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**EDITORIAL COMMITTEE**

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**CAPITAL MARKET REVIEW**

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

Resource mobilisation through primary market, in terms of amount raised , slightly moderated during July 2017 compared to the previous month. Nevertheless, the number of issues remained the same. During the month under review, the primary market witnessed 15 issues that mobilised ` 2,838 crore compared to 15 issues during June 2017 that mobilised ` 5,632 crore. There were 14 public issues that raised ` 2,639 crore during July 2017. Out of the 14 public issues made during July 2017, there were 12 equity IPOs raising ` 909 crore and two debt issues that raised ` 1,730 crore. There was one rights issue that raised ` 199 crore.

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Items** | **Jul-17** | | **Jun-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 | 14 | 2,639 | 14 | 5,512 | 45 | 12,464 | 27 | 9,921 |
| (i) Debt | 2 | 1,730 | 0 | 0 | 3 | 3,699 | 5 | 2,399 |
| (ii) Equity, of which |  |  |  |  |  |  |  |  |
| IPOs | 12 | 909 | 14 | 5,512 | 42 | 8,765 | 22 | 7,521 |
| FPOs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b. Rights Issues | 1 | 199 | 1 | 120 | 4 | 687 | 1 | 75 |
| Total Equity Issues a(ii)+b | 13 | 1,108 | 15 | 5,632 | 46 | 9,451 | 23 | 7,596 |
| ***Grand Total (a+b)*** | ***15*** | ***2,838*** | ***15*** | ***5,632*** | ***49*** | ***13,150*** | ***28*** | ***9,996*** |

***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 July of the respective years*

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

Qualified Institutional Placement (QIP) is an alternative mode of resource raising available for listed companies to raise funds from domestic market. In a QIP, a listed issuer issues equity shares or non-convertible debt instruments along with warrants and convertible securities other than warrants to Qualified Institutional Buyers only. There were four QIP issues during July 2017 which raised ` 2,775 crore compared to ` 15,000 crore raised through one QIP issue in the previous month **(*Table 10*)**.

1. **Preferential Allotments Listed at BSE and NSE**

Preferential allotment also serves as an alternative mechanism of resource mobilization wherein a listed issuer issues shares or convertible securities to a select group of persons. There were 28 preferential allotments (amounting to ` 561 crore) listed at BSE and NSE together during July 2017, compared to 40 preferential allotments (amounting to ` 4,825 crore) listed during June 2017 **(*Table 11*)**.

1. **Private Placement of Corporate Debt**

Private placement mechanism dominates the resource mobilization through corporate bonds. During July 2017, ` 49,033 crore was raised through private placement of 162 issues in the corporate bond market. There were two public issues of debt during the month that mobilised ` 1,730 crore

Total amount mobilised through public issues and private placement of both debt and equity combined stood at ` 55,207 crore in July 2017 as compared to ` 1,00,794 crore in June 2017. **(*Table 12 and Exhibit 1A*)**.

**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$** | **9,451** | **39,877** | **49,328** | **3,699** | **2,21,578** | **2,25,277** | **2,74,605** |
| 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 | 1,730 | 49,033 | 50,763 | 55,207 |

***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 July 2017 are provisional*

1. **Resource Mobilisation by Mutual Funds**

During July 2017, there was a net inflow of ` 63,505 crore into the mutual funds industry against a net outflow of ` 16,593 crore during June 2017. In the month under review, there were inflow of ` 41,223crore from income / debt oriented schemes whereas inflow of ` 12,728 crore into growth / equity oriented schemes. Balanced schemes recorded inflow of ` 7,864 crore. Exchange traded funds witnessed net inflow of ` 1,715 crore of which there was an outflow of ` 37 crore from gold ETFs and an inflow of ` 1,752 crore in other ETFs. The Fund of funds schemes investing overseas recorded net outflow of ` 26 crore. The cumulative net assets under management by all mutual funds rose by 5.1 per cent to ` 19,96,905 crore at the end of July 2017 from ` 18,96,291 crore at the end of June 2017 **(*Tables 52 & 54*).**

1. **Trends in the Secondary Market**

The Indian stock market witnessed a positive trend during July 2017. At the end of July 2017, S&P BSE Sensex closed at 32,514.9 witnessing 5.2 per cent rise from its last month’s closing at 30921.6. The Nifty 50 index also increased by 5.8 per cent to close at 10077.1 at the end of July 2017 compared to previous month’s closing of 9520.9 (***Figure 1***). S&P BSE Sensex and Nifty 50 touched their intraday highs of 32672.7 and 10114.9 respectively on July 27, 2017. Both Sensex and Nifty touched their intraday lows of 31017.1 and 9543.6 respectively on July 03, 2017.

