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**CAPITAL MARKET REVIEW**

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

Resource mobilisation through primary securities market witnessed slowdown during May 2017 compared to the previous month. During May 2017, the primary market witnessed 7 equity issues that mobilised ` 1,480 crore compared to 12 issues in April 2017 that raised `3,200crore. All equity issues in May 2017 were initial public offerings (IPOs).

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Items** | **May-17** | | **Apr-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 | 7 | 1,480 | 10 | 2,833 | 17 | 4,313 | 11 | 5,009 |
| (i) Debt | 0 | 0 | 1 | 1,969 | 1 | 1,969 | 2 | 665 |
| (ii) Equity, of which |  |  |  |  |  |  |  |  |
| IPOs | 7 | 1,480 | 9 | 864 | 16 | 2,344 | 9 | 4,344 |
| FPOs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b. Rights Issues | 0 | 0 | 2 | 368 | 2 | 368 | 1 | 75 |
| Total Equity Issues a(ii)+b | 7 | 1,480 | 11 | 1,232 | 18 | 2,712 | 10 | 4,419 |
| ***Grand Total (a+b)*** | ***7*** | ***1,480*** | ***12*** | ***3,200*** | ***19*** | ***4,680*** | ***12*** | ***5,084*** |

***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 May of the respective years*

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

Qualified Institutional Placement (QIP) is an alternative mode of resource raising available for listed companies to raise funds from domestic market. In a QIP, a listed issuer issues equity shares or non-convertible debt instruments along with warrants and convertible securities other than warrants to Qualified Institutional Buyers only. In May 2017, ` 7,298.04 crore was mobilised through five QIP issues compared to ` 5,206.65 crore was mobilised through five 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 48 preferential allotments (amounting to ` 2,377 crore) listed at BSE and NSE together during May 2017, compared to 41 preferential allotments (amounting to ` 1,835 crore) listed during April 2017 **(*Table 11*)**.

1. **Private Placement of Corporate Debt**

Private placement mechanism dominates the resource mobilization through corporate bonds.During May 2017, an amount of `33,389 crore was raised through private placement of 301 issues in the corporate bond market. However, there was no public issue of debt during the month**(*Table 12 and Exhibit 1A*)**.

Further, in May 2017, the total amount mobilised through public issues and private placement of both debt and equity combined stood at ` 44,544crore as compared to ` 74,060 crore in April 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$** | **2,712** | **16,716** | **19,428** | **1,969** | **97,208** | **99,176** | **1,18,604** |
| 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 |

***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 May 2017 are provisional*

1. **Resource Mobilisation by Mutual Funds**

In May 2017, there was a net outflow of ` 40,711 crorefrom mutual funds. During the month, there were outflow of `59,593crore from income / debt oriented schemes whereas inflow of ` 10,737 crore into growth / equity oriented schemes. Balanced schemes recorded inflow of ` 7,663 crore. Exchange traded funds witnessed net inflow of ` 514 crore of which there was an outflow of ` 71 crore from gold ETFs and an inflow of ` 584crore in other ETFs. The Fund of funds schemes investing overseas registered net outflow of ` 33 crore. The cumulative net assets under management by all mutual funds decreased by 9.8 per cent to ` 19,03,975crore at the end of May 2017 from ` 19,26,302 crore at the end of April 2017 **(*Tables 52 & 54*).**

1. **Trends in the Secondary Market**

The Indian stock market witnessed moderate gain during May 2017. At the end of May 2017, S&P BSE Sensex closed at 31145.8 witnessing 4.1 per cent gain over its last month’s closing at 29918.4. The Nifty 50 also increased by 3.4 per cent to close at 9,621.3 at the end of May 2017 compared to previous month’s closing at 9304.1 (***Figure 1***). S&P BSE Sensex and Nifty 50 touched their intraday highs of 31255.28 and 9649.60 respectively on May 31, 2017. Both Sensex and Nifty touched their intraday lows of 29804.12 and 9269.9 respectively on May 2, 2017.

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

Reflecting the steady trend in market movements, the market capitalisation of BSE increased by 0.8 per cent to ` 1,25,80,119crore at the end of May 2017, from ` 1,24,84,963 crore at the end of April 2017. Market capitalization at NSE also rose to ` 1,24,16,789crore from ` 1,23,03,875 crore during the same period witnessing a gain of 0.9 per cent. The P/E ratios of S&P BSE Sensex and Nifty 50 were 22.7 and 24.4 respectively at the end of May 2017 compared to 22.9 and 23.6 respectively a month ago (***Exhibit 2***).

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2017-18$** | **2016-17** | **May-17** | **Apr-17** | **Percentage change over previous month** |
| *1* | *2* | *3* | *4* | *5* | *6* |
| **A. Indices** |  |  |  |  |  |
| S&P BSE Sensex | **31146** | **29621** | 31145.8 | 29918.4 | 4.1 |
| Nifty 50 | **9621** | **9174** | 9621.3 | 9304.1 | 3.4 |
| 1. **Market Capitalisation** | |  |  |  |  |
| BSE | **1,25,80,119** | **1,21,54,525** | 1,25,80,119 | 1,24,84,963 | 0.8 |
| NSE | **1,24,16,789** | **1,19,78,421** | 1,24,16,789 | 1,23,03,875 | 0.9 |
| **C. Gross Turnover** | | | | | |
| BSE | **1,66,176** | **9,98,261** | 91,106 | 75,070 | 21.4 |
| NSE | **10,60,612** | **50,55,913** | 5,88,502 | 4,72,110 | 24.7 |
| **D. P/E Ratio** | | | | | |
| S&P BSE Sensex | **22.7** | **22.6** | 22.7 | 22.9 | -0.9 |
| Nifty 50 | **24.4** | **23.3** | 24.4 | 23.6 | 3.0 |
| **E. No. of Listed Companies** | | | | | |
| BSE | **5,783** | **5,834** | 5,783 | 5,828 | -0.8 |
| NSE | **1,814** | **1,817** | 1,814 | 1,831 | -0.9 |

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

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

The monthly turnover of BSE (cash segment) increased by 21.4 per cent to ` 91,106crore in May 2017 from ` 75,070crore in April 2017. The monthly turnover of NSE (cash segment) also increased by 24.7 per cent to ` 5,88,502crore in May 2017 from ` 4,72,110 crore in April 2017.

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

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

Indian securities market showcased an overall positive scenario during May 2017 as indicated by different market indices. Among BSE indices, in May 2017, S&P BSE FMCG index increased the most (7.4 per cent), followed by S&P BSE Bankex index (4.8 per cent) and S&P BSE Teck index (4.5 per cent). On the other hand, S&P BSE Healthcare index fell by 9.0 per cent followed by S&P BSE PSU index (4.4 per cent) and S&P BSE Power index (4.2 per cent). As regards NSE indices, Nifty FMCG index rose the most (8.8 per cent), followed by Nifty MNC index (5.5 per cent) and Nifty IT index (5.4 per cent), whereas Nifty Pharma index fell by 10.1 per cent, followed by Nifty Media index (6.3 per cent) and Nifty Midcap 50 index (4.2 per cent). Among BSE indices the S&P BSE Metal index recorded the highest daily volatility (1.6 per cent), followed by BSE Capital Goods index (1.3 per cent) and S&P BSE Healthcare index (1.3 per cent) during the month under review. At NSE during the same period, daily volatility of Nifty PSU Bank index was the highest at 1.9 per cent, followed by Nifty Pharma index (1.5 per cent) and Nifty Small 100 index (1.5 per cent) (***Exhibit 3***).

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **BSE** | | | **NSE** | | |
| **Index** | **Change over Previous quarter** | **Volatility** | **Index** | **Change over Previous quarter** | **Volatility** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| S&P BSE Sensex | 4.1 | 0.6 | Nifty 50 | 3.3 | 0.6 |
| S&P BSE 100 | 2.5 | 0.7 | Nifty Next 50 | -1.6 | 1.1 |
| S&P BSE 200 | 1.8 | 0.7 | Nifty 100 | 2.5 | 0.6 |
| S&P BSE 500 | 1.5 | 0.7 | Nifty 200 | 1.8 | 0.7 |
| S&P BSE Large Cap | 2.8 | 0.6 | Nifty 500 | 1.5 | 0.7 |
| S&P BSE Small Cap | -2.2 | 1.1 | Nifty Midcap 50 | -4.2 | 1.3 |
| S&P BSE Consumer Durables | -1.7 | 1.0 | Nifty Midcap 100 | -3.7 | 1.1 |
| S&P BSE Capital Goods | -1.0 | 1.3 | Nifty Small 100 | -3.6 | 1.5 |
| S&P BSE Bankex | 4.8 | 1.0 | Nifty Bank | 4.8 | 0.9 |
| S&P BSE Teck | 4.5 | 0.8 | Nifty IT | 5.4 | 0.9 |
| S&P BSE FMCG | 7.4 | 1.2 | Nifty FMCG | 8.8 | 1.3 |
| S&P BSE Metal | 0.1 | 1.6 | Nifty Pharma | -10.1 | 1.5 |
| S&P BSE PSU | -4.4 | 1.0 | Nifty PSU Bank | -3.8 | 1.9 |
| S&P BSE Power | -4.2 | 1.1 | Nifty Media | -6.3 | 1.5 |
| S&P BSE Healthcare | -9.0 | 1.3 | Nifty MNC | 5.5 | 0.8 |

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

1. **Trends in Depository Accounts**

The total number of investor accounts at the end of May 2017 was 158 lakh at NSDL (an increase of 0.71 per cent over April 2017) and 126 lakh at CDSL (an increase of 1.23 per cent over April 2017). The number of investor accounts increased by 7.55 per cent at NSDL and by 14.61 per cent at CDSL over the number of investor accounts at the respective depositories in May 2016 **(*Table 58*)**.

