **Total** | **39,97,987** | **33,71,674** | **-15.7** | **117** | **1** | **-99.1** |

1. **VIX Futures at NSE**

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

India VIX closed at 11.95 at the end of August 2017, higher than 11.90 registered at the end of July 2017 (***Figure 5***). There was no trade in VIX futures contract in the current financial year. The open interest in India VIX contracts was zero at the end of August 2017.

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

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

The monthly turnover of currency derivatives at NSE during August 2017 rose significantly by 15.5 per cent to ` 3,72,652 crore from ` 3,22,478 crore in July 2017. During the same time the monthly turnover of currency derivatives at BSE declined by 15.8 per cent to ` 2,98,051 crore from

` 3,54,303 crore whereas the monthly turnover of currency derivatives at MSEI decreased by 31.0 per cent to ` 8,722 crore from ` 12,657 crore (***Figure 6* *and Tables 37, 38 and 39***).

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

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

During August 2017, the monthly turnover of interest rate futures at NSE decreased by 3.8 per cent to ` 21,573 crore from ` 22,437 crore in July 2017. The monthly turnover of interest rate futures at BSE, decreased by 22.2 per cent to ` 17,102 crore in August 2017 from ` 21,990 crore in July 2017. There was no trade in interest rate futures at MSEI during the month. (***Figure 7* *and Table 47***).

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

1. **Commodities Futures Markets**

**A. Market Trends**

At the end of August 2017, both the composite index MCXCOMDEX and Dhaanya index of NCDEX increased over their respective closing values at the end of July 2017. The MCXCOMDEX and Dhaanya closed at 3299.37 and 3024.85, an increase of 3.93 percent and 1.80 percent, respectively over their closing values of July 2017. (Figure 8). MCXCOMDEX recorded an intra-day high of 3301.53 on August 31, 2017 while 3131.78 on August 04, 2017 was its lowest intra-day level during the month. NCDEX Dhaanya recoded an intra-day high of 3115.83 on August 28, 2017 and an intra-day low of 2949.69 on August 02, 2017 (Details in Table 62). All the group indices of MCXCOMDEX except MCX Energy, moved in positive direction. Among the group indices, MCX Metal increased by 6.91 percent, MCX Agri. gained by 4.17 percent whereas MCX Energy decreased by 2.17 percent.

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

**Source: MCX and NCDEX**

Daily volatility during August 2017 of MCXCOMDEX and NCDEX Dhaanya indices was recorded at 0.50 percent and 0.66 percent, respectively. Among the component indices of MCXCOMDEX, MCX Energy recorded highest volatility of 1.25 percent, followed by MCX Metal (0.65 percent) and MCX Agri. (0.38 percent). The daily volatility and return over the previous month of commodity futures market indices is shown in the Figure 9 below:

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

**Source: MCX and NCDEX**

During the month, trading in diamond futures contracts was launched for the first time in India at Indian Commodity Exchange Ltd. Navi Mumbai (ICEX), a fourth National Commodity Derivatives Exchange, on 28th August, 2017.

During August 2017, the national commodity exchanges namely, MCX and NCDEX recorded an increase in turnover, while turnover at NMCE recorded decrease. The turnover at regional Hapur Commodity Exchange (HCE), which was previously known as the Chamber of Commerce, Hapur also decreased over the previous month.

The total turnover at all the four national exchanges was recorded at `5,45,719 crore. Out of this total turnover, agricultural commodities contributed `66,377 crore (12.2 percent) while that of the non-agricultural commodities contributed `4,79,341 crore (87.8 percent) to the total turnover. Among, the non-agricultural commodities segments, Bullion, Metals and Energy are traded at MCX, whereas, diamond contracts from are traded at ICEX.

The turnover at MCX increased to `4,88,629 crore in August 2017, an increase of 9.87 percent over `4,44,721 crore recorded during July 2017. The contribution to the total turnover at MCX from Metal segment was at 38.00 percent followed by Energy segment at 30.19 percent, Bullion segment with 29.90 percent and agricultural commodities had a share of 1.90 percent.

The turnover at NCDEX has increased from `39,623 crore in July 2017 to `54,370 crore in August 2017, an increase of 37.2 percent.

The total turnover at NMCE has decreased from `2,751 crore in July 2017 to `2,711 crore in August 2017, a decrease of 1.5 percent. The entire turnover at NCDEX and NMCE was contributed by the agricultural commodities segment.

During last four trading days of August 2017, the ICEX recorded turnover of ₹8.23 crore from newly launched diamond contracts on August 28, 2017.

The total turnover of agricultural commodities was the highest at NCDEX (`54,370 crore) followed by MCX (`9,296 crore) and NMCE (`2,711 crore). The turnover of agricultural and non- agricultural commodities at national exchanges is shown in Figure 10 and Figure 11 and the details in Table 63, 64 and 65.

The Hapur Commodity Exchange (HCE), Hapur, which is trading only in Rape/Mustard Seed contract recorded a total turnover of `357 crore during August 2017, a decrease of 21.1 percent over the total turnover of `453 crore during July 2017.

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

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

**B. Commodity price trends**

At the end of August 2017, M-o-M returns among the near month contracts of non-agricultural commodities were positive for gold and its variants (except gold petal), silver and its variants, natural gas and base metals viz., Copper, Lead, Nickel, Aluminium and Zinc (Exhibit 5). During the month, Nickel Mini futures prices gained by 13.4 percent, followed by Nickel (12.6 percent), Zinc and Zinc Mini (both 11.8 percent), Aluminium and Aluminium Mini (11.1 percent each), Natural Gas (8.2 percent), Copper and Copper Mini (both 5.8 percent), Gold, Gold Guinea and Gold Mini (3.6 percent to 4.2 percent), Silver and its variants (2.9 percent to 3.0 percent), Lead and Lead Mini (both 2.4 percent). M-o-M prices of Crude Oil futures declined the most by -4.6 percent, followed by Gold Petal (-0.6 percent).

Among all the agricultural commodities traded at all three national exchanges, most of the contracts generated positive M-o-M returns. Among the top gainers, Chana futures recorded highest gain of 25.3 percent, followed by Guar Gum (12.0 percent), Raw Jute (11.3 percent), Guar Seed (9.9 percent), Mentha Oil (8.4 percent), Crude Palm Oil (6.0 percent), Sugar (5.0 percent), Barley and Castor seed (both 3.2 percent), Cotton Seed Oilcake (2.3 percent), Rape/Mustard Seed (1.9 percent), Soybean (1.3 percent) and Refined Soy Oil (1.1 percent). Among the top losers in terms of M-o-M prices, Cardamom declined the most by (-10.6 percent), followed by Turmeric (-2.8 percent), Maize Rabi (-2.3 percent) and Wheat (-2.0 percent).

On Y-o-Y basis, in terms of futures prices, barring Gold, Silver and their variants, a firm upward trend is observed among non-agricultural commodities. Copper futures were the top gainer with 42.2 percent increase, followed by Zinc (28.7 percent), Aluminium (26.1 percent), Lead (20.7 percent), Nickel Mini (14.3 percent) and Nickel (13.5 percent). Among losers, prices of Silver and its variants declined by (-9.5 percent to -9.6 percent), followed by Gold and its variants (-3.2 percent to -4.6 percent).

Among agricultural commodities, Y-o-Y returns in terms of futures prices was highest for Guar Gum (34.8 percent), followed by Castor Seed contract at NMCE (32.0 percent), Guar Seed (15.8 percent), Jeera (11.9 percent), Sugar (6.2 percent), Cardamom (5.4 percent. On the other hand, Y-o-Y return on prices among agricultural commodities declined the most for Cotton Seed Oilcake (-42.5 percent), followed by Coriander (-40.8 percent), Rape/Mustard Seed (-18.5 percent), Maize Rabi (-13.8 percent), Crude Palm Oil (-7.5 percent), Wheat (-6.4 percent) and Cotton (-4.9 percent).