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

Market capitalisation of BSE increased by 5.3 per cent to ` 1,32,62,246 crore at the end of July 2017, from ` 1,25,96,812 crore at the end of June 2017. Market capitalization at NSE also rose to ` 1,31,21,441 crore from ` 1,24,30,129 crore during the same period witnessing a gain of 5.6 per cent. The P/E ratios of S&P BSE Sensex and Nifty 50 were 23.7 and 25.7 respectively at the end of July 2017 compared to 22.6 and 24.2 respectively a month ago (***Exhibit 2***).

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2017-18$** | **2016-17** | **Jul-17** | **Jun-17** | **Percentage change over previous month** |
| *1* | *2* | *3* | *4* | *5* | *6* |
| 1. **Indices** |  |  |  |  |  |
| S&P BSE Sensex | **32,515** | **29,621** | 32,514.9 | 30,921.6 | 5.2 |
| Nifty 50 | **10,077** | **9,174** | 10,077.1 | 9,520.9 | 5.8 |
| 1. **Market Capitalisation** | |  |  |  |  |
| BSE | **1,32,62,246** | **1,21,54,525** | 1,32,62,246 | 1,25,96,812 | 5.3 |
| NSE | **1,31,21,441** | **1,19,78,421** | 1,31,21,441 | 1,24,30,129 | 5.6 |
| 1. **Gross Turnover** | | | | | |
| BSE | **3,40,506** | **9,98,261** | 88,395 | 85,935 | 2.9 |
| NSE | **20,90,861** | **50,55,913** | 5,43,944 | 4,86,305 | 11.9 |
| 1. **P/E Ratio** | | | | | |
| S&P BSE Sensex | **23.7** | **22.6** | 23.7 | 22.6 | 4.7 |
| Nifty 50 | **25.7** | **23.3** | 25.7 | 24.2 | 6.0 |
| 1. **No. of Listed Companies** | | | | | |
| BSE | **5,811** | **5,834** | 5,811 | 5,794 | 0.3 |
| NSE | **1,837** | **1,817** | 1,837 | 1,820 | 0.9 |

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

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

The monthly turnover of BSE (cash segment) increased by 2.9 per cent to ` 88,395 crore in July 2017 from ` 85,935 crore in June 2017. The monthly turnover of NSE (cash segment) also rose by 11.9 per cent to ` 5,43,944 crore in July 2017 from ` 4,86,305 crore in June 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 upward trend during July 2017 as indicated by different market indices. Among BSE indices, in July 2017, S&P BSE Metal index increased the most (9.2 per cent), followed by S&P BSE Bankex index (8.0 per cent) and S&P BSE PSU index (7.1 per cent). On the other hand, S&P BSE FMCG index fell by 3.2 per cent. As regards NSE indices, Nifty PSU Bank index rose the most (12.7 per cent), followed by Nifty Bank index (8.2 per cent) and Nifty MNC index (6.9 per cent), whereas Nifty FMCG index fell by 3.8 per cent followed by Nifty Pharma index (1.4 per cent). Among BSE indices the S&P BSE FMCG index recorded the highest daily volatility (1.8 per cent), followed by BSE Metal index (1.0 per cent) and S&P BSE Teck index (0.9 per cent) during the month under review. At NSE during the same period, daily volatility of Nifty FMCG index was the highest at 2.0 per cent, followed by Nifty PSU Bank index (1.2 per cent) and Nifty Pharma index (1.2 per cent) (***Exhibit 3***).