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

India is one of the most vibrant markets for exchange traded equity derivatives in the world. The monthly total turnover in equity derivatives market at NSE increased by 25.6 per cent to ` 1,18,81,402crore in May 2017from ` 94,59,682 crore in April 2017 (***Figure 4***). During the month under review options on index accounted for about 78 per cent of the total turnover in the F&O segment at NSE. During May 2017, monthly turnover of index futures, index options, stock futures and stock options increased compared to the previous month. The open interest in value terms in the equity derivative segment of NSE went up by 18.4 per cent to `3,12,588crore as on May 31, 2017 from `2,63,899 crore as on April 30, 2017.

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

The monthly total turnover in equity derivative segment of BSE fell to ` 1,086 crore in May 2017 from` 1,343 crore in April 2017. The open interest in value terms in equity derivatives segment of BSE increased to ` 21 crore as on May 31, 2017 from ` 7 crore as on April 30, 2017 (***Exhibit 4***).

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Particular** | **NSE** | | | **BSE** | | |
| **Apr-17** | **May-17** | **Percentage Change Over Month** | **Apr-17** | **May-17** | **Percentage Change Over Month** |
| *1* | *2* | *3* | *4* | *5* | *6* | *7* |
| **A. Turnover (`crore)** | | | | | | |
| (i) Index Futures | 3,14,580 | 3,75,949 | 19.5 | 1,330 | 1,081 | -18.8 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 35,54,411 | 46,30,978 | 30.3 | 2 | 0 | NA |
| *Call* | 37,29,736 | 46,17,328 | 23.8 | 6 | 0 | NA |
| (iii) Stock Futures | 11,60,682 | 14,02,148 | 20.8 | 4 | 5 | 24.4 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 2,13,125 | 2,74,833 | 29.0 | 0 | 0 | NA |
| *Call* | 4,87,147 | 5,80,167 | 19.1 | 0 | 0 | NA |
| **Total** | **94,59,682** | **1,18,81,402** | **25.6** | **1,343** | **1,086** | **-19.1** |
| **B. No. of Contracts** | | | | | | |
| (i) Index Futures | 41,74,077 | 48,16,269 | 15.4 | 18,597 | 14,812 | -20.4 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 4,55,48,822 | 5,73,43,652 | 25.9 | 32 | 0 | NA |
| *Call* | 4,61,81,751 | 5,52,23,511 | 19.6 | 82 | 0 | NA |
| (iii) Stock Futures | 1,53,23,013 | 1,97,24,492 | 28.7 | 51 | 69 | 35.3 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 28,23,557 | 38,14,715 | 35.1 | 0 | 0 | NA |
| *Call* | 33,15,699 | 75,98,657 | 129.2 | 0 | 0 | NA |
| **Total** | **11,73,66,919** | **14,85,21,296** | **26.5** | **18,762** | **14,881** | **-20.7** |
| **C. Open Interest in terms of Value (`crore)** | | | | | | |
| (i) Index Futures | 27,328 | 30,061 | 10.0 | 6 | 20 | -69.7 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 64,879 | 86,819 | 33.8 | 0 | 0 | NA |
| *Call* | 58,586 | 72,712 | 24.1 | 0 | 0 | NA |
| (iii) Stock Futures | 96,621 | 99,829 | 3.3 | 0 | 1 | 87.5 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 6,019 | 8,637 | 43.5 | 0 | 0 | NA |
| *Call* | 10,465 | 14,531 | 38.8 | 0 | 0 | NA |
| **Total** | **2,63,899** | **3,12,588** | **18.4** | **7** | **21** | **223.0** |
| **D. Open Interest in terms of No of Contracts** | | | | | | |
| (i) Index Futures | 3,66,737 | 3,92,833 | 7.1 | 86 | 274 | -68.6 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 8,91,605 | 11,15,753 | 25.1 | 0 | 0 | NA |
| *Call* | 8,05,799 | 9,44,876 | 17.3 | 0 | 0 | NA |
| (iii) Stock Futures | 14,23,124 | 15,16,297 | 6.5 | 5 | 7 | 40.0 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 84,454 | 1,25,279 | 48.3 | 0 | 0 | NA |
| *Call* | 1,46,418 | 2,17,334 | 48.4 | 0 | 0 | NA |
| **Total** | **37,18,137** | **43,12,372** | **16.0** | **91** | **281** | **208.8** |

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 11.76 at the end of May 2017, higher than 10.86 registered at the end of April 2017 (***Figure 5***). During May 2017 there was no trade in VIX futures contract. Consequently, the open interest in India VIX contracts was zero at the end of May 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 May 2017 fell by 1.2 per cent to ` 3,93,123crorefrom ` 3,98,004 crorein April 2017. During the same time themonthly turnover of currency derivatives at BSE went up by 14.0 per cent to ` 3,86,288crorefrom ` 3,38,721 crore and the monthly turnover of currency derivatives at MSEI increased by 33.6 per cent to `13,582 crore from `10,170 crore (***Figure 6and 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 May 2017, the monthly turnover of interest rate futures at NSE decreased by 32.34 per cent to ` 22,208 crorefrom ` 32,824 crorein April 2017. The turnover of interest rate futures at BSE increased by 10.7 per cent to ` 12,230 crore in May 2017 from ` 11,047 crore in April 2017. At MSEI, there was no trade in interest rate futures in both the months (***Figure 7and 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 May 2017, the composite index MCXCOMDEX and Dhaanya index of NCDEX both sloped downwards to close at 3110.18 and 2807.32, respectively. MCXCOMDEX decreased by 1.21 percent while Dhaanyadecreased by 7.03 percent over closing values of previous month. (Figure 8). MCXCOMDEX recorded an intraday high of 3186.87 on May, 23, 2017 while 2995.12 on May 05, 2017 was its lowest intra-day level during the month. NCDEX Dhaanya recoded an intra-day high of 3039.36 on May 02, 2017 and an intra-day low of 2795.32 on May 31, 2017. Significant decline of Dhaanya may be attributed to decline in prices of all nine constituents of the index. The group indices of MCXCOMDEX, namely, MCX Metal, MCX Energy and MCX Agri. decreased by 0.89 percent, 2.27 percent and 0.33 percent, respectively.**(Details in Table 61 to 69).**

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

Source: MCX and NCDEX

Daily volatility during May 2017 of MCXCOMDEX and NCDEX Dhaanya indices was recorded at 0.75 percent and 0.77 percent, respectively. Among the component indices of MCXCOMDEX, MCX Energy recorded highest volatility of 1.83 percent, followed by MCX Metal (0.60 percent) and MCX Agri. (0.52 percent). The daily volatility and return over the previous month of commodity futures market indices is shown in the Exhibit 5 below:

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **MCX** | | | **NCDEX** | | |
| **Index** | **Change over Previous month** | **Daily Volatility** | **Index** | **Change over Previous month** | **Daily Volatility** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| MCXCOMDEX | -1.21 | 0.75 | Dhaanya | -7.03 | 0.77 |
| MCX Metal | -0.89 | 0.60 |  |  |  |
| MCX Energy | -2.27 | 1.83 |  |  |  |
| MCX Agri. | -0.33 | 0.52 |  |  |  |

Source: MCX and NCDEX

During May 2017, two national commodity exchanges viz. MCX and NMCE and a regional commodity exchange of CoC, Hapur recorded an increase in turnover over their respective turnover during April 2017, while turnover at NCDEX marginally declined over the previous month. The total turnover in agricultural commodities at all the three national exchanges stood at `55,621crore while that of the non - agricultural commodities stood at `4, 11,755crore in May 2017.Presently, the non-agricultural commodities of Bullion, Metals and Energy segments are traded only at MCX.

The turnover at MCX increased to `4,21,344crore in May 2017, an increase of 15.67 percent over `3,64,260crorerecorded during April 2017. The contribution to the total turnover at MCX from energy segment was at 37.42 percent followed by Metal segment at 30.94 percent, Bullion segment with 29.36 percent and agricultural commodities had a share of 2.28 percent.

The total turnover at NCDEX has decreased from `43,955crore in April 2017 to `43,263 crore in May 2017, a decrease of 1.6 percent.

The total turnover at NMCE has increased from `2,367crore in April2017 to `2,770crore in May 2017, an increase of 17.0 percent. The entire turnover at NCDEX and NMCE is exclusively contributed by the agricultural commodities segment.

The total turnover of agricultural commodities was the highest at NCDEX (`43,263crore) followed by MCX (`9,589crore) and NMCE (`2,770crore) (Figure 9). (Figure 10). Details in Table 63, 64, & 65.

A regional commodity exchange, Chamber of Commerce (CoC), Hapur, is trading only Mustard Seed contract. CoC, Hapur recorded a turnover of `529crore during May 2017 as against total turnover of `456crore during April 2017, an increase of 16.1 percent.