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Commodities traded at MCX | Closing value as on 31/08/2017 | Variation in prices as on 31/08/2017 (percent) | | Commodities traded at NCDEX / NMCE | Closing value as on 31/08/2017 | Variation in prices as on 31/08/2017 (percent) | |
|
| M-o-M | Y-o- Y | M-o-M | Y-o-Y |
| MCX Comdex | 3299 | 3.9 | 6.9 | Dhaanya Index | 3025 | 1.8 | -4.7 |
| MCX AGRI Index | 2517 | 4.2 | 1.6 | Guar seed 10 MT | 3956 | 9.9 | 15.8 |
| MCX Metal Index | 5027 | 6.9 | 11.3 | Guar Gum | 8368 | 12.0 | 34.7 |
| MCX Energy Index | 2292 | -2.1 | 0.9 | Soybean | 3066 | 1.3 | -5.9 |
| Aluminium | 135 | 11.1 | 26.1 | Chana | 6180 | 25.3 | NA |
| Aluminium Mini | 135 | 11.1 | 26.1 | Turmeric | 7322 | -2.8 | 0.3 |
| Copper | 435 | 5.8 | 42.2 | Sugar | 3708 | 5.0 | 6.2 |
| Copper Mini | 435 | 5.8 | 42.2 | RM seed | 3771 | 1.9 | -18.5 |
| Crude Oil | 3038 | -4.6 | 1.2 | Soy Oil | 658 | 1.1 | 2.9 |
| Gold | 29745 | 4.2 | -3.2 | Maize Rabi | 1293 | -2.3 | -13.8 |
| Gold Guinea | 23660 | 3.6 | -4.1 | Cottonseed oilcake | 1496 | 2.3 | -42.5 |
| Gold Petal | 2912 | -0.6 | -4.6 | Wheat | 1637 | -2.0 | -6.4 |
| Gold Mini | 29756 | 4.1 | -3.2 | Jeera | 19870 | 2.7 | 11.9 |
| Lead | 152 | 2.4 | 20.7 | Coriander | 4940 | 0.9 | -40.8 |
| Lead Mini | 152 | 2.4 | 20.7 | Barley | 1471 | 3.2 | -2.8 |
| Natural Gas | 195 | 8.2 | 0.2 | Castor Seed | 4616 | 3.2 | NA |
| Nickel | 744 | 12.6 | 13.5 |  |  |  |  |
| Nickel Mini | 744 | 13.4 | 14.3 | **NMCE** | | | |
| Silver | 39798 | 3.0 | -9.5 | Castor Seed | 4613 | 2.7 | 32.0 |
| Silver Micro | 39798 | 2.9 | -9.6 | Rubber | 13201 | 1.2 | 5.7 |
| Silver Mini | 39789 | 2.9 | -9.5 | Raw Jute | 3942 | 11.3 | 2.3 |
| Zinc | 201 | 11.8 | 28.7 | Isabgul Seed | 11327 | 0.9 | -3.5 |
| Zinc Mini | 201 | 11.8 | 28.7 | RM seed | 635 | 1.4 | -17.2 |
| Cardamom | 1348 | 0.9 | 5.4 | Guar Seed | 406 | 13.1 | 19.2 |
| Cotton | 18650 | -10.6 | -4.9 | Pepper | 48850 | 0.1 | NA |
| CPO | 518 | 6.0 | -7.5 |  |  |  |  |
| Mentha Oil | 1348 | 8.4 | 31.3 |  |  |  |  |

Notes: 1. Returns are calculated as percentage change in the closing value of near month contract prices last trading day of the month over the corresponding trading periods.

2. Near month contract prices are taken upto 10 days prior to expiry and subsequently the next expiry contract price is considered for calculation of price variations

Source: Bloomberg & NMCE

1. **Trading in Corporate Debt Market**

During August 2017, BSE recorded 2,347 trades of corporate debt with a traded value of ` 32,929 crore compared to 2,450 trades of corporate debt with a traded value of ` 37,249 crore recorded in July 2017. At NSE, 5,072 trades were reported in August 2017 with a traded value of ` 1,09,895 crore compared to 5,777 trades with a traded value of ` 1,24,343 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 ` 54,408 crore in August 2017 out of which ` 17,941 crore was invested in equity and ` 36,467 crore was invested in debt. This was a mild increase over total investment of ` 52,187 crore in July 2017 out of which ` 11,800 crore was invested in equity and ` 40,388 crore was invested in debt (***Figure 12***).

As on August 31, 2017, there were a total of 2,004 mutual fund schemes in the market, of which 1,382 (69.0 per cent) were income / debt oriented schemes, 496 (24.8 per cent) were growth / equity oriented schemes, 31 (1.5 per cent) were balanced schemes, 66 (3.3 per cent) were exchange traded funds and 29 (1.4 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 August 2017, the FPIs remained net buyers in the Indian securities market to the tune of ` 2,677 crore. There were net outflow of ` 12,770 crore from equity whereas ` 15,446 crore inflow into debt (***Figure 13***).

The assets of the FPIs in India, as reported by the custodians, at the end of August 2017 was ` 30,35,509 crore, out of which the notional value of offshore derivative instruments (including ODIs on derivatives) was ` 1,25,037 crore, constituting 4.1 per cent of the total assets under custody of FPIs. (***Tables 49, 50 & 51***)

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

1. **Trends in Portfolio Management Services**

Assets under management (AUM) of discretionary portfolio management services (PMS) increased by 1.4 per cent to ` 10,50,497 crore in August 2017 from 10,36,488 crore in July 2017. The AUM of Non-discretionary PMS also rose by 0.8 per cent from ` 79,676 crore to ` 80,296 crore and AUM of Advisory services, increased by 3.5 per cent from ` 1,89,595 crore to ` 1,93,575 crore.

In terms of number of clients, at the end of August 2017, out of 95,946 clients in PMS industry, discretionary services category leads with total of 89,275 clients, followed by non-discretionary category with 5,057 clients and advisory category with 1,614 clients. ***(Table 57)***

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

In August 2017, two open offers with offer value of ` 125 crore were made to the shareholders as against three open offers with offer value of ` 13 crore in July 2017 (***Figure 14***).

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

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

**Snapshots**

**United States:**

GDP expanded by 3.1 percent (annualised) in Q2 2017 as compared to 1.2 percent in Q1 2017. CPI inflation was 1.9 percent (Y-o-Y) in August 2017. Unemployment rate fell to 4.2 percent in August 2017 from 4.4 percent in previous month.

**United Kingdom**

Real GDP growth rate came down to 1.7 percent (Y-o-Y) in Q2 2017 against 2.0 percent of Q1 2017. CPI inflation was 2.9 percent (Y-o-Y) in August 2017 same as in previous month. Unemployment rate remained at 4.4 percent during the period May to July 2017.

**Japan:**

GDP expanded by 1.4 percent (Y-o-Y) in Q2 2017, as compared to 1.5 percent in Q1. CPI inflation rose to 0.7 percent (Y-o-Y) in August 2017. Unemployment rate was steady at 2.8 percent in August 2017 as compared to the previous month.

**Euro Zone (EA19):**

GDP advanced by 2.2 percent (Y-o-Y) in Q2 2017 from 1.9 percent in Q1 of 2017.CPI inflation increased by 1.5 percent (Y-o-Y) in August 2017 as against previous month. Unemployment rate recorded 9.1 percent in July 2017.