**Exhibit 3: Performance of Indices at BSE and NSE during July 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 | 5.2 | 0.5 | Nifty 50 | 5.8 | 0.5 |
| S&P BSE 100 | 5.9 | 0.5 | Nifty Next 50 | 6.4 | 0.6 |
| S&P BSE 200 | 5.6 | 0.4 | Nifty 100 | 5.9 | 0.5 |
| S&P BSE 500 | 5.5 | 0.4 | Nifty 200 | 5.7 | 0.4 |
| S&P BSE Large Cap | 5.9 | 0.5 | Nifty 500 | 5.5 | 0.4 |
| S&P BSE Small Cap | 4.4 | 0.5 | Nifty Midcap 50 | 6.0 | 0.6 |
| S&P BSE Consumer Durables | 2.8 | 0.6 | Nifty Midcap 100 | 4.4 | 0.5 |
| S&P BSE Capital Goods | 5.3 | 0.6 | Nifty Small 100 | 6.7 | 0.7 |
| S&P BSE Bankex | 8.0 | 0.5 | Nifty Bank | 8.2 | 0.4 |
| S&P BSE Teck | 6.8 | 0.9 | Nifty IT | 5.9 | 1.0 |
| S&P BSE FMCG | -3.2 | 1.8 | Nifty FMCG | -3.8 | 2.0 |
| S&P BSE Metal | 9.2 | 1.0 | Nifty Pharma | -1.4 | 1.2 |
| S&P BSE PSU | 7.1 | 0.7 | Nifty PSU Bank | 12.7 | 1.2 |
| S&P BSE Power | 4.4 | 0.5 | Nifty Media | 4.0 | 0.7 |
| S&P BSE Healthcare | 0.0 | 0.9 | Nifty MNC | 6.9 | 0.5 |

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

1. **Trends in Depository Accounts**

The total number of investor accounts at the end of July 2017 was 160 lakh at NSDL (an increase of 0.8 per cent over June 2017) and 130 lakh at CDSL (an increase of 1.6 per cent over June 2017). The number of investor accounts increased by 8.0 per cent at NSDL and by 15.4 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 6.6 per cent to ` 1,21,92,441 crore in July 2017 from ` 1,14,32,267 crore in June 2017 (***Figure 4***). During the month under review options on index accounted for about 81 per cent of the total turnover in the F&O segment at NSE. During July 2017, monthly turnover of index futures and stock futures increased by 7.6 per cent and 11.2 per cent, respectively. Monthly turnover of put options on index and rose by 10.5 per cent, whereas, monthly turnover of options on index fell by 0.9 per cent. Monthly turnover of put options on stock and call options on stock rose by 28.8 per cent and 29.3 per cent, respectively. The open interest in value terms in the equity derivative segment of NSE decreased by 15.4 per cent to ` 3,03,767 crore as on July 31, 2017 from ` 2,63,319 crore as on June 30, 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 ` 322 crore in July 2017 from ` 471 crore in June 2017. The open interest in value terms in equity derivatives segment of BSE increased to ` 9 crore as on July 31, 2017 from ` 5 crore as on June 30, 2017 *(****Exhibit 4 and Table 30****)*.

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Particular** | **NSE** | | | **BSE** | | |
| **Jun-17** | **Jul-17** | **Percentage Change Over Month** | **Jun-17** | **Jul-17** | **Percentage Change Over Month** |
| *1* | *2* | *3* | *4* | *5* | *6* | *7* |
| **A. Turnover (` crore)** | | | | | | |
| (i) Index Futures | 3,22,144 | 3,46,732 | 7.6 | 468 | 317 | -32.2 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 45,20,107 | 49,95,039 | 10.5 | 0 | 0 | NA |
| *Call* | 48,63,586 | 48,20,710 | -0.9 | 0 | 0 | NA |
| (iii) Stock Futures | 11,10,362 | 12,34,363 | 11.2 | 3 | 4 | 27.1 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 1,90,610 | 2,45,583 | 28.8 | 0 | 0 | NA |
| *Call* | 4,25,459 | 5,50,015 | 29.3 | 0 | 0 | -100.0 |
| **Total** | **1,14,32,267** | **1,21,92,441** | **6.6** | **471** | **322** | **-31.8** |
| **B. No. of Contracts** | | | | | | |
| (i) Index Futures | 40,52,219 | 42,24,510 | 4.3 | 6,267 | 4,165 | -33.5 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 5,37,52,489 | 5,85,10,108 | 8.9 | 0 | 0 | NA |
| *Call* | 5,62,99,371 | 5,46,92,544 | -2.9 | 0 | 0 | NA |
| (iii) Stock Futures | 1,57,18,759 | 1,69,74,717 | 8.0 | 43 | 59 | 37.2 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 26,55,447 | 33,89,270 | 27.6 | 0 | 0 | NA |
| *Call* | 33,15,699 | 71,94,451 | 117.0 | 0 | 1 | -100.0 |
| **Total** | **13,57,93,984** | **14,49,85,600** | **6.8** | **6,310** | **4,225** | **-33.0** |
| **C. Open Interest in terms of Value ( ` crore)** | | | | | | |
| (i) Index Futures | 25,575 | 27,778 | 8.6 | 4 | 9 | -51.0 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 68,267 | 87,729 | 28.5 | 0 | 0 | NA |
| *Call* | 61,149 | 70,596 | 15.4 | 0 | 0 | NA |
| (iii) Stock Futures | 94,422 | 96,163 | 1.8 | 1 | 1 | -29.5 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 5,375 | 7,775 | 44.7 | 0 | 0 | NA |
| *Call* | 8,531 | 13,726 | 60.9 | 0 | 0 | NA |
| **Total** | **2,63,319** | **3,03,767** | **15.4** | **5** | **9** | **83.4** |
| **D. Open Interest in terms of No of Contracts** | | | | | | |
| (i) Index Futures | 3,40,365 | 3,47,255 | 2.0 | 57 | 110 | -48.2 |
| (ii) Options on Index |  |  |  |  |  |  |
| *Put* | 9,12,966 | 11,04,868 | 21.0 | 0 | 0 | NA |
| *Call* | 8,15,408 | 8,83,307 | 8.3 | 0 | 0 | NA |
| (iii) Stock Futures | 14,21,635 | 13,69,565 | -3.7 | 9 | 7 | -22.2 |
| (iv) Options on Stock |  |  |  |  |  |  |
| *Put* | 75,896 | 1,05,534 | 39.1 | 0 | 0 | NA |
| *Call* | 1,21,585 | 1,87,458 | 54.2 | 0 | 0 | NA |
| **Total** | **36,87,855** | **39,97,987** | **8.4** | **66** | **117** | **77.3** |