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

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

**Exhibit 6: Periodic variation (M-o-M and Y-o-Y) in futures closing prices for near month contracts of commodities traded at MCX, NCDEX and NMCE**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Commodities traded at MCX | Closing value as on 31/05/2017 | Variation in prices as on 31/05/2017 (percent) | | Commodities traded at NCDEX / NMCE | Closing value as on 31/05/2017 | Variation in prices as on 31/05/2017 (percent) | |
|
| M-o-M | Y-o- Y | M-o-M | Y-o- Y |
| MCX Comdex | 3110 | -1.2 | 5.2 | Dhaanya Index | 2807 | -7.0 | -7.1 |
| MCX AGRI Index | 2434 | -0.3 | 6.4 | Guar seed 10 MT | 3354 | -13.2 | 8.0 |
| MCX Metal Index | 4531 | -0.9 | 8.5 | Guar Gum | 7248 | -13.3 | 38.6 |
| MCX Energy Index | 2339 | -2.3 | -1.1 | Soybean | 2696 | -8.1 | -29.7 |
| Gold | 29094 | 0.8 | 0.5 | Turmeric | 5322 | -12.1 | -33.2 |
| GoldM | 29016 | 0.4 | 0.6 | Sugar | 3750 | 2.5 | 5.5 |
| Gold Petal | 2927 | 0.1 | 1.7 | RM seed | 3483 | -7.3 | -21.4 |
| Gold Guinea | 23548 | 0.3 | 1.5 | Soy Oil | 620 | 1.6 | -4.5 |
| Silver | 40096 | 0.1 | 4.4 | Maize Kharif | 1383 | -5.6 | -5.8 |
| Silver Mini | 40128 | 0.1 | 4.5 | Cottonseed oilcake | 1790 | -9.1 | -23.3 |
| Silver Micro | 40133 | 0.1 | 4.5 | Wheat | 1596 | -0.9 | -4.9 |
| Nickel | 580 | -3.0 | 3.6 | Jeera | 17630 | -9.5 | 7.9 |
| Nickel Mini | 580 | -5.1 | 1.4 | Coriander | 4730 | -28.0 | -30.8 |
| Copper | 369 | -1.1 | 18.0 | Barley | 1414 | -8.5 | -10.3 |
| Copper Mini | 369 | -1.1 | 18.0 | Chilli | 6580 | -8.0 | -45.9 |
| Lead Mini | 137 | -5.9 | 19.3 | V797 kapas | 928 | -6.5 | 3.2 |
| Lead | 137 | -5.9 | 19.3 | Shankar Kapas | 1112 | 0.3 | 1.9 |
| Crude Oil | 3127 | -1.5 | -6.2 | Castor Seed | 4228 | -9.8 | NA |
| Crude Brent | 3363 | 1.7 | -0.6 |  |  |  |  |
| Natural Gas | 199 | -6.4 | 28.1 |  |  |  |  |
| Cardamom | 974 | -19.4 | 20.6 | **NMCE** |  |  |  |
| Zinc | 168 | -0.8 | 29.4 | Castor Seed 10 MT | 4197 | -10.9 | 53.8 |
| Zinc Mini | 168 | -0.9 | 29.4 | Rubber | 12232 | -12.5 | 8.7 |
| Aluminum | 124 | 0.9 | 18.9 | Raw Jute | 3745 | -6.2 | -35.2 |
| Aluminum Mini | 124 | 0.9 | 18.9 | Isabgul Seed | 11427 | -1.4 | -0.9 |
| Cotton | 21000 | 0.9 | 15.4 | RM seed  Guar Seed | 611.5  3326 | -7.4  -13.8 | -13.5  24.1 |
| CPO | 498 | 1.9 | -6.4 |
| Mentha Oil | 938 | -1.6 | NA | Pepper | 51670 | -8.3 | -20.1 |
| Castor Seed | 4460 | -3.3 | NA |  |  |  |  |

**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. If the near month contract is expiring within 10 days, next expiry contract is considered.

**Source** : Bloomberg & NMCE

At the end of May 2017, M-o-M returns among the near month contracts of non-agricultural commodities were positive for Gold, Silver, Brent Crude Oil, and Aluminum (Exhibit 6). During the month, Brent CrudeOil futures prices gained by 1.7 percent, followed by Aluminum and Aluminum Mini (0.9 percent each), gold and its variants closed with positive returns ranging from 0.1 to 0.8 percent. Prices of Silver and its variants increased in the range of 0.1 percent to 0.5 percent. M-o-M prices of Natural Gas futures declinedthe most by -6.4 percent, followed by Lead and Lead Mini (both -5.9 percent), Nickel Mini ((-5.1 percent), Nickel (-3.0 percent), Crude Oil (-1.5 percent), Copper and Copper Mini (-1.1 percent each), Zinc Mini (-0.9 percent) and Zinc (-0.8 percent).

Among all the agricultural commodities traded at all three national exchanges, very few contracts generated positive M-o-M returns. Among the top gainers, Sugar futures recorded highest gain of 2.5 percent, followed by Crude Palm Oil (1.9 percent) and Refined Soy Oil (1.6 percent). Among the top osers in terms of M-o-M prices, Coriander declined the most by (-28.0 percent), followed by Cardamom (- 19.4 percent), Guar Gum (-13.3 percent) and Guar Seed(-13.2 percent

On Y-o-Y basis, in terms of futures prices a positive trend is observed among non-agricultural commodities. Among them, Zinc futures were the top gainer with 29.4 percent increase, followed by Natural Gas (28.1 percent) and Lead (19.3 percent each), Among losers, prices of Crude Oil declined by -6.2 percent, followed by Brent Crude Oil (-0.6 percent).

Among agricultural commodities, Y-o-Y returns in terms of futures prices was highest for Castor Seed contract at NMCE (53.8 percent), followed by Guar Gum(38.6 percent), Cardamom(20.6 percent)and Cotton (15.4 percent), On the other hand, Y-o-Y return on prices among agricultural commodities declined the most for Chilly (-45.9 percent), followed by Raw Jute (-35.2 percent) Turmeric (-33.2 percent) and Coriander(- 30.8 percent).

1. **Trading in Corporate Debt Market**

During May 2017, BSE recorded 2,123 trades of corporate debt with a traded value of ` 30,365crore compared to 2,287 trades with a traded value of `37,605 crore recorded in April 2017. At NSE, 4,942 trades were reported in May 2017 with a traded value of ` 95,578 crore compared to 4,718 trades with value of ` 1,01,729crore 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 ` 18,872 crore in May 2017 out of which ` 9,358 crore was invested in equity and ` 9,514 crore was invested in debt. This is a decrease over total investment of ` 67,177 crore in April 2017 out of which ` 11,244 crore was invested in equity and ` 55,933 crore was invested in debt (***Figure 12***).

As on May 31, 2017, there were a total of 2,129 mutual fund schemes in the market, of which 1,515 (71.2 per cent) were income / debt oriented schemes, 491 (23.1 per cent) were growth / equity oriented schemes, 31 (1.5 per cent) were balanced schemes, 63 (3.0 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 May 2017, the FPIs remained net buyers in the Indian securities market to the tune of ` 26,866 crore. There were net inflow of ` 7,711 crore in equity and ` 19,155 crore in debt (***Figure 13***).

The assets of the FPIs in India, as reported by the custodians, at the end of May 2017 was` 28,56,637crore, out of which the notional value of offshore derivative instruments (including ODIs on derivatives) was ` 1,33,045crore, constituting 4.7 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 0.8 per cent to ` 10,09,057crore in May 2017 from ` 10,00,994 crore in April 2017. However, during the same time the AUM of Non-discretionary PMS fell by 2.8 per cent from ` 78,716 crore to ` 76,491 crore. AUM of Advisory services, on the other hand, increased by 1.1 per cent from ` 1,86,399crore to ` 1,88,541 crore.

In terms of number of clients, at the end of May 2017, out of 85,774 clients in PMS industry, discretionary services category leads with total of 79,302 clients, followed by non-discretionary category with 4,913 clients and advisory category with 1,559 clients. ***(Table 57)***

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

In May 2017, five open offers with offer value of `441crore were made to the shareholders as against nine open offers with offer value of `587crore in April 2017 (***Figure 14***).

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

**MONTHLY REVIEW OF GLOBAL FINANCIAL MARKETS[[1]](#footnote-2)**

**Snapshots**

**United States:**

GDP expanded by 1.4 percent in Q1of 2017 (Y-o-Y) as compared to 2.1 percent in Q4 2016. CPI inflation was 1.9 percent (Y-o-Y) in May 2017. Unemployment rate fell to 4.3 percent in May 2017 from 4.4 percent in previous month.

**United Kingdom**

Real GDP grew by 0.7 percent (Y-o-Y) in Q1 2017against 1.5 percent of Q4 2016. CPI inflation was 2.9 percent (Y-o-Y) in May 2017 as compared to 2.7 in April. Unemployment rate remained at 4.5 percent during the period March 2017 to May 2017.

**Japan:**

GDP expanded by 1.3 percent (Y-o-Y) in Q1 2017, as compared to 1.7 percent in Q4. CPI inflation was 0.4 percent (Y-o-Y) in May 2017. Unemployment rate increased to 3.1 in May 2017 up from 2.8 percent in April 2017.

**Euro Zone (EA19):**

GDP advanced by 1.9 percent (Y-o-Y) in Q1 2017.CPI inflation decreased to 1.4 percent (Y-o-Y) in May 2017 against 1.9 percent in April 2017. Unemployment remained unchanged at 9.3 percent in May 2017.

**BRIC Nations:**

* Real GDP of Brazil contracted by 0.4 percent (Y-o-Y) in Q1 2017. CPI inflation came down to 3.6 percent in May 2017. Unemployment rate increased to 13.3 percent May 2017.
* Russia’s GDP advanced by 0.5 percent (Y-o-Y) in Q1 2017. CPI inflation was 4.1 percent (Y-o-Y) in May 2017. Unemployment rate decreased slightly to 5.2 percent in May 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. Consumerprices in India recorded 3.0 percent (Y-o-Y) in April 2017, decreasing from a 3.9 percent in March 2017.
* GDP of China expanded by 6.9 percent (Y-o-Y) in the March quarter of 2017. Consumer prices in China rose by 1.5 percent (Y-o-Y) in May 2017, compared to a 1.2 percent rise in April 2017. Unemployment rate slightly fell to3.97 percent in March quarter.
* GDP of South Africa advanced by 1.0 percent, against 0.7 percent in the previous quarter. Consumer prices increased by 5.4 percent in May 2017. Unemployment rate in South Africa increased to 27.7 percent in the first quarter of 2017.