**BRICS Nations:**

* Real GDP of Brazil advanced by 0.3 percent (Y-o-Y) in Q2 2017. CPI inflation came down to 2.4 percent in August 2017. Unemployment rate decreased to 12.8 percent July 2017.
* Russia’s GDP advanced by 2.5 percent (Y-o-Y) in Q2 2017. CPI inflation was 3.3 percent (Y-o-Y) in August 2017. Unemployment rate declined to 4.9 percent in August 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, FY 2016-17. Consumer prices in India recorded 3.4 percent (Y-o-Y) in August 2017, increasing from a 2.4 percent in July 2017.
* GDP of China expanded by 6.9 percent (Y-o-Y) in the second quarter of 2017. Consumer prices in China increased by 1.8 percent (Y-o-Y) in August 2017, as compared to the previous month. Unemployment rate slightly fell to 3.95 percent in June quarter.
* GDP of South Africa advanced by 1.1 percent, against 1.0 percent in the previous quarter. Consumer prices increased by 4.8 percent in August 2017. Unemployment rate in South Africa remained at 27.7 percent in the second quarter of 2017.

1. **Introduction:**
   1. Economies across the globe have been recovering at a steady pace as revealed by the GDP figures as well as other indicators. With the expected continuation of ongoing growth momentum in the second half of 2017, it is expected that the trend will continue in 2018 as well. On the contrary, headwinds may come from global political developments and upcoming monetary policy decisions, particularly in the US and the Euro-zone. As regards financial markets, seemingly high valuations in equity and bond markets, in combination with low volatility, pose a risk at a time when central banks have become more willing to reduce monetary stimulus measures. Debt levels also remain high in some key economies. On a positive note, sustained stability in commodity prices, particularly oil prices, is viewed as necessary for ongoing improvement in global economic growth.

**The World Economy:**

* 1. The stronger recovery across the globe was also captured by the J.P.Morgan Global Manufacturing PMI - a composite index produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM. The said index marginally rose to 52.7 in July 2017 from 52.6 in June 2017 signaling an improvement in operating performance for the seventeenth month in a row. The rate of expansion picked up to the fastest since April, but remained milder than at the start of the year.

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

* 1. As per the provisional estimates, the real gross domestic product (GDP) in the OECD area accelerated to 0.7 per cent quarter-on-quarter (Q-o-Q) in the second quarter of 2017 from 0.5 per cent in the previous quarter. Real GDP of the OECD area accelerated to 2.4 per cent year-on-year (Y-o-Y) in the second quarter of 2017 from 2.1 per cent in the previous quarter.
  2. Growth GDP in the G20 area accelerated to 0.9 per cent in the second quarter of 2017, compared with 0.8 per cent in the previous quarter, according to provisional estimates. Turkey recorded the highest quarterly growth among G20 economies (2.1 per cent). Real GDP also increased significantly in China (by 1.7 per cent), South Africa (0.6 per cent) and in Australia and the United States (0.8 per cent). GDP of the G20 area increased by 3.6 per cent (Y-o-Y) in the second quarter of 2017 compared with 3.4 per cent in the previous quarter.
  3. Annual inflation in the OECD area picked up to 2.2 per cent in August 2017 from 2.0 per cent recorded in July 2017. This increase was mainly driven by energy price inflation which accelerated to 5.9 per cent in the year to August, compared with 3.7 per cent in July. Food price inflation also increased, but only marginally, to 1.8 per cent in August, compared with 1.7 per cent in July. Excluding food and energy, inflation was stable at 1.8 per cent for the fourth consecutive month. The OECD unemployment rate was stable at 5.8 per cent in July 2017, unchanged for the second consecutive month.

**Exhibit 1: Major Macroeconomic Indicators**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Developed**  **Countries** | **Country / Region** | **Quarterly Growth Real GDP** | | | | **Annual CPI Inflation** | | **Unemployment Rate** | | **Benchmark Interest Rate** |
| **Y-o-Y** | **period** | **Q-o-Q** | **period** | **Rate** | **Period** | **Rate** | **Period** |
| United States | 2.20 | Q2 | 3.00\* | Q2 | 1.90 | Aug-17 | 4.40 | Aug-17 | 1.25 |
| United Kingdom | 1.70 | Q2 | 0.30 | Q2 | 2.90 | Aug-17 | 4.30 | Jul-17 | 0.25 |
| Eurozone | 2.30 | Q2 | 0.60 | Q2 | 1.50 | Aug-17 | 9.10 | Jul-17 | 0.00 |
| Germany | 2.10 | Q2 | 0.60 | Q2 | 1.80 | Aug-17 | 3.70 | Jul-17 | 0.00 |
| France | 1.80 | Q2 | 0.50 | Q2 | 0.90 | Aug-17 | 9.50 | Q2 of 2017 | 0.00 |
| Japan | 1.40 | Q2 | 0.60 | Q2 | 0.40 | Jul-17 | 2.80 | Aug-17 | -0.10 |
| **BRICS** | Brazil | 0.30 | Q2 | 0.20 | Q2 | 2.46 | Aug-17 | 12.80 | Jul-17 | 8.25 |
| Russia | 2.50 | Q2 | NA | NA | 3.30 | Aug-17 | 4.90 | Aug-17 | 8.50 |
| India | 7.10 | Q1 | 5.60 | Q4 | 3.36 | Aug-17 | NA | - | 6.00 |
| China | 6.90 | Q2 | 1.70 | Q2 | 1.80 | Aug-17 | 3.95 | Q2 of 2017 | 4.35 |
| South Africa | 1.10 | Q2 | 2.50 | Q2 | 4.80 | Aug-17 | 27.7 | Q2 of 2017 | 6.75 |
| **Other Ems** | South Korea | 2.70 | Q2 | 0.60 | Q2 | 2.60 | Aug-17 | 3.80 | Aug-17 | 1.25 |
| Indonesia | 5.01 | Q2 | 4.00 | Q2 | 3.82 | Aug-17 | 5.33 | Q1 of 2017 | 4.75 |
| Turkey | 5.10 | Q1 | 2.10 | Q1 | 10.68 | Aug-17 | 10.2 | Jun-17 | 8.00 |

Note: Q1 refers to Jan - Mar 2017

Q2 refers to Apr- Jun 2017

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

\*Represents figures in annualised terms

***Source:*** *Bloomberg*

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

***Source:*** *Bloomberg*

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

***Source:*** *Bloomberg*

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

***Source:*** *Bloomberg*

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

***Source:*** *Bloomberg*

1. **Major Recent Developments Across the Globe**
   1. **Increase in entrepreneurial activity**

As per a recent publication by OECD, Entrepreneurial activity appears to be recovering from the crisis as new data also show that the number of new businesses created has been rising in most OECD countries. At the same time, the number of bankruptcies has fallen back to the level it was before crisis in most of the economies surveyed. Even in Iceland, Italy and Spain where business failure levels remain higher than in 2007, the latest 2017 quarterly data point show an improvement.

* 1. **Gender equality progress is very slow**

As per a latest report of OECD *The Pursuit of Gender Equality: An Uphill Battle* presents a stark call to action, highlighting that very little progress has been made since the 2012 report of OECD titled *Closing the Gender Gap Now*. “The pursuit of gender equality must be a priority to achieve sustainable, inclusive growth for the benefit of every citizen,” said OECD Chief of Staff and G20 Sherpa Gabriela Ramos at the launch of the report in advance of the Women’s Forum taking place in Paris. “There is no reason for women to trail behind men in social, economic, and political outcomes. Countries need to do much more to reach the gender equality goals.” In 2012 survey on the pursuit of gender equality, three most important gender inequality issues identified were: violence against women, the persisting large gender wage gap, and the unequal sharing of unpaid work.

**United States:**

* 1. As per the “third” estimates released by the Bureau of Economic Analysis the real GDP of US growth increased at 3.1 percent (Q-o-Q) (in annualised terms) during the second quarter of 2017 from 1.2 percent growth rate recorded in the previous quarter. The increase in real GDP reflected positive contributions from non-residential fixed investment, exports, residential fixed investment, and personal consumption expenditures that were partly offset by negative contributions from private inventory investment, federal government spending, and 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. IMF has revised down the growth forecast in the United States to 2.1 percent from 2.3 percent in 2017 and to 2.1 percent from 2.5 percent in 2018.
  2. As per data released by the Bureau of Labor Statistics, the consumer prices in USA went up by 1.9 percent (Y-o-Y) in August 2017. The price index for all items less food and energy rose by 1.7 percent (Y-o-Y) during the month. Unemployment rate in the US was 4.2 percent in August 2017 against 4.3 percent of the previous month. The Federal Open Market Committee (FOMC) on 20 Sep 2017 voted to maintain the target range for the federal funds rate at 1 to 1.25 percent.
  3. The seasonally adjusted Markit US Manufacturing Purchasing Managers’ Index (PMI) posted 52.8 in August 2017, slightly down from 53.3 of July. The Markit U.S. Services PMI recorded at 56.0 in August 2017 against 54.7 in July 2017.