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 11.90 at the end of July 2017, higher than 11.73 registered at the end of June 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 July 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 July 2017 fell by 0.7 per cent to ` 3,22,478 crore from ` 3,24,732 crore in June 2017. During the same time the monthly turnover of currency derivatives at BSE also declined by 2.6 per cent to ` 3,54,303 crore from ` 3,63,858 crore whereas the monthly turnover of currency derivatives at MSEI decreased by 10.9 per cent to ` 12,657 crore from ` 14,203 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 July 2017, the monthly turnover of interest rate futures at NSE decreased by 16.4 per cent to ` 22,437 crore from ` 26,852 crore in June 2017. The monthly turnover of interest rate futures at BSE, on the other hand, increased by 17.9 per cent to ` 21,990 crore in July 2017 from ` 18,657 crore in June 2017. The monthly turnover at MSEI in interest rate futures was ` 213 crore (***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 July 2017, both the composite index MCXCOMDEX and Dhaanya index of NCDEX increased to close at 3174.63 and 2971.27 respectively. MCXCOMDEX increased by 3.85 percent and Dhaanya increased by 3.32 percent over the closing values of previous month. (Figure 8). MCXCOMDEX recorded an intra-day high of 3188.90 on July 31, 2017 while 2976.32 on July 10, 2017 was its lowest intra-day level during the month. NCDEX Dhaanya recoded an intra-day high of 3000.64 on July 31, 2017 and an intra-day low of 2912.10 on July 11, 2017 (Details in Table 62). All the group indices of MCXCOMDEX, moved in positive direction. This was led by MCX Energy which increased by 5.4 percent. MCX Agri. and MCX Energy gained by 5.36 percent and 2.46 percent, respectively.

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

Source: MCX and NCDEX

Daily volatility during July 2017 of MCXCOMDEX and NCDEX Dhaanya indices was recorded at 0.70 percent and 0.67 percent, respectively. Among the component indices of MCXCOMDEX, MCX Energy recorded highest volatility of 1.66 percent, followed by MCX Agri. (0.81 percent) and MCX Metal (0.61 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 July 2017 (Percent)**

Source: MCX and NCDEX

During July 2017, the national commodity exchanges namely, MCX and NCDEX recorded an increase in turnover while NMCE recorded a decrease in turnover. The regional stock exchange of Chamber of Commerce (CoC), Hapur also recorded an increase in turnover over the previous month. The total turnover at all the three national exchanges was recorded at `4,87,095 crore. Out of this total turnover, agricultural commodities contributed `50,074 crore (10.3 percent) while that of the non-agricultural commodities contributed `4,37,024 crore (89.7 percent) to the total turnover. Presently, the non-agricultural commodities of Bullion, Metals and Energy segments are traded only at MCX.

The turnover at MCX increased to `4,44,721 crore in July 2017, an increase of 6.95 percent over `4,15,826 crore recorded during June 2017. The contribution to the total turnover at MCX from Metal segment was at 35.53 percent followed by Energy segment at 33.58 percent, Bullion segment with 29.16 percent and agricultural commodities had a share of 1.73 percent.