1. **Introduction:**
   1. Recovery across the globe is continuing with temporary dips in few economies. The World Bank in its recent Global Economic Prospects observed that although global activity is picking up, downside risks emanate from increased trade protectionism, elevated economic policy uncertainty, the possibility of financial market disruptions, and, over the longer term, weaker potential growth.
   2. Economic scenario has been improving as confirmed from the data of the first quarter of 2017 in most of the major economies. However, there are exceptions of the Brexit-impacted UK and temporary dips in the US and India, which are both expected to rebound in the remainder of the year. The Eurozone has had a strong start to the year as well, and the recovery is expected to continue. Besides, the latest GDP data of the Japanese economy are pointing to a higher level of growth in 2017 compared with the previous year. Although China has witnessed slowdown in recent months, the GDP growth remained robust. India was impacted temporarily by demonetization in the first quarter, however, growth rate is forecast to increase in coming quarters. Brazil and Russia are forecast to rebound into recovery after two years of recession, depending on the development of commodity prices and in the case of Brazil on its near-term political developments.
2. **Major Recent Developments Across the Globe:**
   1. **Food and Agriculture Organization of the United Nations (FAO) and The Organisation for Economic Co-operation and Development (OECD) see slower growth in demand keeping world food prices low**

Food commodity prices are expected to remain low globally, over the next decade compared to previous peaks, as demand in a number of emerging economies is expected to slow down and biofuel policies have a diminished impact on markets, according to the latest 10-year agricultural outlook published by the OECD and FAO in July 2017.

As per the OECD-FAO Agricultural Outlook 2017-2026, the completed replenishment of cereal stocks by 230 million metric tonnes over the past decade, combined with abundant stocks of most other commodities, should also help limit growth in world prices, which are now being observed at their levels before the 2007-08 food price crisis.

* 1. **Employment rate increases to 67.4 percent in the first quarter of 2017 in OECD**

Employment rate for OECD area defined as the share of people of working-age in employment – increased by 0.2 percent in Q1 2017, to 67.4 percent. In the same period, the labour force participation rate (i.e. the share of people of working-age who are either employed or unemployed) increased by 0.1 percent, to 71.8 percent in OECD.

Compared to the Q1 2016, the OECD employment rate increased for all age groups. Older workers (ages 55-64) saw the highest increase over the year (up by 1.1 percent, to 59.9 percent) with more moderate increases for youth (ages 15-24, up by 0.5 percent, to 41.1 percent) and prime-age workers (ages 25-54, up by 0.5 percent, to 77.5 percent).

**The World Economy:**

* 1. The World Bank in its Global Economic Prospects released in June 2017 has observed that across the world, countries are recovering, albeit at different pace. Following a subdued performance for two years, industrial activity as well as global trade has been picking up. In emerging market and developing economies (EMDEs), trade in commodity market is gaining momentum. The World Bank projected the global growth to accelerate to 2.7 per cent in 2017, up from a post-crisis low of 2.4 per cent in 2016, before strengthening further to 2.9 per cent in 2018-19.
  2. As regards advanced economies, the recovery is expected to gain momentum in 2017. Growth rate in the US is picking up while the Eurozone and the Japanese economy is also witnessing faster recovery underlined by strengthening domestic demand and exports. As per World Bank forecast, growth of advance economy is expected to accelerate to 1.9 per cent in 2017, before moderating gradually in 2018-19.
  3. The scenario in the emerging market and developing economies is comparatively better. Growth is strengthening mainly due to recovery in commodity exporters is being led by some large economies. As a result of improving commodity trades, the growth rates in EMDEs strengthened. The World Bank has projected that EMDEs would grow at 4.1 per cent in 2017 and 4.5 per cent in 2018. However, the World Bank opined that although short-term scenario in many EMDEs might be appearing to be good, the longer-term EMDE outlook is constrained by structural headwinds to world trade and slowing productivity growth.

**Exhibit 1: Estimates and Projections of Real GDP by the World Bank**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Region / Country** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** |
|  | | Estimates | Projections | | |
| **World** | **2.8** | **2.7** | **2.4** | **2.7** | **2.9** | **2.9** |
| **Advanced Economies** | **1.9** | **2.1** | **1.7** | **1.9** | **1.8** | **1.7** |
| United States | 2.4 | 2.6 | 1.6 | 2.1 | 2.2 | 1.9 |
| Euro Area | 1.2 | 2.0 | 1.8 | 1.7 | 1.5 | 1.5 |
| Japan | 0.3 | 1.1 | 1.0 | 1.5 | 1.0 | 0.6 |
| **Emerging and Developing Economies (EMDEs)** | **4.3** | **3.6** | **3.5** | **4.1** | **4.5** | **4.7** |
| *BRICS* | 5.1 | 3.9 | 4.2 | 5.0 | 5.2 | 5.4 |
| Brazil | 0.5 | -3.8 | -3.6 | 0.3 | 1.8 | 2.1 |
| Russia | 0.7 | -2.8 | -0.2 | 1.3 | 1.4 | 1.4 |
| China | 7.3 | 6.9 | 6.7 | 6.5 | 6.3 | 6.3 |
| India | 7.2 | 7.9 | 6.8 | 7.2 | 7.5 | 7.7 |
| South Africa | 1.6 | 1.3 | 0.3 | 0.6 | 1.1 | 2.0 |

**Notes:**

1. BRICS include: Brazil, Russia, India, China, and South Africa.
2. Aggregate growth rates calculated using constant 2010 U.S. dollars GDP weights.
3. GDP growth values are on a fiscal year basis. Aggregates that include these countries are calculated using data compiled on a calendar year basis.

**Source:** *World Bank.*

**The Organisation for Economic Co-operation and Development (OECD)[[2]](#footnote-3):**

* 1. The Organisation for Economic Co-operation and Development (OECD) was born on 30 September 1961. It is an organisation of 35 member countries worldwide who together try to identify problems, discuss and analyse them, and promote policies to solve them. Most OECD members are high-income economies with a very high Human Development Index (HDI) and are regarded as developed countries.
  2. As per the provisional estimates, real GDP in the OECD area increased by 0.5 per cent quarter-on-quarter (Q-o-Q) in the first quarter of 2017, compared with 0.7 per cent in the previous quarter, mainly reflecting reduced contributions from private consumption and investment. Net exports also has some contribution to overall GDP growth. Year-on-year (Y-o-Y) GDP growth for the OECD area was stable at 2.0 per cent in the first quarter of 2017.
  3. According to provisional estimates, the real GDP in the G20 area grew at 0.9 per cent, in the first quarter of 2017. On a Y-o-Y basis, GDP growth for the G20 area increased to 3.4 per cent in the first quarter of 2017 from 3.3 per cent in the previous quarter.
  4. Annual inflation in the OECD area slowed to 2.1 per cent in May 2017, compared with 2.4 per cent in April 2017. Excluding food and energy, inflation in the OECD area marginally slowed to 1.8 per cent, compared with 1.9 per cent in April. The OECD unemployment rate was stable at 5.9 per cent in May 2017, the same reading compared to the previous month.

**Exhibit 2: Major Macroeconomic Indicators**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Developed**  **Countries** | **Country / Region** | **Quarterly Growth Real GDP** | | | | **Annual CPI Inflation** | | **Unemployment Rate** | | **Benchmark Interest Rate** |
| **Y-o-Y** | **period** | **Q-o-Q** | **period** | **Rate** | **Period** | **Rate** | **Period** |
| United States | 2.10 | Q1 | 1.40 | Q1 | 1.90 | May-17 | 4.30 | May-17 | 1.25 |
| United Kingdom | 2.00 | Q1 | 0.20 | Q1 | 2.90 | May-17 | 4.50 | May-17 | 0.25 |
| Eurozone | 1.90 | Q1 | 0.60 | Q1 | 1.40 | May-17 | 9.30 | May-17 | 0.00 |
| Germany | 1.70 | Q1 | 0.60 | Q1 | 1.50 | May-17 | 3.90 | May-17 | 0.00 |
| France | 1.10 | Q1 | 0.50 | Q1 | 0.80 | May-17 | 9.60 | Q1 of 2017 | 0.00 |
| Japan | 1.30 | Q1 | 0.30 | Q1 | 0.40 | May-17 | 3.10 | May-17 | -0.10 |
| **BRICS** | Brazil | -0.40 | Q1 | 1.00 | Q1 | 3.60 | May-17 | 13.30 | May-17 | 10.25 |
| Russia | 0.50 | Q1 | NA | - | 4.10 | May-17 | 5.20 | May-17 | 9.00 |
| India | 6.10 | Q1 | 1.50 | Q1 | 2.18 | May-17 | NA | - | 6.25 |
| China | 6.90 | Q1 | 1.30 | Q1 | 1.50 | May-17 | 3.97 | Q1 of 2017 | 4.35 |
| South Africa | 1.00 | Q1 | -0.70 | Q1 | 5.40 | May-17 | 27.7 | Q1 of 2017 | 7.00 |
| **Other Ems** | South Korea | 2.90 | Q1 | 1.10 | Q1 | 2.00 | May-17 | 3.60 | May-17 | 1.25 |
| Indonesia | 5.01 | Q1 | -0.34 | Q1 | 4.33 | May-17 | 5.33 | Q1 of 2017 | 4.75 |
| Turkey | 5.00 | Q1 | 1.40 | Q1 | 11.72 | May-17 | 10.5 | Apr-17 | 8.00 |

Note: Q1 refers to Jan - Mar 2017

***Source:*** *Bloomberg*

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

***Source:*** *Bloomberg*

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

***Source:*** *Bloomberg*

**United States:**

* 1. As per the “third” estimates released by the Bureau of Economic Analysis the real GDP of US growth increased at 1.4 percent (Q-o-Q) (in annualised terms) during the first quarter of 2017 from 2.1 percent growth rate recorded in the previous quarter. The increase in real GDP in the first quarter reflected positive contributions from non-residential fixed investment, exports, residential fixed investment, and PCE that were partly offset by negative contributions from private inventory investment, federal government 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.
  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 May 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 marginally fell to 4.3 percent in May 2017 from 4.4 percent in the previous month. The Federal Open Market Committee (FOMC) on June 14, 2017 decided to raise federal funds rate to 1.25 percent in view of positive market conditions.
  3. The seasonally adjusted Markit US Manufacturing Purchasing Managers’ Index (PMI) posted 52.7 in May 2017, again slightly down from 52.8 of April. The Markit U.S. Services PMI also moderated marginally to 53.6 in May 2017 from 53.1 in April 2017.