***Observations:*** *The service sector moved up a gear in August, providing boost to the economy after the manufacturing growth appears to be slowing. Readings of manufacturing and service PMI surveys collectively point to the fastest rate of economic expansion since January as businesses enjoyed a summer growth spurt. The drop in the output index indicates that manufacturing could become a hindrance for economy in the third quarter, with exports reducing order book growth.*

**United Kingdom:**

* 1. As per the second estimate by Office for National Statistics, the British economy grew at 0.3 percent (Q-o-Q) in the Q2 2017, compared to 0.3 percent growth in the previous quarter. On a Y-o-Y basis, GDP expanded 1.7 percent in the Q2 2017 following a 2 percent expansion in the previous period. IMF has revised down the growth forecast in the United Kingdom to 1.7 percent from 2.0 percent in 2017 and to 1.5 percent in 2018.
  2. The CPI Inflation in the UK was at 2.9 percent (Y-o-Y) in August 2017 against 2.6 in July 2017. UK unemployment rate fell to 4.3 percent during the period May 2017 to July 2017 compared to 4.4 percent in the period April 2017 to June 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.
  3. Manufacturing PMI marked 56.9 in August 2017 from 55.3 in July 2017. The UK Services PMI marked 53.2 against 53.8 in the previous month.

***Observations:*** *The manufacturing PMI continued to show signs of an increase in growth taking it to 2nd highest in 3 years. Solid progress during the third quarter, with rates of expansion in output, new orders and employment all gathered pace in August. Manufacturing growth was supported by various market forces, as purchasing activity was strong, more jobs created and new orders rose across all three sectors. Sustained by a rebound in domestic demand, the sector’s overall performance was one of the strongest in past 3 years.*

**Japan:**

* 1. The Japanese economy advanced 0.6 percent (Q-o-Q) in the second quarter of 2017,below preliminary estimates of a 1.0 percent expansion. Business spending grew much slower than expected and private consumption rose slightly less than anticipated.In Y-o-Y terms, Japanese economy grew by 1.4 percent (Y-o-Y) during Q2 2017 as compared to 1.5 percent (Y-o-Y) in Q1 2017. The growth forecast for Japan has been revised down by IMF to 1.3 percent from 1.4 percent in 2017 and to 0.6 percent in 2018.
  2. Consumer prices in Japan rose to 0.7 percent in August 2017, after remaining stable for the last four months. The rise in the inflation was mainly driven by the increasing food prices. The seasonally adjusted unemployment rate in Japan remains stable at 2.8 percent in August 2017 as compared to the previous month.
  3. The Bank of Japan left its key short-term interest rate unchanged at -0.1 percent at its September 2017 meeting, as expected. The policymakers also decided to keep its 10 year Government bond yield target around 0 percent.

***Observations:*** *Resilient global growth and improving domestic demand are propping up Japan’s economy this year. However, ongoing geopolitical tensions could lead the yen to appreciate, hurting the external sector.*

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

* 1. The real GDP growth in the Euro area was recorded 2.2 percent in the Q2 2017 (Y-o-Y). In Q-o-Q terms, the Euro Area economy growth advanced by 0.6 percent (Q-o-Q) in Q2 2017 as compared to the previous quarter. Among Eurozone's countries, GDP expanded at a faster pace in Spain (0.9 percent), the Netherlands (1.5 percent) and Austria (0.9 percent).  GDP growth was unchanged in France (at 0.5 percent), Italy (at 0.4 percent) and Slovakia (at 0.8 percent), and slowed in Germany (0.6 percent), Belgium (0.4 percent), Cyprus (0.9 percent), Latvia (1.3 percent), Lithuania (0.6 percent) and Portugal (0.2 percent).
  2. Eurozone annual inflation increased by 1.5 percent year-on-year in August 2017, as compared to 1.3 percent gain in the previous month. The highest annual rates were recorded in Lithuania (4.6 percent), Estonia (4.2 percent), and Latvia (3.2 percent) and the lowest annual rates were registered in Ireland (0.4 percent), Cyprus (0.5 percent), Greece and Romania (both 0.6 percent).
  3. The seasonally-adjusted unemployment rate in the Eurozone recorded 9.1 percent in July 2017, stable compared to June 2017. Among the Member States, the lowest unemployment rates were recorded in the Czech Republic (2.9 percent) ,Germany (3.7 percent) and Malta( 4.1 percent); while the highest unemployment rates were observed in Greece (21.7 percent in May 2017) and Spain (17.1 percent).
  4. The European Central Bank decided to keep interests rates unchanged in its September meeting and held its benchmark refinancing rate at 0 percent. Policymakers confirmed that the net asset purchases are intended to run at the current monthly pace of €60 billion until the end of December 2017.Both the deposit rate and the lending rate were also left steady at -0.4 percent and 0.25 percent, respectively.

***Observations:*** *The Eurozone’s growth spurt likely remained strong in the second quarter as incoming data is bright.  While lower unemployment will continue to support household consumption, a strong euro could weigh on export growth. Accommodative monetary policy, falling unemployment and reduced uncertainty will support a robust expansion this year.*

**Brazil:**

* 1. GDP of Brazil advanced by 0.3 percent in the second quarter of 2017, following 0.4 percent contraction on the previous period. It is the first advancement in the growth rate since first quarter of 2014 mainly on account of recovery in household spending .As per recent World Economic Outlook by IMF, Brazil is expected to grow at 0.3 percent in 2017 and 1.3 percent in 2018.
  2. Consumer prices in Brazil increased by 2.46 percent (Y-o-Y) in August 2017, easing down from a 2.71 percent in the July 2017 and slightly below the market expectations. The Central Bank of Brazil executed another 100 basis point cut in its benchmark SELIC rate to 8.25 percent .It is the eighth straight rate decline, bringing borrowing costs to the lowest since September of 2013 amid slowing inflation and a sticky contraction. Unemployment Rate in Brazil further eased down to 12.8 percent in July 2017 from 13.0 percent rate recorded in June 2017.

**China:**

* 1. The Chinese economy expanded by 6.9 percent in the second quarter of 2017, at similar pace as compared to the first 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. According to IMF’s recent forecast, China’s growth is expected to remain at 6.7 percent in 2017, the same level as in 2016, and to decline modestly in 2018 to 6.4 percent.

* 1. Consumer prices in China increased by 1.8 percent (Y-o-Y) during August 2017, as compared to 1.4 percent in July 2017 slightly above market expectations. The People's Bank of China has kept benchmark one-year lending rate unchanged at 4.35 percent and has been the same since last cut of 25 basis point in October, 2015. Unemployment rate in China fell slightly to 3.95 percent in the second quarter of 2017 from 3.97 percent in the first quarter of 2017.

**Russia:**

* 1. The Russian economy expanded 2.5 percent(Y-o-Y) in the second quarter of 2017, following 0.5 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. A rebound in mining, manufacturing and trade and a jump in transportation boosted growth. The growth forecast for Russia is expected to remain at 1.4 percent for both 2017 and 2018.
  2. Consumer prices in Russia increased by 3.3 percent year-on-year in August 2017, from 3.9 percent increase in the previous month. The Central Bank of Russia has lowered its benchmark one-week repo rate to 8.5 percent due to unexpected slowdown in inflation. Russian unemployment rate fell down to 4.9 percent in August of 2017 from 5.1 percent in the previous month.