The turnover at NCDEX has increased from `39,094 crore in June 2017 to `39,623 crore in July 2017, an increase of 1.4 percent.

The total turnover at NMCE has decreased from `3,013 crore in June 2017 to `2,751crore in July 2017, a decrease of 8.7 percent. The entire turnover at NCDEX and NMCE was contributed by the agricultural commodities segment.

The total turnover of agricultural commodities was the highest at NCDEX (`39,623 crore) followed by MCX (`7,697 crore) and NMCE (`2,751 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 regional commodity exchange, Chamber of Commerce (CoC), Hapur, is trading only Mustard Seed contract. CoC, Hapur recorded a turnover of `453 crore during July 2017 as against total turnover of `412 crore during June 2017, an increase of 9.9 percent.

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

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

**B. Commodity price trends**

At the end of July 2017, M-o-M returns among the near month contracts of non-agricultural commodities were positive for silver and its variants, crude oil, base metals viz., Copper, Lead, Nickel and Zinc (Exhibit 5). During the month, Nickel futures prices gained by 9.3 percent, followed by Nickel Mini (9.1 percent), Crude Oil (7.2 percent), Copper and Copper Mini (both 6.6 percent), Zinc, Silver Mini and Silver Micro (0.9 percent each), Silver and Zinc Mini (both 0.8 percent), Lead and Lead Mini (0.4 percent each). M-o-M prices of Natural Gas futures declined the most by -7.1 percent, followed by Gold Guinea (-3.6 percent), Gold Petal (-2.4 percent), Aluminium (-1.3 percent) and Aluminium Mini (-1.2 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, Mentha Oil futures recorded highest gain of 19.6 percent, followed by Turmeric (18.1 percent) and Cardamom (15.0 percent). Among the top losers in terms of M-o-M prices, Cotton Seed Oilcake declined the most by (-15.4 percent), followed by Raw Jute (- 4.3 percent), Sugar (-3.8 percent), Pepper (-2.9 percent), Coriander (-2.7 percent) and Barley (-1.0 percent).

On Y-o-Y basis, in terms of futures prices a mixed trend is observed among non-agricultural commodities. Copper futures were the top gainer with 24.6 percent increase, followed by Lead (24.0 percent), Zinc (20.5 percent), Crude Oil (14.4 percent) and Aluminium (12.4 percent). Among losers, prices of Silver and its variants declined by -18.6 percent each, followed by Gold and its variants (-6.6 percent to -9.5 percent), Natural Gas (-6.7 percent), Nickel Mini (-6.6) and Nickel (-6.3 percent).