***Observations:****Manufacturing output, order books along with employment were observed to grow at only modest rates as slow sales prompted firms to scale back hiring. Exports sales remained especially dull, due to a possible outcome of relatively strong dollar.*

**United Kingdom:**

* 1. As per the second estimate by Office for National Statistics, the British economy grew at 0.7 percent (Q-o-Q) in the Q1 2017, compared to 1.5 percent growth in the previous quarter. UK GDP growth in Q1 2017 saw a fall in consumer facing industries such as retail and accommodation and household spending also slowed. There was strong growth in the output of the services sector with a notable contribution in consumer-focused industries. On a Y-o-Y basis, GDP expanded 1.9 percent in the fourth quarter of 2016 following a 2 percent expansion in the previous period.
  2. The CPI Inflation in the UK increased to 2.9 percent (Y-o-Y) in May 2017 against 2.7 percent in April 2017. UK unemployment rate fell to 4.5 percent during the period March 2017 to May 2017 compared to 4.6 percent in the period February 2017 to April 2017. The Bank of England Monetary Policy Committee kept the Bank Rate at same as of 0.25 percent and left the stock of purchased assets at £435 billion on June 14, 2017.
  3. Manufacturing PMI further softened to 56.7 in May 2017 from 57.3 in April 2017. The UK Services PMI moved down to 53.8 from 55.8 in the previous month.

***Observations:*** *The main driver of the upturn remains the ongoing strength of the domestic market. Despite the assistance of a historically weak sterling exchange rate, growth of new export business played a lesser role in comparison, with the trend in foreign demand continuing to improve only in fits and starts. The upturn may be sustained, as growth of new orders appears to remain solid, backlogs of work rose at the quickest pace in six years and business optimism improved to a 20-months’ high.*

**Japan:**

* 1. The Japanese economy grew 0.3 percent (Q-o-Q) in the firstquarter of 2017, at the same pace in the previous quarter. It was the strongest expansion since Q1 of 2016 quarter supported by private consumption, exports and an unexpected rise in capital expenditure.In Y-o-Y terms, Japanese economy grew by 1.3percent (Y-o-Y) during Q1 of 2017 as compared to 1.7 percent (Y-o-Y) in Q4 of 2016.
  2. Consumer prices in Japan increased by 0.4 percent in May 2017,at same pace as in April.Prices went up faster for electricity but fell further for fresh fruits and vegetables. The seasonally adjusted unemployment rate in Japan increased to 3.1 percentin May 2017 up from 2.8 percent as compared to previous month.
  3. The Bank of Japan left its key short-term interest rate unchanged at -0.1 percent at its April 2017 meeting, as expected.The policymakers also decided to maintain its 10 year Government bond yield target around 0 percent.

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

**Euro Area (EA19)[[3]](#footnote-4):**

* 1. The real GDP growth in the Euro area was recorded 1.9 percent in the Q1 of 2017 (Y-o-Y). In Q-o-Q terms, the Euro Area economy growth rate increased by 0.6 percent (Q-o-Q) in Q1 of 2017 as compared to the previous quarter. Among the largest economies in the Euro area, the GDP growth of Germany, Spain and Belgium increased to 0.6 percent, 0.8 percent and 0.5 percent as compared to 0.4 percent, 0.7 percent and 0.4 percent respectively in Q4. In contrast, economic growth decelerated in France and Cyprus to 0.3 percent and 0.6 percent as compared to 0.5 percent and 0.7 percent respectively.
  2. Eurozone annual inflation decreased to 1.4 percent year-on-year in May 2017 from 1.9 percent increase in the previous month. The highest annual rates were recorded in Estonia (3.5 percent), Latvia (3.5 percent) and Lithuania (3.3 percent) and  the lowest in Ireland (0.0percent),Romania (0.5 percent), Denmark and Netherlands(both 0.7 percent).The Inflation rose in Germany (2.0 percent),Italy (2.0 percent) and Spain (2.6 percent) while was stable in France(1.4 percent).
  3. The seasonally-adjusted unemployment rate in the Eurozone recorded 9.3 percent in May 2017, unchanged from previous month.This remains the lowest rate recorded in the euro area since March 2009. Among the Member States, the lowest unemployment rates were recorded in the Czech Republic (3.0 percent) ,Germany (3.9 percent) and Malta( 4.1 percent); while the highest unemployment rates were observed in Greece (22.5 percent in March 2017) and Spain (17.7 percent).
  4. The European Central Bank held its benchmark refinancing rate at 0 percent for the eleventh consecutive meeting and left the pace of its bond-purchases unchanged, as widely expected. Policymakers confirmed the monthly asset purchases will run at the current monthly pace of €80 billion until March, and from April, they are intended to continue at a monthly pace of €60 billion until the end of the year. Both the deposit rate and the lending rate were also left steady at -0.4 percent and 0.25 percent, respectively.

***Observations:*** *Momentum is clearly firming in the Eurozone’s economy. A firmer labour market and stronger economy will support the healthy expansion of the Eurozone in the coming year. On the macroeconomic front, economic growth indicators in the euro-area continued to signal a robust and improving level of economic activity.*

**Brazil:**

* 1. GDP of Brazil contracted by 0.4 percent in the first quarter of 2017, performing better than market expectations. It was the twelfth straight quarter of contraction for the country but at the slowest pace in 2 years, mainly on account of decline in consumer spending and smaller investment.
  2. Consumer prices in Brazil increased by 3.60 percent (Y-o-Y) in May2017, easing down from a 4.08 percent rise in the April 2017 and below the marketexpectations.The Central Bank of Brazil executed another 100 basis point cut in its benchmark SELIC rate to 10.25 percent .It is the sixth straight rate decline, bringing borrowing costs to the lowest since December of 2013 amid slowing inflation and a sticky contraction.Unemployment Rate in Brazil came downto 13.3 percent in May 2017, down from 13.6 percent rate recorded in April 2017.

**China:**

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

* 1. Consumer prices in China increased by 1.5 percent (Y-o-Y) during May 2017, following a 1.2 rise in April 2017 matching market consensus. The People's Bank of China has kept benchmark one-year lending rate unchanged at 4.35 percent and has been the same since last cut of 25 basis point in October, 2015. Unemployment rate in China fell slightly to 3.97 percent in the first quarter of 2017 from 4.02 percent in the December 2016 quarter.

**Russia:**

* 1. The Russian economy expanded 0.5 percent(Y-o-Y) in the first quarter of 2017, following 0.3 percent growth in the previous quarter. The economy is expected to return to growth in 2017 after two years of contraction as a result of recovering private consumption and fixed investment. Higher oil prices also helped strengthen up government revenues and support exports.
  2. Consumer prices in Russia increased by 4.1 percent year-on-year in May 2017, at the same pace as in the previous month and in line with market expectations.  
     The Central Bank of Russia has lowered its benchmark one-week repo rate by 25 bps to 9 percent, while markets expected a 50 bps rate cut, to maintain inflation close to the 4 percent target.Russian unemployment rate declined to 5.2 percent in April of 2017 from 5.3 percent in the previous month and below market expectations of 5.3 percent.

**South Africa**

* 1. The South African economy advanced 1 percent (Y-o-Y) in the first quarter of 2017, higher than 0.7 percent in the previous two quarters and matching market expectations. A recovery in agriculture and stronger growth in trade, finance, real estate, business and government services drove the expansion, offsetting contraction in mining, manufacturing and utilities.
  2. Consumer prices in South Africa increased 5.4 percent year-on-year in May of 2017, higher than 5.3 percent in March which was the lowest rate since December of 2015.The South African Reserve Bank kept its benchmark repo rate on hold at 7 percent at its May meeting, in line with market expectations.The unemployment rate in South Africa increased to 27.7 percent in the first quarter of 2017 from 26.5 percent in the previous period. It is the highest jobless rate since 2004.