**South Africa**

* 1. The South African economy advanced 1.1 percent (Y-o-Y) in the second quarter of 2017, higher than 1 percent in the previous two quarters and beating market expectations. It is the highest growth rate in two years. As per IMF’s projections, the growth projection for South Africa is upwardly revised to 1.0 percent in 2017 but showed a downward revision to 1.2 percent from 1.6 percent in 2018.
  2. Consumer prices in South Africa increased 4.8 percent year-on-year in August 2017, from 4.6 percent in July and below market expectations. The South African Reserve Bank kept its benchmark repo rate steady at 6.75 percent at its September meeting. The unemployment rate in South Africa remained at 27.7 percent in the second quarter of 2017 as compared to the previous period. It is the highest jobless rate since 2004.

1. **Review of Global Financial Markets:** 
   1. Developed international stock markets were generally flat in August, though emerging markets equities gained ground, despite increased anxiety following a North Korean ballistic missile launch that passed over Japan. Geopolitical tension pushed investors into safe-haven assets, with gold trading at its highest levels since the election of President Donald Trump. On the other hand, Emerging markets stocks gained for the eighth straight month in August as investors’ risk appetite overcame a growing nuclear threat from North Korea and political turmoil in the U.S. The MSCI Emerging Markets rose for the eighth straight month and outperformed the MSCI World index.

The euro continued to strengthen against the U.S. dollar, but at a slower pace compared with the previous month. European stock funds suffered their largest redemptions in nearly six months as the region’s strengthening currency damped investor enthusiasm. Despite a stronger-than-expected economic expansion that helped Japan log its sixth straight quarter of growth, Japanese equities for U.S. dollar investors were essentially flat. China’s loss of growth momentum has been fairly modest until recently, the slowdown could become more pronounced over the rest of 2017. Brazil’s domestic stock benchmark rose to its highest level after the government announced plans to privatize key state-owned assets. Indian stocks declined. India’s gross domestic product (GDP) growth unexpectedly slowed to a three-year low in the June quarter as the government’s surprise demonetization effort last November and the launch of a new goods and services tax in July weighed on the economy.

* 1. MSCI World Index, which is a leading indicator for tracking the overall performance of stock markets in developed markets witnessed marginal decrease of 0.1 percent. On the other hand, MSCI Emerging Market Index registered an increase of 2.0 percent during August 2017. MSCI India Index registered a fall of 1.2 percent over the previous month. (Chart 3).

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

*Source: Bloomberg*

**Bond Markets:**

* 1. In bond markets, the yield of Government bonds declined over the month due to safe haven buying on escalating tensions between the US and North Korea. Although many market participants sought the safety of high-grade sovereign bonds in August, emerging markets debt outperformed most other fixed income sectors, driven by investor demand for higher yields and limited new supply.

* 1. U.S. Treasury yields decreased in August with increase in demand for Treasuries as inflation remained low while concerns about North Korea’s nuclear missile program grew. The 10-year Treasury note’s yield finished the month at 2.12 percent, marginally lower as compared to 2.29 in the previous month. U.K. 10-year gilt yields descended to 1.03 percent from 1.23 percent in the previous month.
  2. Government bond yields in core European markets gradually decreased from their early month highs with 10 year German bond yields decreasing to 0.36 percent at the end of August 2017. The 10 year government bond yield of China has increased marginally to 3.66 percent. The yield of India also increased marginally to 6.53 percent while the Russian bond yield descended to 7.78 percent in August 2017.

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

***Source****: Bloomberg*

**Currency Market:**

* 1. During August 2017 (by comparing the closing prices of the close of last trading days of the July and August), the U.S. dollar (USD) lost against 4 out of 7 currencies evaluated against it (i.e. INR, YEN, GBP, EURO, Real, Yuan and Ruble). The currencies gained Ruble (4.18 percent), Yuan (1.81 percent), Yen (0.25 percent) and Euro (0.11 percent) respectively against Dollar. The currencies which lost against it were GBP (2.67 percent), Real (0.82 percent) and INR (0.54 percent).
  2. US Dollar Index, an index representing the strength of dollar against basket of other major currencies, observed to be 92.67 on close of August 2017, it lost 0.21 percent against the basket of major currencies during August 2017, and was 9.34 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 August, Euro gained 11.35 percent followed by INR (5.88 percent), Yen (5.56 percent), Ruble (5.18 percent), Yuan (4.96 percent), GBP (4.32 percent) and Real (3.40 percent) respectively.
  4. Since the beginning of August 2015 till (closing prices of the last trading days of July 2015 and August 2017 were compared), Brazilian Real and Russian Ruble gained 8.07 and 5.58 percent respectively against USD. During the same period, INR remained same. Other currencies such as Yen gained 11.16 percent against USD. Euro gained 7.51 percent against USD while GBP depreciated by 21.19 percent against USD. Chinese Yuan has depreciated by 6.21 percent against USD.

**Chart 5: Movement of major currencies against US Dollar ($)**

**Source**: Bloomberg

**Trend in Market Indices:**

* 1. Major stock indices all over the world exhibited quite a mixed trend during August 2017. Amongst the developed markets Hong Kong’s Hang Seng witnessed an increase of 2.4 percent, followed by USA’s Nasdaq Composite increasing by 1.3 percent and FTSE 100 of UK marginally increasing by 0.8 percent during August 2017. Meanwhile, a decline was registered by Singapore STI falling by 1.6 percent, followed by Japan’s Nikkei and Dax of Germany decreasing by 1.4 percent and 0.5 percent respectively during the same period.
  2. As regards the emerging market indices, Russian Traded of Russia led the way with an increase of 8.9 percent, followed by Brazil’s Bovespa which increased by 7.5 percent and Budapest Stock Exchange of Hungary which recorded an increase of 6.5 percent during August 2017. On the contrary, a steep fall of 11.9 percent was registered by Karachi 30 of Pakistan, followed by Taiwan’s Taiex and BSE Sensex of India declining by 5.7 percent and 2.4 respectively percent during the same period.

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

**Source**: Bloomberg

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

**Source**: Bloomberg

**Market Capitalisation:**

* 1. Market capitalisation of major countries in the world, at the end of August 2017, is given in table A6 and is illustrated in Chart 8. The market capitalisation of all the major countries showed mixed trend during the month of August 2017.
  2. Among major developed markets, the market capitalisation of Hong Kong increased significantly by 3.3 percent while Germany showed a marginal increase of 0.1 percent during August 2017. UK and USA showed a decrease in their market capitalisation by 1.8 percent and 0.9 percent respectively while the market capitalisation of Singapore and Japan decreased by 0.7 percent and 0.3 percent respectively at the end of August 2017.
  3. As regards the emerging markets, the market capitalisation of India decreased slightly to USD 2.0 trillion while China’s market capitalisation saw a marginal increase by 5.8 percent to USD 7.5 trillion. The market capitalization of both Brazil and Russia ascended significantly by 7.5 percent. Argentina, Chile and South Africa showed increase in their market capitalisation and rose by 12.5 percent, 5.8 percent and 5.0 percent respectively at the end of August 2017.On the contrary, South Korea’s market capitalisation marginally declined by 1.4 percent in August 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 August 2017, the monthly notional turnover of index futures in CME Group was the highest at USD 5,427 billion followed by EUREX (USD 1,732 billion), Hong Kong Exchanges and Clearing (USD 771 billion) and Japan Exchange Group (USD 757 billion). In case of Index options, Korea Exchange recorded the monthly turnover of USD 4,136 billion followed by CME Group (USD 2,699 billion) and EUREX (USD 1,272 billion). Korea Exchange recorded highest number of contracts traded in Index option category, with 60.9 million contracts traded in August 2017, followed by Chicago Board Options Exchange (51.3 million contracts), EUREX (29.2 million contracts) and TAIFEX (20.2 million contracts).
  2. In case of Stock Options, BM&FBOVESPA recorded highest volume (58.9 million contracts) in terms of contracts traded on the major world exchanges followed by Nasdaq - US (51.4 million contracts), Chicago Board Options Exchange (34.8 million contracts), NYSE (27.4 million contracts) and EUREX (12.1 million contracts). In case of Stock Futures, Korea Exchange remains the number one exchange in terms of number of contracts traded with monthly volume of 27.2 million contracts, followed by Moscow Exchange (16.6 million contracts), Thailand Futures Exchange (3 million contracts) and TAIFEX (1.9 million contracts).