Among agricultural commodities, Y-o-Y returns in terms of futures prices was highest for Castor Seed contract at NCDEX (46.7 percent), followed by Mentha Oil (35.7 percent), Cardamom (23.9 percent), Guar Gum (13.2 percent) and Refined Soy Oil (3.8 percent), On the other hand, Y-o-Y return on prices among agricultural commodities declined the most for Cotton Seed Oilcake (-43.2 percent), followed by Coriander (-42.6 percent), Raw Jute (-37.5 percent), Rape/Mustard Seed (-23.0 percent), Soybean (-14.9 percent) and Guar Seed (-10.2 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 31/07/2017 | Variation in prices as on 31/07/2017 (percent) | | Commodities traded at NCDEX / NMCE | Closing value as on 31/07/2017 | Variation in prices as on 31/07/2017 (percent) | |
|
| M-o-M | Y-o- Y | M-o-M | Y-o-Y |
| MCX Comdex | 3175 | 3.9 | 2.7 | Dhaanya Index | 2971 | 3.3 | -10.2. |
| MCX AGRI Index | 2416 | 6.5 | -2.1 | Guar seed 10 MT | 3598 | 6.2 | -2.0 |
| MCX Metal Index | 4702 | 2.5 | 0.6 | Guar Gum | 7473 | 4.7 | 13.2 |
| MCX Energy Index | 2343 | 5.4 | 10.0 | Soybean | 3026 | 6.0 | -14.9 |
| Aluminium | 122 | -1.3 | 12.4 | Turmeric | 7532 | 18.1 | -7.6 |
| Aluminium Mini | 122 | -1.2 | 12.4 | Sugar | 3532 | -3.8 | -5.1 |
| Copper | 411 | 6.6 | 24.6 | RM seed | 3699 | 2.5 | -23.0 |
| Copper Mini | 411 | 6.6 | 24.6 | Soy Oil | 651 | 1.6 | 3.8 |
| Crude Oil | 3183 | 7.2 | 14.4 | Maize Rabi | 1324 | 1.1 | -13.6 |
| Gold | 28557 | 0.4 | -9.5 | Cottonseed oilcake | 1463 | -15.4 | -43.2 |
| Gold Guinea | 22902 | -3.6 | -7.5 | Wheat | 1670 | 4.0 | -2.4 |
| Gold Petal | 2862 | -2.4 | -6.6 | Jeera | 19340 | 2.3 | -1.8 |
| Gold Mini | 28588 | -1.0 | -8.1 | Coriander | 4897 | -2.7 | -42.6 |
| Lead | 148 | 0.4 | 24.0 | Barley | 1425 | -1.0 | -10.3 |
| Lead Mini | 148 | 0.4 | 24.0 | Castor Seed | 4475 | 1.8 | 46.7 |
| Natural Gas | 180 | -7.1 | -6.7 | Degummed Soy Oil | 588 | 1.2 | N.A. |
| Nickel | 656 | 9.3 | -6.3 |  |  |  |  |
| Nickel Mini | 656 | 9.1 | -6.6 |  |  |  |  |
| Silver | 38645 | 0.8 | -18.6 |  |  |  |  |
| Silver Micro | 38667 | 0.9 | -18.6 | **NMCE** | | | |
| Silver Mini | 38665 | 0.9 | -18.6 |
| Zinc | 180 | 0.9 | 20.5 | Castor Seed | 4492 | 1.6 | 28.0 |
| Zinc Mini | 180 | 0.8 | 20.5 | Rubber | 13054 | 1.1 | -7.8 |
| Cardamom | 1189 | 12.2 | 23.9 | Raw Jute | 3541 | -4.3 | -37.5 |
| Cotton | 20390 | 3.1 | -6.4 | Isabgul Seed | 11223 | -0.5 | -5.5 |
| CPO | 489 | -0.4 | -6.9 | RM seed  Guar Seed | 626.5  3617 | 4.0  6.5 | -22.3 |
| Mentha Oil | 1211 | 19.6 | 35.7 | -0.8 |
| RBD Palmolein | 531 | 0.3 | NA | Pepper | 48800 | -2.9 | 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. 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 July 2017, BSE recorded 2,450 trades of corporate debt with a traded value of ` 37,249 crore compared to 2,290 trades of corporate debt with a traded value of ` 35,325 crore recorded in June 2017. At NSE, 5,777 trades were reported in July 2017 with a traded value of ` 1,24,343 crore compared to 5,984 trades with a traded value of ` 1,34,049 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 ` 52,187 crore in July 2017 out of which ` 11,800 crore was invested in equity and ` 40,388 crore was invested in debt. This is an increase over total investment of ` 21,724 crore in June 2017 out of which ` 9,106 crore was invested in equity and ` 12,618 crore was invested in debt (***Figure 12***).

As on July 31, 2017, there were a total of 2,041 mutual fund schemes in the market, of which 1,423 (69.7 per cent) were income / debt oriented schemes, 493 (24.2 per cent) were growth / equity oriented schemes, 31 (1.5 per cent) were balanced schemes, 65 (3.2 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 June 2017, the FPIs remained net buyers in the Indian securities market to the tune of ` 24,028 crore. There were net inflow of ` 5,161 crore in equity and ` 18,867 crore in debt (***Figure 13***).

The assets of the FPIs in India, as reported by the custodians, at the end of July 2017 was ` 30,55,984 crore, out of which the notional value of offshore derivative instruments (including ODIs on derivatives) was ` 1,35,297 crore, constituting 4.4 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 1.3 per cent to ` 10,36,488 crore in July 2017 from ` 10,23,416 crore in June 2017. The AUM of Non-discretionary PMS also rose by 4.1 per cent from ` 76,518 crore to ` 79,676 crore and AUM of Advisory services, increased by 3.5 per cent from ` 1,83,172 crore to ` 1,89,595 crore.

In terms of number of clients, at the end of July 2017, out of 92,554 clients in PMS industry, discretionary services category leads with total of 85,949 clients, followed by non-discretionary category with 5,049 clients and advisory category with 1,556 clients. ***(Table 57)***

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

In July 2017, three open offers with offer value of ` 13 crore were made to the shareholders as against six open offers with offer value of ` 75 crore in June 2017 (***Figure 14***).