1. **Review of Global Financial Markets:** 
   1. International stocks recorded strong gains as sentiment picked up, following better-than-expected corporate earnings, less global uncertainty, improving economic data and the election of a pro-European Union (EU) president in France. Japan registered positive returns amid a strong corporate earnings season and generally positive economic data.The Bank of England kept interest rates unchanged at its monetary policy meeting, despite an uptrend in inflation. The MSCI Emerging Markets index posted a positive return and outperformed the MSCI World.
   2. A supportive global backdrop was beneficial for emerging markets. Emerging markets stocks rose for the sixth straight month in May as solid economic data worldwide assured investors of a sustained global recovery. Most developing world countries reported first-quarter gross domestic product (GDP) growth that either matched or exceeded forecasts. China lifted sentiment as indicators signaled broadly stable growth and its foreign currency reserves rose for the third straight month. Most emerging markets currencies strengthened against the U.S. dollar in May, which also helped returns. The MSCI Emerging Markets Index hit a two-year high near month-end.
   3. MSCI World Index, which is a leading indicator for tracking the overall performance of stock markets in developed markets witnessed marginal increase of 1.8 percent. On the other hand, MSCI Emerging Market Index registered aincrease of 2.8 percent during May2017. MSCI India Index registered a growth of 2.0 percent over the previous month.(Chart 3).

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

*Source: Bloomberg*

**Bond Markets:**

* 1. The Merrill Lynch Eurozone Government bond index>5 years posted a gain of 0.80 percent in May bringing the total return for the year to -0.76 percent. Bond markets reacted well to the election of PresidentEmmanuel Macron in France which removed some of the political risks from the European landscape.
  2. Despite the somewhat uneven global backdrop, government yields generally narrowed and were aided by benign inflation data.The 10-year Treasury note’s yield fell down to 2.20 percent at the end of May, as compared to 2.28 in the previous month. U.K. 10-year gilt yields descended marginally to 1.05 percent from 1.09 percent in the previous month.
  3. The 10 year German bond yields remained fell slightly to 0.30 percent at the end of May 2017. The 10 year government bond yield of China has increased to 3.64 percent. The yield of India ascended to 6.66 percent while the Russian bond yield rose to 8.18 percent inMay 2017.

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

***Source****: Bloomberg*

**Currency Market:**

* 1. During May 2017 (by comparing the closing prices of the close of last trading days of the April and May), 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 EURO (2.85 percent), YEN (1.50 percent), Ruble (1.04 percent) and Yuan (1.03) respectively against Dollar. The currencies which lost against it were Real (3.20 percent), INR (0.54 percent) and GBP (0.19 percent) respectively.
  2. US Dollar Index, an index representing the strength of dollar against basket of other major currencies, observed to be 96.92 on close of May 2017, it lost 2.15 percent against the basket of major currencies during May 2017, and was 5.17 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 May, Ruble gained 7.34 percent followed by Euro (6.28 percent), Yen (5.12 percent), INR (5.09 percent), GBP (4.29 percent), Yuan (1.76 percent) and Real (0.12 percent) respectively.
  4. Since the beginning of March 2015 till (closing prices of the last trading days of April 2015 and May 2017 were compared), Brazilian Real and Russian Ruble lost 8.00 and 9.89 percent respectively against USD. During the same period, INR depreciated by 1.41 percent, and Yen gained 7.15 percent against USD. Euro gained 0.01 percent against USD while GBP depreciated by 19.35 percent against USD. Chinese Yuan has depreciated by 9.97 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 a quite positive trend during May 2017. Amongst the developed markets FTSE 100 of UK witnessed a notable increase of 3.4 percent, followed by Hong Kong’s Hang Sengincreasing by 4.2 percent and USA’s Nasdaq Compositeincreasing by 2.5 percent during May 2017.On the contrary, a fall of 3.1 percent was registered by All Ordinariesof Australiaduring the similar period.

* 1. As regards the emerging market indicesBudapest Stock Exchange of Hungaryled the way with an increase of 4.8percent, followed by IGBC General of Colombia which increased by 4.7percent and Hermes of Egyptwhich recorded an increase of 4.67 percent during May 2017. On the contrary, a fall of 5.63 percent was registered by Russian Traded of Russia, followed by Bovespa of Brazildeclining by 4.12 percent and China’s Shanghai SE Composite IX declining by 1.19 percent during the same period.

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

**Source**: Bloomberg

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

**Source**: Bloomberg

**Market Capitalisation:**

* 1. Market capitalisation of major countries in the world, at the end of May 2017, is given in table A6 and is illustrated in Chart 8. The market capitalisation of all the major countries increased during the month of May 2017.
  2. Among major developed markets, the market capitalisation of France, Germany and U.K increased significantly by 5.1 percent, 3.8 percent and 3.4 percent respectively during May 2017. The market capitalisation of Japan and Hong Kong increased by 3.1 percent and 2.8 percent respectivelywhile the market capitalisation of Australia decreased by 4.0 percent at the end of May 2017.
  3. As regards the emerging markets, the market capitalisation showed positive trend for most of the countries. The market capitalisation of India remained constantat USD 1.9 trillion while market capitalisation of China is decreased by 1.6 percent to USD 6.6 trillion. The market capitalisation of South Korea and Argentina ascended significantly by 7.7 percent and 6.8 percent respectively while market capitalisation of Turkey and South Africa increased by 3.0 percent and 2.7 percent respectively. Brazil’s market capitalisation declined by 3.1 percent while Russia came down by 3.0 percent. Chileand Colombia showed marginal increase in their market capitalisation and rose by 0.7 percent and 0.5 percent respectively at the end of May 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 May 2017, the monthly notional turnover of index futures in CME Group was the highest at USD 4,421 billion followed by EUREX (USD 1,638 billion), Japan Exchange Group (USD 739 billion) and Hong Kong Exchanges and Clearing (USD 596 billion). In case of Index options, Korea Exchange recorded the monthly turnover of USD 4,291 billion followed by CME Group (USD 2,165 billion) and EUREX (USD 1,574 billion). Korea Exchange recorded highest number of contracts traded in Index option category, with 65.3 million contracts traded in May 2017, followed by EUREX (40.3 million contracts), Chicago Board Options Exchange (38.9 million contracts) and CME Group (14.1 million contracts).
  2. In case of Stock Options, BM&FBOVESPA recorded highest volume (58.2 million contracts) in terms of contracts traded on the major world exchanges followed by Nasdaq - US (53.8 million contracts), Chicago Board Options Exchange (38.9 million contracts), NYSE (27.7 million contracts) and EUREX (17.2 million contracts). In case of Stock Futures, EUREX remains the number one exchange in terms of number of contracts traded with monthly volume of 24.7 million contracts, followed by Korea Exchange (18.7 million contracts), Moscow Exchange (15.9 million contracts) and Thailand Futures Exchange (3.1 million contracts)~~.~~

1. **Review of Indian Economy**
   1. As per the latest available release of Ministry of Statistics and Programme Implementation for quarterly estimates of GDP for Q4 of 2016-17. As per the estimates, quarterly GVA (Gross Value Added) at basic price for Q4 of 2016-17 has shown a growth rate of 5.6 percent (Y-o-Y). Agriculture sector's GVA at basic price has been estimated at 5.2 percent in Q4 of 2016-17 as against 1.5 percent in Q4 of 2015-16. Quarterly GVA at basic prices for Q4 of 2016-17 from manufacturing sector grew by 5.3 percent as compared to growth of 12.7 percent in Q4 of 2015-16. For the financial, real estate and professional services sector, quarterly GVA at basic prices for Q4 2016-17 grew by 2.2 percent as compared to growth of 9 percent in Q4 2015-16.
   2. GDP in Q4 of 2016-17 has shown a growth rate of 7.1 percent (Y-o-Y). The World Bank has marginally kept India's economic growth forecasts to 7.2 percent and 7.5 percent for 2017 and 2018 respectively.
   3. The Nikkei India Manufacturing PMI (Purchasing Managers’ Index) stood at 51.6 in May slightly down from 52.5 in April. The Nikkei India Services PMI Index noted increase to 52.2 in May, from 50.2 in April, from the reading of previous month, registering an expansion for consecutive 3 months.

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

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

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

***Source:*** *CSO*

**Index of Industrial Production**

* 1. India’s General Index of Industrial Production (IIP) growth by 1.7 percent in May 2017, against 8.0 percent growth recorded in May 2016 (both over the corresponding period in the previous year), with manufacturing grew by 1.2 percent as compared to its 8.6 percent growth in previous year. Electricity grew at 8.7 percent in May as compared to 6.1 percent growth in previous year. Mining contracted by 0.9 percent in May, compared to a growth of 5.7 percent in previous year. During April-May 2017-18, the IIP grew 2.3 percent, against 7.3 percent growth recorded in April-March 2016-17.

**Inflation**

* 1. India's CPI inflation grew by 1.54 percent in June, as compared to 2.18 percent in May. Food prices (as measured by CFPI) showed a contraction of 2.12 percent in June as compared to 1.05 percent in May. The Repo rate currently stands at 6.25 percent.

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

***Sourc****e: CSO*

**Trade – Exports and Imports**

* 1. Exports during May 2017 growing by 8.32 percent in dollar terms valued at US$ 24.01 billion as compared to US$ 22.17 billion during May 2016. Imports increased by 33.09 percent to USD 37.86 billion in May 2017 from 28.44 billion in May 2016. The merchandise trade deficit was USD 13.84 billion in during May, 120.66 percent higher than the deficit of USD 6.27 billion. Taking merchandise and services together, overall trade deficit for April- May 2017-18 was estimated at USD 21.41 billion, against the deficit of USD 5.39 billion during April-May 2016-17.