1. **Review of Indian Economy**
   1. As per the latest available release of Ministry of Statistics and Programme Implementation for quarterly estimates of GDP, for Q1 of 2017-18, quarterly GVA (Gross Value Added) at basic price of 2011-12 has shown a growth rate of 5.6 percent (Y-o-Y) against 7.6 percent of same quarter of previous fiscal year. Agriculture sector's GVA at basic price has been estimated at 2.3 percent in Q1 of 2017-18 as against 2.5 percent of same quarter of previous fiscal year. Manufacturing sector grew by 1.2 percent as compared to growth of 10.7 percent in previous fiscal year. For the financial, real estate and professional services sector, quarterly GVA at basic prices, grew by 6.4 percent as compared to growth of 9.4 percent in previous fiscal year.
   2. GDP in 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 51.2 in August up from 47.9 in July. The Nikkei India Services PMI Index noted 47.5 in August against 45.9 in July.

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

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

***Source:*** *CSO*

**Index of Industrial Production**

* 1. India’s General Index of Industrial Production (IIP) increased by 1.2 percent in July 2017, against 4.5 percent growth recorded in July 2016 (both over the corresponding period in the previous year), with manufacturing grew by 0.1 percent as compared to its 5.3 percent growth in previous year. Electricity grew at 6.5 percent in July as compared to 2.1 percent growth in previous year. Mining grew by 4.8 percent in July, compared to a growth of 0.9 percent in previous year. During April-July 2017-18, the IIP grew 1.7 percent, against 6.5 percent growth recorded in April-July 2016-17.

**Inflation**

* 1. India's CPI inflation grew by 3.36 percent in August, as compared to 2.36 percent in July. Food prices (as measured by CFPI) showed an increase of 1.52 percent in August as compared to contraction of 0.36 percent in July. The Repo rate currently stands at 6.00 percent.

**Trade – Exports and Imports**

* 1. Exports during August 2017 growing by 10.29 percent in dollar terms valued at USD 23.82 billion as compared to USD 21.60 billion during same month of last year. Imports increased by 21.02 percent to USD 35.46 billion in August 2017 from 29.30 billion during the same month of last year. The merchandise trade deficit was USD 11.64 billion in during August 2017, against the deficit of USD 7.71 billion of August 2016. Taking merchandise and services together, overall trade deficit for April- August 2017-18 was estimated at USD 39.87 billion, against the deficit of USD 12.72 billion during April-August 2016-17.

**Foreign Exchange Reserves**

* 1. Since the end of March 2017, forex reserves have increased by about USD 24,595.30 million. The reserves were recorded at USD 394.55 billion as on 25 August 2017. (Exhibit 4)

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **25 Aug 2017** | **28 Jul 2017** | **30 Jun 2017** | **26 May 2017** |
| **Total Reserves** | 394.6 | 392.9 | 386.5 | 378.8 |
| **Foreign Currency Assets** | 370.8 | 368.8 | 362.4 | 354.5 |
| **Gold** | 19.9 | 20.3 | 20.3 | 20.4 |
| **SDRs** | 1.5 | 1.5 | 1.5 | 1.5 |
| **Reserve Position in the IMF** | 2.3 | 2.3 | 2.3 | 2.3 |

***Source:*** *RBI*

1. **Annex Tables:**

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** | **Index** | **As on**  **March\*,2016** | **As on March\*,2017** | **As on**  **July\* , 2017** | **As on**  **August\*, 2017** |
| *1* | *2* | *3* | *4* | *5* | *6* |
| Australia | All Ordinaries | 5151.8 | 5903.8 | 5773.91 | 5776.25 |
| France | CAC 40 | 4385.1 | 5089.6 | 5093.77 | 5085.59 |
| Germany | Dax | 9965.5 | 12256.4 | 12118.25 | 12055.84 |
| Hong Kong HSI | Hang Seng | 20776.7 | 24111.6 | 27323.99 | 27970.30 |
| Japan NIKKEI | Nikkei 225 | 16758.7 | 18909.3 | 19925.18 | 19646.24 |
| Singapore STI | Straits Times | 2840.9 | 3175.1 | 3329.52 | 3277.26 |
| UK | FTSE 100 | 6174.9 | 7322.9 | 7372.00 | 7430.62 |
| USA DOW JONES | Dow Jones Industrial Average | 17685.1 | 20663.2 | 21891.12 | 21948.10 |
| USA NASDAQ Composite | Nasdaq Composite | 4869.8 | 5911.7 | 6348.12 | 6428.66 |
| India (BSE) | Sensex | 25341.9 | 29620.5 | 32514.94 | 31730.49 |
| India (NSE) | Nifty 50 | 7738.4 | 9173.8 | 10077.10 | 9917.90 |
| Brazil | Bovespa | 50055.3 | 64984.1 | 65920.36 | 70835.05 |
| Chile | Stock Market Select | 3937.5 | 4783.4 | 5064.63 | 5153.15 |
| China | Shanghai SE Composite IX | 3003.9 | 3222.5 | 3273.03 | 3360.81 |
| Colombia | IGBC General | 9871.5 | 10150.7 | 10956.24 | 11048.63 |
| Egypt | Hermes | 687.3 | 1167.8 | 1215.02 | 1209.93 |
| Hungary | Budapest Stock Exchange | 26451.0 | 31634.3 | 35769.87 | 38092.26 |
| Indonesia | Jakatra Composite | 4845.4 | 5568.1 | 5840.94 | 5864.06 |
| Malaysia | FTSE Bursa Malaysia KLCI | 1717.6 | 1740.1 | 1760.03 | 1773.16 |
| Mexico | Bolsa | 45881.1 | 48541.6 | 51011.88 | 51210.48 |
| Pakistan | Karachi 30 | 19167.5 | 25615.6 | 23837.63 | 21002.90 |
| Russia | Russian Traded | 1203.3 | 1509.7 | 1364.22 | 1486.25 |
| South Africa | FTSE/JSE Africa All Share | 52250.3 | 52056.1 | 55207.41 | 56522.11 |
| Taiwan | Taiwan Taiex | 8744.8 | 9811.5 | 8665.34 | 8174.92 |
| Thailand | Stock Exchange of Thai | 1407.7 | 1575.1 | 1576.08 | 1616.16 |
| Turkey | ISE National 100 | 83268.0 | 88947.4 | 107531.40 | 110010.50 |