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

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

1. **Introduction:**
   1. The latest economic indicators portray a continuation of the improving dynamic in the global economy. The present scenario in the advanced nations is turning brighter with strengthening growth in the US, stable quarterly growth in the Euro-zone and improving economic activity in Japan. The emerging market economies too, especially the BRIC nations, are witnessing stable recovery. China is showing robust growth. India also has maintained a high growth level, albeit little moderation in last two quarters. Brazil and Russia are recovering from their two-year recession.

**Snapshots**

**United States:**

GDP expanded by 3.0 percent (annualised) in Q2 2017 (Q-o-Q) as compared to 1.2 percent in Q1 2017. CPI inflation was 1.7 percent (Y-o-Y) in July 2017. Unemployment rate fell to 4.3 percent in July 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 2.6 percent (Y-o-Y) in July 2017 same as in previous month. Unemployment rate remained at 4.4 percent during the period April to June 2017.

**Japan:**

GDP expanded by 2.0 percent (Y-o-Y) in Q2 2017, as compared to 1.5 percent in Q1. CPI inflation remained stable at 0.4 percent (Y-o-Y) in July 2017. Unemployment rate was steady at 2.8 percent in July 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 remained constant at 1.3 percent (Y-o-Y) in July 2017 as against previous month. Unemployment rate recorded 9.3 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 2.7 percent in July 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 July 2017. Unemployment rate remains stable at 5.1 percent in July 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 2.4 percent (Y-o-Y) in July 2017, increasing from a 1.5 percent in June 2017.
* GDP of China expanded by 6.9 percent (Y-o-Y) in the second quarter of 2017. Consumer prices in China increased by 1.4 percent (Y-o-Y) in July 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 4.6 percent in July 2017. Unemployment rate in South Africa remained at 27.7 percent in the second quarter of 2017.

**The World Economy:**

**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. The Organisation for Economic Co-operation and Development (OECD) was born on 30 September 1961. It is an organisation of 35 member countries worldwide who together try to identify problems, discuss and analyse them, and promote policies to solve them. Most OECD members are high-income economies with a very high Human Development Index (HDI) and are regarded as developed countries.
  2. As per the provisional estimates, the real gross domestic product (GDP) in the OECD area accelerated to 0.7 per cent quarter-on-quarter (Q-o-Q) in the second quarter of 2017 from 0.5 per cent in the previous quarter. Real GDP of the OECD area accelerated to 2.4 per cent year-on-year (Y-o-Y) in the second quarter of 2017 from 2.1 per cent in the previous quarter.
  3. Annual inflation in the OECD area picked up to 2.0 per cent in July 2017 from 1.9 per cent recorded in June 2017. This mild increase was mainly backed by rising of energy prices by 3.7 per cent in the year to July. Food price inflation also increased marginally, to 1.7 per cent in July. Excluding food and energy, inflation was stable at 1.8 per cent for the third consecutive month. The OECD unemployment rate was stable at 5.8 percent 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 | 1.70 | Jul-17 | 4.30 | Jul-17 | 1.25 |
| United Kingdom | 1.70 | Q2 | 0.30 | Q2 | 2.60 | Jul-17 | 4.40 | Jun-17 | 0.25 |
| Eurozone | 2.20 | Q2 | 0.60 | Q2 | 1.30 | Jul-17 | 9.10 | Jul-17 | 0.00 |
| Germany | 2.10 | Q2 | 0.60 | Q2 | 1.70 | Jul-17 | 3.70 | Jul-17 | 0.00 |
| France | 1.70 | Q2 | 0.50 | Q2 | 0.70 | Jul-17 | 9.50 | Q2 of 2017 | 0.00 |
| Japan | 2.00 | Q2 | 1.00 | Q2 | 0.40 | Jul-17 | 2.80 | Jul-17 | -0.10 |
| **BRICS** | Brazil | 0.30 | Q2 | 0.20 | Q2 | 2.71 | Jul-17 | 13.00 | Jun-17 | 9.25 |
| Russia | 2.50 | Q2 | NA | NA | 3.90 | Jul-17 | 5.10 | Jul-17 | 9.00 |
| India | 7.10 | Q1 | 5.60 | Q4 | 2.36 | Jul-17 | NA | NA | 6.00 |
| China | 6.90 | Q2 | 1.70 | Q2 | 1.40 | Jul-17 | 3.95 | Q2 of 2017 | 4.35 |
| South Africa | 1.10 | Q2 | 2.50 | Q2 | 4.60 | Jul-17 | 27.7 | Q2 of 2017 | 6.75 |
| **Other Ems** | South Korea | 2.70 | Q2 | 0.60 | Q2 | 2.20 | Jul-17 | 3.60 | Jul-17 | 1.25 |
| Indonesia | 5.01 | Q2 | 4.00 | Q2 | 3.88 | Jul-17 | 5.33 | Q1 of 2017 | 4.75 |
| Turkey | 5.00 | Q1 | 1.40 | Q1 | 9.79 | Jul-17 | 10.2 | May-17 | 8.00 |