**Foreign Exchange Reserves**

* 1. Since the end of March 2017, forex reserves have increased by about USD 8,808.80 million. The reserves were recorded at USD 378.76 billion as on May 26, 2017. (Exhibit 4)

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **May 26, 2017** | **Apr 28, 2017** | **Mar 31, 2017** | **Feb 24, 2017** |
| **Total Reserves** | 378.8 | 372.7 | 370.0 | 362.8 |
| **Foreign Currency Assets** | 354.5 | 349.1 | 346.3 | 339.8 |
| **Gold** | 20.4 | 19.9 | 19.9 | 19.2 |
| **SDRs** | 1.5 | 1.5 | 1.4 | 1.4 |
| **Reserve Position in the IMF** | 2.3 | 2.3 | 2.3 | 2.3 |

***Source:*** *RBI*

1. **Annex Tables:**

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** | **Index** | **As on March\*,2016** | **As on** | **As on** | **As on** |
| **March\*, 2017** | **April\*, 2017** | **May\*, 2017** |
| *1* | *2* | *4* | **5** |  |  |
| Australia | All Ordinaries | 5151.8 | 5903.835 | 5947.588 | 5761.291 |
| France | CAC 40 | 4385.1 | 5089.64 | 5267.33 | 5283.63 |
| Germany | Dax | 9965.5 | 12312.87 | 12438.01 | 12615.06 |
| Hong Kong HSI | Hang Seng | 20776.7 | 24111.59 | 24615.13 | 25660.65 |
| Japan NIKKEI | Nikkei 225 | 16758.7 | 18909.26 | 19196.74 | 19650.57 |
| Singapore STI | Straits Times | 2840.9 | 3175.11 | 3175.44 | 3210.82 |
| UK | FTSE 100 | 6174.9 | 7322.92 | 7203.94 | 7519.95 |
| USA DOW JONES | Dow Jones Industrial Average | 17685.1 | 20663.22 | 20940.51 | 21008.65 |
| USA NASDAQ Composite | Nasdaq Composite | 4869.8 | 5911.738 | 6047.606 | 6198.517 |
| India (BSE) | Sensex | 25341.9 | 29620.5 | 29918.4 | 31145.8 |
| India (NSE) | Nifty 50 | 7738.4 | 9173.75 | 9304.05 | 9621.25 |
| Brazil | Bovespa | 50055.3 | 64984.07 | 65403.25 | 62711.47 |
| Chile | Stock Market Select | 3937.5 | 4783.42 | 4795.13 | 4855.75 |
| China | Shanghai SE Composite IX | 3003.9 | 3222.514 | 3154.658 | 3117.178 |
| Colombia | IGBC General | 9871.5 | 10150.68 | 10198.39 | 10678.15 |
| Egypt | Hermes | 687.3 | 1167.812 | 1142.947 | 1196.275 |
| Hungary | Budapest Stock Exchange | 26451 | 31634.26 | 32956.3 | 34551.9 |
| Indonesia | Jakarta Composite | 4845.4 | 5568.106 | 5685.298 | 5738.155 |
| Malaysia | FTSE Bursa Malaysia KLCI | 1717.6 | 1740.09 | 1768.06 | 1765.87 |
| Mexico | Bolsa | 45881.1 | 48541.56 | 49261.33 | 48788.44 |
| Pakistan | Karachi 30 | 19167.5 | 25615.6 | 26004.58 | 26688.96 |
| Russia | Russian Traded | 1203.3 | 1509.67 | 1511.65 | 1426.53 |
| South Africa | FTSE/JSE Africa All Share | 52250.3 | 52056.06 | 53817.31 | 53562.57 |
| Taiwan | Taiwan Taiex | 8744.8 | 9811.52 | 9872 | 10040.72 |
| Thailand | Stock Exchange of Thai | 1407.7 | 1575.11 | 1566.32 | 1561.66 |
| Turkey | ISE National 100 | 83268 | 88947.4 | 94655.31 | 97541.58 |

\*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** | |
|
| **Apr-17** | **May-17** | **Apr-17** | **May-17** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| **Developed Markets** |  |  |  |  |  |
| Australia | All Ordinaries | 0.5 | 0.5 | 16.7 | 16.2 |
| France | CAC 40 | 1.2 | 2.0 | 15.6 | 15.6 |
| Germany | Dax | 0.9 | 0.5 | 14.0 | 13.9 |
| Hong Kong HSI | Hang Seng | 0.7 | 0.5 | 12.2 | 12.6 |
| Japan NIKKEI | Nikkei 225 | 0.8 | 1.8 | NA | NA |
| Singapore STI | Straits Times | 0.4 | 0.7 | 14.6 | 14.6 |
| UK | FTSE 100 | 0.9 | 0.4 | 14.8 | 15.2 |
| USA DOW JONES | Dow Jones Industrial Average | 0.5 | 0.9 | 17.3 | 17.3 |
| USA NASDAQ Composite | Nasdaq Composite | 0.5 | 0.7 | 23.0 | 23.5 |
| **Emerging Markets** |  |  |  |  |  |
| India (BSE) | S&P Sensex | 0.6 | 0.7 | 19.6 | 20.7 |
| India (NSE) | Nifty 50 | 0.5 | 0.6 | 19.5 | 20.0 |
| Argentina | IndiceBolsa General | 0.7 | 1.4 | 17.9 | 19.3 |
| Brazil | Bovespa | 1.1 | 2.3 | 12.2 | 11.6 |
| Chile | Stock Market Select | 0.6 | 0.7 | 17.7 | 17.8 |
| China | Shanghai SE Composite IX | 0.7 | 0.7 | 13.7 | 13.7 |
| Colombia | IGBC General | 0.4 | 0.7 | NA | 14.7 |
| Egypt | Hermes | 1.0 | 0.8 | 10.6 | 11.3 |
| Hungary | Budapest Stock Exchange | 0.7 | 1.0 | 11.7 | 11.6 |
| Indonesia | Jakatra Composite | 0.6 | 0.8 | 16.2 | 16.1 |
| Malaysia | FTSE Bursa Malaysia KLCI | 0.3 | 0.3 | 16.7 | 16.6 |
| Mexico | Bolsa | 0.6 | 0.8 | 18.3 | 17.8 |
| Pakistan | Karachi 30 | 1.1 | 1.3 | 10.9 | 11.4 |
| Russia | Russian Traded | 1.6 | 1.3 | 6.4 | 6.2 |
| South Korea | Kospi Index | 0.5 | 1.0 | NA | NA |
| South Africa | FTSE/JSE Africa All Share | 0.7 | 0.4 | 14.8 | 15.0 |
| Taiwan | Taiwan Taiex | 0.7 | 0.4 | 13.3 | 13.6 |
| Thailand | Stock Exchange of Thai | 0.3 | 0.4 | 15.2 | 15.2 |
| Turkey | ISE National 100 | 0.9 | 0.8 | 9.4 | 9.3 |

NA.: Not Available

**Source**: Bloomberg,

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Stock Exchange** | **Apr-17** | | | **May-17** | | |
| **Bonds (USD Million)** | **Equity (USD Million)** | **Total (USD Million)** | **Bonds (USD Million)** | **Equity (USD Million)** | **Total (USD Million)** |
| Australian Securities Exchange | NA | 3,486 | 3,486 | NA | 2,395 | 2,395 |
| BME Spanish Exchanges | NA | 10,683 | 10,683 | NA | 657 | 657 |
| Bolsa de Comercio de Buenos Aires | 7,852 | 7 | 7,858 | 4,755 | 0 | 4,755 |
| Borsa Istanbul | 3,511 | 125 | 3,637 | 6,307 | 25 | 6,332 |
| Euronext | NA | 13,167 | 13,167 | NA | 3,740 | 3,740 |
| Hong Kong Exchanges and Clearing | 18,866 | 5,219 | 24,085 | 14,170 | 2,956 | 17,126 |
| Irish Stock Exchange | 2,232 | 3 | 2,234 | 0 | 1,217 | 1,217 |
| Japan Exchange Group Inc. | 5,238 | 718 | 5,956 | 4,945 | 293 | 5,237 |
| Johannesburg Stock Exchange | 2,040 | 1,177 | 3,217 | 3,345 | 66 | 3,411 |
| Korea Exchange | 46,659 | 41 | 46,699 | 41,253 | 3,389 | 44,642 |
| London SE Group | 32,317 | 3,090 | 35,406 | 29,901 | 2,840 | 32,741 |
| Moscow Exchange | 18,464 | NA | 18,464 | 21,500 | 8 | 21,508 |
| Nasdaq - US | NA | 474 | 474 | NA | 519 | 519 |
| Nasdaq Nordic Exchanges | 1,503 | 240 | 1,743 | 12,257 | 0 | 12,257 |
| NYSE | NA | 8,403 | 8,403 | NA | 18,230 | 18,230 |
| Oslo Bors | 2,747 | 119 | 2,865 | 3,624 | 504 | 4,128 |
| Shanghai Stock Exchange | NA | 9,319 | 9,319 | NA | 6,254 | 6,254 |
| Shenzhen Stock Exchange | 653 | 8,514 | 9,166 | 598 | 2,655 | 3,252 |
| Singapore Exchange | 31,778 | 342 | 32,120 | 29,799 | 2,390 | 32,189 |
| SIX Swiss Exchange | 3,907 | 1,933 | 5,840 | 6,008 | 0 | 6,008 |
| Tel-Aviv Stock Exchange | 2,522 | 296 | 2,818 | 1,960 | 161 | 2,121 |
| TMX Group | 63 | 4,565 | 4,628 | 149 | 5,120 | 5,270 |
| Warsaw Stock Exchange | NA | 571 | 571 | NA | 125 | 125 |