\*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** | |
|
| **Jul-17** | **Aug-17** | **Jul-17** | **Aug-17** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| **Developed Markets** |  |  |  |  |  |
| Australia | All Ordinaries | 0.8 | 0.5 | 16.0 | 16.0 |
| France | CAC 40 | 0.8 | 0.7 | 15.1 | 15.0 |
| Germany | Dax | 0.7 | 0.8 | 13.4 | 13.2 |
| Hong Kong HSI | Hang Seng | 0.7 | 0.8 | 13.0 | 12.9 |
| Japan NIKKEI | Nikkei 225 | 0.4 | 0.6 | NA | NA |
| Singapore STI | Straits Times | 0.7 | 0.5 | 15.2 | 14.9 |
| UK | FTSE 100 | 0.6 | 0.7 | 15.3 | 15.2 |
| USA DOW JONES | Dow Jones Industrial Average | 0.3 | 0.4 | 18.0 | 18.0 |
| USA NASDAQ Composite | Nasdaq Composite | 0.5 | 0.8 | 24.0 | 24.1 |
| **Emerging Markets** |  |  |  |  |  |
| India (BSE) | S&P Sensex | 0.5 | 0.7 | 21.8 | 22.6 |
| India (NSE) | Nifty 50 | 0.5 | 0.7 | 20.9 | 22.0 |
| Argentina | Indice Bolsa General | 1.0 | 1.4 | 17.2 | 15.1 |
| Brazil | Bovespa | 0.7 | 0.8 | 12.5 | 13.7 |
| Chile | Stock Market Select | 0.5 | 0.4 | 18.8 | 19.7 |
| China | Shanghai SE Composite IX | 0.5 | 0.7 | 14.5 | 14.8 |
| Colombia | IGBC General | 0.6 | 0.6 | 14.8 | 16.2 |
| Egypt | Hermes | 0.6 | 0.7 | 11.6 | 11.4 |
| Hungary | Budapest Stock Exchange | 0.7 | 0.6 | 11.5 | 11.9 |
| Indonesia | Jakatra Composite | 0.6 | 0.6 | 16.8 | 16.7 |
| Malaysia | FTSE Bursa Malaysia KLCI | 0.2 | 0.3 | 16.2 | 16.5 |
| Mexico | Bolsa | 0.5 | 0.4 | 18.9 | 18.9 |
| Pakistan | Karachi 30 | 1.9 | 1.3 | 9.5 | 8.8 |
| Russia | Russian Traded | 1.2 | 0.8 | 6.5 | 6.8 |
| South Korea | Kospi Index | 0.5 | 0.7 | NA | 10.7 |
| South Africa | FTSE/JSE Africa All Share | 0.6 | 0.6 | 15.7 | 16.2 |
| Taiwan | Taiwan Taiex | 0.5 | 0.6 | 14.1 | 14.3 |
| Thailand | Stock Exchange of Thai | 0.2 | 0.5 | 15.6 | 16.1 |
| Turkey | ISE National 100 | 0.8 | 1.0 | 9.5 | 9.4 |

NA.: Not Available

**Source**: Bloomberg,

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Stock Exchange** | **Jul-17** | | | **Aug-17** | | |
| **Bonds (USD Million)** | **Equity (USD Million)** | **Total (USD Million)** | **Bonds (USD Million)** | **Equity (USD Million)** | **Total (USD Million)** |
| Australian Securities Exchange | NA | 2,648 | 2,648 | NA | 3,881 | 3,881 |
| BME Spanish Exchanges | NA | 11,362 | 11,362 | NA | 512 | 512 |
| Bolsa de Comercio de Buenos Aires | 4,094 | 5 | 4,099 | 3,332 | 0 | 3,332 |
| Borsa Istanbul | 7,541 | 81 | 7,622 | 6,887 | 59 | 6,946 |
| Euronext | NA | 3,994 | 3,994 | NA | 10,593 | 10,593 |
| Hong Kong Exchanges and Clearing | 10,966 | 3,539 | 14,505 | 4,484 | 1,753 | 6,237 |
| Irish Stock Exchange | 883 | 334 | 1,217 | 0 | 74 | 74 |
| Japan Exchange Group Inc. | 10,194 | 1,776 | 11,970 | NA | NA | NA |
| Johannesburg Stock Exchange | 2,338 | 174 | 2,512 | 4,851 | 1,317 | 6,167 |
| Korea Exchange | 41,181 | 983 | 42,164 | 39,579 | 226 | 39,805 |
| London SE Group | 50,453 | 5,733 | 56,186 | 30,952 | 1,494 | 32,446 |
| Moscow Exchange | 22,609 | 0 | 22,609 | 27,046 | NA | 27,046 |
| Nasdaq - US | NA | 754 | 754 | NA | 208 | 208 |
| Nasdaq Nordic Exchanges | 1,857 | 96 | 1,953 | 1,648 | 0 | 1,648 |
| NYSE | NA | 7,756 | 7,756 | NA | 6,872 | 6,872 |
| Oslo Bors | 1,370 | 159 | 1,529 | 3,192 | 0 | 3,192 |
| Shanghai Stock Exchange | NA | 4,972 | 4,972 | NA | 4,552 | 4,552 |
| Shenzhen Stock Exchange | 1,335 | 4,380 | 5,715 | 5,384 | 12,167 | 17,550 |
| Singapore Exchange | 23,170 | 1,901 | 25,071 | 30,499 | 188 | 30,687 |
| SIX Swiss Exchange | 4,578 | 29 | 4,607 | 930 | 0 | 930 |
| Tel-Aviv Stock Exchange | 2,887 | 460 | 3,346 | 1,099 | 229 | 1,328 |
| TMX Group | 46 | 2,641 | 2,687 | 1,224 | 2,810 | 4,035 |
| Warsaw Stock Exchange | NA | 1,465 | 1,465 | NA | 8,567 | 8,567 |

NA: Not Available

**Source**: World Federation of Exchanges

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Exchange** | **Aug-17** | | | |
| **Stock options** | | **Stock futures** | |
| **Number of contracts traded** | **Notional turnover (USD Million)** | **Number of contracts traded** | **Notional turnover (USD Million)** |
| **Americas** |  |  |  |  |
| BM&FBOVESPA | 5,88,72,932 | 36,816 | 0 | 0 |
| Bolsa de Comercio de Buenos Aires | 21,72,695 | 0 | 0 | 0 |
| Chicago Board Options Exchange | 3,47,87,890 | NA | NA | NA |
| Nasdaq - US | 5,13,69,505 | NA | NA | NA |
| NYSE | 2,73,93,282 | 6,044 | NA | NA |
|  |  |  |  |  |
| **Asia - Pacific** |  |  |  |  |
| Australian Securities Exchange | 85,74,391 | 15,811 | 81,619 | 81 |
| Hong Kong Exchanges and Clearing | 1,14,76,147 | 33,836 | 10,281 | 77 |
| Japan Exchange Group | 82,362 | NA | NA | NA |
| Korea Exchange | 17,73,290 | NA | 2,71,73,822 | 21,913 |
| TAIFEX | 17,309 | 64 | 19,05,066 | 11,025 |
| Thailand Futures Exchange | NA | NA | 29,81,904 | NA |
|  |  |  |  |  |
| **Europe - Africa - Middle East** |  |  |  |  |
| Athens Derivatives Exchange | 511 | 0 | 7,10,814 | 91 |
| BME Spanish Exchanges | 13,42,502 | 1,198 | 67,023 | 63 |
| Borsa Istanbul | 2,16,429 | 50 | 16,80,848 | 350 |
| EUREX | 1,21,49,329 | 59,717 | 15,41,303 | 7,372 |
| Euronext | 52,46,800 | 18,171 | 21,851 | 70 |
| Johannesburg Stock Exchange | 10,81,236 | 43 | 3,93,492 | 634 |
| Moscow Exchange | 1,19,410 | 36 | 1,65,52,595 | 4,666 |
| Nasdaq Nordic Exchanges | 16,19,619 | 2,599 | 3,08,933 | 403 |
| Oslo Bors | 0 | 0 | 0 | 0 |
| Tehran Stock Exchange | 6,08,530 | 0 | 0 | 0 |
| Tel-Aviv Stock Exchange | 71,007 | 396 | 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** | **Aug-17** | | | |
| **Stock index options** | | **Stock index futures** | |
| **Number of contracts traded** | **Notional turnover (USD Million)** | **Number of contracts traded** | **Notional turnover (USD Million)** |
| **Americas** |  |  |  |  |
| BM&FBOVESPA | 20,58,631 | 25,826 | 2,78,76,053 | 1,58,021 |
| Chicago Board Options Exchange | 5,12,85,481 | NA | NA | NA |
| CME Group | 1,66,79,043 | 26,98,930 | 4,51,03,984 | 54,26,560 |
| ICE Futures US | 4,806 | 666 | 44,06,536 | 4,51,512 |
| MexDer | 957 | 27 | 39,364 | 1,097 |
| Nasdaq - US | 3,24,831 | NA | NA | NA |
|  |  |  |  |  |
| **Asia - Pacific** |  |  |  |  |
| Australian Securities Exchange | 9,29,579 | 41,625 | 7,70,383 | 85,592 |
| Hong Kong Exchanges and Clearing | 31,09,945 | 3,35,907 | 70,88,975 | 7,71,207 |
| Japan Exchange Group | 26,03,651 | NA | 1,97,64,401 | 7,56,882 |
| Korea Exchange | 6,08,96,375 | 41,36,070 | 67,30,378 | 3,79,829 |
| Singapore Exchange | 8,82,363 | NA | 1,22,92,950 | NA |
| TAIFEX | 2,02,14,068 | 3,49,509 | 59,92,665 | 2,88,586 |
| Thailand Futures Exchange | 1,47,799 | NA | 21,50,298 | NA |
|  |  |  |  |  |
| **Europe - Africa - Middle East** |  |  |  |  |
| Athens Derivatives Exchange | 3,757 | 19 | 37,355 | 194 |
| BME Spanish Exchanges | 1,60,879 | 1,970 | 5,94,279 | 60,134 |
| Borsa Istanbul | 31,328 | 118 | 41,48,087 | 16,149 |
| EUREX | 2,92,19,785 | 12,71,810 | 2,98,41,053 | 17,31,820 |
| Euronext | 14,47,486 | 89,228 | 35,66,014 | 2,62,825 |
| Johannesburg Stock Exchange | 4,32,407 | 204 | 11,93,945 | 27,799 |
| Moscow Exchange | 29,84,139 | 6,158 | 1,17,17,136 | 23,873 |
| Nasdaq Nordic Exchanges | 5,81,335 | 11,273 | 31,82,862 | 61,425 |
| Oslo Bors | 0 | 0 | 0 | 0 |
| Tel-Aviv Stock Exchange | 38,00,481 | NA | NA | NA |
| Warsaw Stock Exchange | 29,491 | 199 | 3,02,265 | 4,090 |

NA: Not Available

**Source**: World Federation of Exchanges

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Stock Exchange** | **Jun-17** | **Jul-17** | **Aug-17** | **M-o-M change(%)** |
| *1* | *2* | *3* | *4* | *5* |
| **Developed Markets** |  |  |  |  |
| Australia | 12,51,211 | 13,19,104 | 13,18,586 | (0.0) |
| France | 23,47,027 | 24,15,866 | 23,93,031 | (0.9) |
| Germany | 21,61,548 | 22,30,539 | 22,32,023 | 0.1 |
| Hong Kong | 45,77,354 | 47,99,582 | 49,56,829 | 3.3 |
| Japan | 56,52,599 | 57,40,647 | 57,24,992 | (0.3) |
| Singapore | 5,42,662 | 5,56,580 | 5,52,464 | (0.7) |
| UK | 34,32,329 | 35,50,345 | 34,84,869 | (1.8) |
| USA | 2,69,97,561 | 2,74,54,116 | 2,72,20,399 | (0.9) |
|  |  |  |  |  |
| **Emerging Markets** |  |  |  |  |
| India | 19,50,997 | 20,74,592 | 20,73,860 | (0.0) |
| Argentina | 81,623 | 77,320 | 86,980 | 12.5 |
| Brazil | 7,35,076 | 8,25,849 | 8,88,118 | 7.5 |
| Chile | 2,34,502 | 2,52,972 | 2,67,210 | 5.6 |
| China | 69,96,993 | 70,99,266 | 75,11,278 | 5.8 |
| Colombia | 1,01,477 | 1,09,619 | 1,10,475 | 0.8 |
| Egypt | 39,915 | 41,280 | 41,437 | 0.4 |
| Hungary | 25,994 | 28,448 | 30,264 | 6.4 |
| Indonesia | 4,75,382 | 4,77,442 | 4,80,328 | 0.6 |
| Malaysia | 4,08,102 | 4,11,184 | 4,13,297 | 0.5 |
| Mexico | 3,87,145 | 4,06,887 | 4,13,396 | 1.6 |
| Pakistan | 89,007 | 88,473 | 80,328 | (9.2) |
| Russia | 5,22,597 | 5,21,878 | 5,60,778 | 7.5 |
| South Korea | 15,02,685 | 15,38,579 | 15,17,718 | (1.4) |
| South Africa | 4,42,066 | 4,71,397 | 4,94,784 | 5.0 |
| Taiwan | 11,40,915 | 11,51,150 | 11,66,678 | 1.3 |
| Thailand | 4,49,716 | 4,59,737 | 4,72,054 | 2.7 |
| Turkey | 2,12,196 | 2,27,294 | 2,37,880 | 4.7 |

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

***Source****: Bloomberg*

**Sources:**

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

HIGHLIGHTS OF DEVELOPMENTS IN

INTERNATIONAL SECURITIES MARKETS

1. SEC Monitoring Market Impact of Hurricane Harvey

*30th August, 2017*: The SEC is closely monitoring the impact of Hurricane Harvey on investors and capital markets. The SEC Divisions and Offices that oversee companies, accountants, investment advisers, mutual funds, brokerage firms, transfer agents, and other regulated entities and investment professionals will continue to closely track developments. They will evaluate the possibility of granting relief from filing deadlines and other regulatory requirements for those affected by the storm.

*Source: https://www.sec.gov/news/pressrelease/2017-150.html*

1. SEC Uncovers Wide-Reaching Insider Trading Scheme.

*16th August, 2017:* The SEC announced insider trading charges against seven individuals who generated millions in profits by trading on confidential information about dozens of impending mergers and acquisitions. Data analysis allowed the SEC’s enforcement staff to uncover the illicit trading despite the traders’ alleged use of shell companies, code words, and an encrypted, self-destructing messaging application to evade detection. According to the SEC’s complaint, Daniel Rivas, a former IT employee of a large bank, was at the center of the alleged scheme, misusing his access to a bank computer system to tip four individuals who traded on the information. He allegedly tipped others who also traded and passed along the tips. According to the complaint, the traders profited on market-moving news related to 30 impending corporate deals from October 2014 to April 2017.

*Source: https://www.sec.gov/news/pressrelease/2017-143.html*

1. SEC Staff Publishes Report on Access to Capital and Market Liquidity

*8th August, 2017:* The EC Division of Economic and Risk Analysis (DERA) today published a report describing trends in primary securities issuance and secondary market liquidity, and assessing how those trends relate to post-crisis regulatory reforms. The report includes a survey and analysis of recent academic literature, as well as original analyses drawn from publicly available databases and non-public regulatory filings. The report examines the issuance of debt, equity, and asset-backed securities, as well as activity and liquidity in U.S. Treasuries, corporate bonds, single-name credit default swaps, and bond funds. Specifically, the report identifies trends for unregistered offerings, such as those under Regulation D and Regulation Crowdfunding, as well as fixed income transactions, fixed income quotations, and broker-dealer financial positions.

*Source: www.sec.gov/news/press-release/2017-150*

1. IOSCO consults on recommendations to improve transparency of corporate bond markets.

*14th August, 2017:* IOSCO published today its proposed recommendations for increasing transparency and the information on secondary corporate bond markets available to both regulators and the public. The consultation report Regulatory Reporting and Public Transparency in the Secondary Corporate Bond Markets sets forth seven recommendations that update IOSCO´s 2004 report on Transparency of Corporate Bond Markets. It recommends that regulatory authorities should have sufficient information to perform effectively their regulatory functions. It also recommends that the regulatory authorities should look at how they could enhance pre-trade transparency in corporate bond markets and implement regimes that require post-trade transparency, taking into account the potential impact pre- and-post trade transparency may have on market liquidity. It is IOSCO’s view that an increase in publicly available information on corporate bond trading supports the price discovery process and enables participants in the corporate bond markets to make more informed investment choices and better assess execution quality.

*Source: https://www.iosco.org/news/pdf/IOSCONEWS472.pdf*

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