NA: Not Available

**Source**: World Federation of Exchanges

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Exchange** | **May-17** | | | |
| **Stock options** | | **Stock futures** | |
| **Number of contracts traded** | **Notional turnover (USD Million)** | **Number of contracts traded** | **Notional turnover (USD Million)** |
| **Americas** |  |  |  |  |
| BM&FBOVESPA | 5,82,11,592 | 35,830 | 0 | 0 |
| Bolsa de Comercio de Buenos Aires | 24,74,864 | 0 | 0 | 0 |
| Chicago Board Options Exchange | 3,88,54,537 | NA | NA | NA |
| Nasdaq - US | 5,37,91,532 | NA | NA | NA |
| NYSE | 2,76,53,584 | 5,681 | NA | NA |
|  |  |  |  |  |
| **Asia - Pacific** |  |  |  |  |
| Australian Securities Exchange | 84,52,133 | 15,430 | 2,13,094 | 327 |
| Hong Kong Exchanges and Clearing | 76,74,783 | 21,638 | 9,999 | 70 |
| Japan Exchange Group | 75,437 | NA | NA | NA |
| Korea Exchange | 8,93,986 | NA | 1,87,33,812 | 16,632 |
| TAIFEX | 16,682 | 54 | 11,32,053 | 6,238 |
| Thailand Futures Exchange | NA | NA | 30,86,406 | NA |
|  |  |  |  |  |
| **Europe - Africa - Middle East** |  |  |  |  |
| Athens Derivatives Exchange | 4,569 | 2 | 24,96,078 | 210 |
| BME Spanish Exchanges | 17,26,473 | 1,649 | 1,53,970 | 130 |
| Borsa Istanbul | 3,28,832 | 65 | 14,59,638 | 209 |
| EUREX | 1,72,38,271 | 70,115 | 2,46,97,941 | 98,425 |
| Euronext | 56,18,625 | 18,027 | 1,08,302 | 401 |
| Johannesburg Stock Exchange | 7,31,102 | 47 | 8,86,023 | 782 |
| Moscow Exchange | 1,92,446 | 53 | 1,59,35,294 | 4,460 |
| Nasdaq Nordic Exchanges | 17,69,216 | 2,951 | 3,87,485 | 832 |
| Oslo Bors | NA | NA | NA | NA |
| Tehran Stock Exchange | 11,09,427 | 0 | 0 | 0 |
| Tel-Aviv Stock Exchange | 76,549 | 464 | 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** | **May-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 | 20,53,797 | 23,486 | 2,36,38,237 | 1,27,784 |
| Chicago Board Options Exchange | 3,89,24,556 | NA | NA | NA |
| CME Group | 1,40,60,771 | 21,65,250 | 3,75,71,383 | 44,20,750 |
| ICE Futures US | 3,084 | 426 | 45,85,679 | 4,89,102 |
| MexDer | 3,879 | 102 | 77,398 | 1,399 |
| Nasdaq - US | 2,03,110 | NA | NA | NA |
|  |  |  |  |  |
| **Asia - Pacific** |  |  |  |  |
| Australian Securities Exchange | 8,54,310 | 36,913 | 8,32,086 | 89,563 |
| Hong Kong Exchanges and Clearing | 24,98,632 | 2,32,505 | 59,96,945 | 5,95,861 |
| Japan Exchange Group | 23,63,324 | NA | 1,99,47,744 | 7,38,657 |
| Korea Exchange | 6,53,29,972 | 42,91,150 | 68,79,019 | 3,53,932 |
| Singapore Exchange | 5,68,918 | NA | 1,18,40,499 | NA |
| TAIFEX | 1,21,00,123 | 2,00,599 | 40,00,492 | 1,84,975 |
| Thailand Futures Exchange | 55,498 | NA | 17,08,663 | NA |
|  |  |  |  |  |
| **Europe - Africa - Middle East** |  |  |  |  |
| Athens Derivatives Exchange | 9,998 | 46 | 78,788 | 364 |
| BME Spanish Exchanges | 2,88,446 | 3,346 | 6,13,358 | 59,696 |
| Borsa Istanbul | 18,361 | 61 | 33,95,899 | 11,506 |
| EUREX | 4,02,76,319 | 15,73,900 | 3,13,92,396 | 16,38,180 |
| Euronext | 10,75,998 | 64,098 | 38,26,981 | 2,69,446 |
| Johannesburg Stock Exchange | 3,32,671 | 270 | 10,71,660 | 23,968 |
| Moscow Exchange | 36,07,121 | 6,763 | 1,29,68,190 | 27,050 |
| Nasdaq Nordic Exchanges | 4,47,808 | 8,387 | 27,31,935 | 51,159 |
| Oslo Bors | NA | NA | NA | NA |
| Tel-Aviv Stock Exchange | 25,37,685 | NA | NA | NA |
| Warsaw Stock Exchange | 32,457 | 201 | 4,16,312 | 5,201 |

NA: Not Available

**Source**: World Federation of Exchanges

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Stock Exchange** | **Mar-17** | **Apr-17** | **May-17** | **M-o-M change(%)** |
| *1* | *2* | *3* | *4* | *5* |
| **Developed Markets** |  |  |  |  |
| Australia | 12,76,501 | 12,52,435 | 12,01,963 | (4.0) |
| France | 20,89,366 | 22,31,242 | 23,45,096 | 5.1 |
| Germany | 20,12,933 | 21,01,156 | 21,81,049 | 3.8 |
| Hong Kong | 43,92,097 | 44,39,803 | 45,66,084 | 2.8 |
| Japan | 53,23,905 | 53,89,187 | 55,56,568 | 3.1 |
| Singapore | 5,34,994 | 5,32,691 | 5,36,587 | 0.7 |
| UK | 32,92,228 | 33,70,064 | 34,85,003 | 3.4 |
| USA | 2,64,59,999 | 2,66,96,106 | 2,69,13,467 | 0.8 |
|  |  |  |  |  |
| **Emerging Markets** |  |  |  |  |
| India | 18,72,766 | 19,61,125 | 19,61,200 | 0.0 |
| Argentina | 79,974 | 79,972 | 85,548 | 7.0 |
| Brazil | 8,00,661 | 7,87,363 | 7,63,218 | (3.1) |
| Chile | 2,38,972 | 2,36,712 | 2,38,354 | 0.7 |
| China | 68,86,228 | 68,08,335 | 66,99,969 | (1.6) |
| Colombia | 1,08,731 | 1,06,129 | 1,06,666 | 0.5 |
| Egypt | 38,360 | 38,272 | 39,011 | 1.9 |
| Hungary | 22,886 | 23,585 | 25,200 | 6.8 |
| Indonesia | 4,52,572 | 4,62,364 | 4,67,627 | 1.1 |
| Malaysia | 3,88,111 | 4,04,250 | 4,09,015 | 1.2 |
| Mexico | 3,70,890 | 3,72,830 | 3,75,816 | 0.8 |
| Pakistan | 91,620 | 94,260 | 97,815 | 3.8 |
| Russia | 5,93,306 | 5,75,204 | 5,57,933 | (3.0) |
| South Korea | 13,87,760 | 13,91,297 | 14,98,106 | 7.7 |
| South Africa | 4,48,789 | 4,54,320 | 4,66,504 | 2.7 |
| Taiwan | 10,79,318 | 10,89,805 | 11,18,798 | 2.7 |
| Thailand | 4,40,985 | 4,36,694 | 4,45,015 | 1.9 |
| Turkey | 1,84,826 | 1,98,805 | 2,04,728 | 3.0 |

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

***Source****: Bloomberg*

**Sources:**

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

HIGHLIGHTS OF DEVELOPMENTS IN

INTERNATIONAL SECURITIES MARKET

1. SEC and NYU to Host Forum on Reviving IPO Market to Help Drive Economy, Create Jobs

*2nd May, 2017*: Going public has helped many companies grow and create jobs, so why has the number of initial public offerings (IPOs) decreased in recent years? What are the consequences of this trend on investors? The U.S. Securities and Exchange Commission and New York University’s Salomon Centerdecided to tackle these questions.

The Commission’s Division of Economic and Risk Analysis (DERA) partnered with NYU’s Salomon Center for the Study of Financial Institutions to bring together regulators, practitioners, and academics.Panelists looked at data and explored the economic causes and consequences of the perceived weakness in the IPO market, and discussed ways to encourage more capital-raising through IPOs.

“IPOs can play a critical role in fostering long-term economic growth, but as we see less and less companies taking advantage of the public markets, we could be missing important opportunities,” said Acting Chairman Michael Piwowar. “We are excited to collaborate with NYU in this event focused on the potential causes of the current state of the U.S. IPO market, as well as possible solutions to IPO decline driven by the needs of market participants.”

*Source: https://www.sec.gov/news/press-release/2017-89*

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

*2nd May, 2017:*The Securities and Exchange Commission today announced that a company insider has earned a whistleblower award of more than $500,000 for reporting information that prompted an SEC investigation into well-hidden misconduct that resulted in an SEC enforcement action.

“This company employee saw something wrong and did the right thing by reporting what turned out to be hard-to-detect violations of the securities laws,” said Jane Norberg, Chief of the SEC’s Office of the Whistleblower.  “Company insiders are in a unique position to provide specific information that allows us to better protect investors and the marketplace.  We encourage insiders with information to bring it to our attention.”

The whistleblower award is the second announced by the SEC in the past week.  Approximately $154 million has now been awarded to 44 whistleblowers who voluntarily provided the SEC with original and useful information that led to a successful enforcement action.

By law, the SEC protects the confidentiality of whistleblowers and does not disclose information that might directly or indirectly reveal a whistleblower’s identity.  Whistleblowers may be eligible for an award when they voluntarily provide the SEC with original, timely, and credible information that leads to a successful enforcement action.

Whistleblower awards can range from 10 percent to 30 percent of the money collected when the monetary sanctions exceed $1 million.  All payments are made out of an investor protection fund established by Congress that is financed entirely through monetary sanctions paid to the SEC by securities law violators.

*https://www.sec.gov/news/press-release/2017-90*

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-2)
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-3)
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-4)