Note: Q1 refers to Jan - Mar 2017

Q2 refers to Apr- Jun 2017

\*Represents figures in annualised term

***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 G20 international merchandise trade for fifth consecutive quarter**

G20 export growth slowed to 1.4 percent in the Q2 2017, compared with 3.4 percent with the Q1 2017 while imports increased by 1.7 percent, down from last quarter’s 4.2 percent. G20 merchandise trade remained approximately 10 percent lower than the highs of 2014. In Euro area, export and import growth picked up to 6.8 percent and 2.9 percent respectively in France, to 5.1 percent and 4.8 percent in Germany; and to 5.3 percent and 4.5 percent in Italy. Exports also grew by 3.4 percent in the United Kingdom (slightly down from the 3.6 percent of previous quarter) and picked up strongly in Turkey to 4.4 percent.

* 1. **OECD GDP growth increases to 0.7 percent in Q2 2017**

Quarterly GDP growth in the OECD area accelerated to 0.7 percent in Q2 2017, compared with 0.5 percent of last quarter, according to provisional estimates. Among the Major Seven economies, in the second quarter of 2017, GDP growth accelerated strongly in Japan (to 1.0 percent, compared with 0.4 percent of last quarter) and the United States (to 0.6 percent, compared with 0.3 percent), while slightly in the United Kingdom (to 0.3 percent, compared with 0.2 percent). Growth was stable in France and Italy (at 0.5 percent and 0.4 percent, respectively), while it slowed marginally in Germany (to 0.6 percent, compared with 0.7 percent in the previous quarter). In the European Union and the Euro area growth picked up marginally to 0.6 percent (from 0.5 percent).

**United States:**

* 1. As per the “second” estimates released by the Bureau of Economic Analysis the real GDP of US growth increased at 3.0 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 1.7 percent (Y-o-Y) in July 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 4.3 percent in July 2017 against 4.4 percent of the previous month. The Federal Open Market Committee (FOMC) on 26 July 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 53.3 in July 2017, slightly above 52.0 of June. The Markit U.S. Services PMI also moderated marginally to 54.7 in July 2017 from 54.2 in June 2017.

***Observations:*** *With the fastest rate of four months, health of the manufacturing sector appears to be improving. Output, new orders, employment and buying activity all were observed to be growing at increased rates. The only real setback on the copybook was a decline in exports for the first time since last September. The latest composite figure hinted a pick-up in momentum supported by stronger output growth in both the manufacturing and service sectors.*

**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 0.2 percent growth in the previous quarter. UK GDP growth in Q2 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 1.7 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 remained same at 2.6 percent (Y-o-Y) in July 2017 against June 2017. UK unemployment rate fell to 4.4 percent during the period April 2017 to June 2017 compared to 4.5 percent in the period Marc 2017 to May 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 further marked 55.1 in July 2017 from 54.3 in June 2017. The UK Services PMI marked 53.8 against 53.4 in the previous month.

***Observations:*** *The manufacturing PMI signalled an increase in growth for the first time in three months during*

*July, as new order intakes were boosted by a near survey-record growth in new export business. Although the lower exchange rate remains a key driver of export growth, manufacturers also benefitted from stronger economic growth in key markets in the euro area, North America and Asia-Pacific regions. The subdued level of business optimism suggests it’s likely that growth will at least remain modest and could easily weaken in coming months.*

**Japan:**

* 1. The Japanese economy advanced 1.0 percent (Q-o-Q) in the second quarter of 2017, showing an upward revision from 0.4 percent expansion in the previous quarter. It was the strongest expansion since Q1 2015 quarter supported by strong domestic demand.In Y-o-Y terms, Japanese economy grew by 2.0 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 remained steady at 0.4 percent in July 2017, as compared to the last month. The cost of housing continued to decline, while the food prices rose at slower pace. The seasonally adjusted unemployment rate in Japan remains stable at 2.8 percent in July 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 July 2017 meeting, as expected. The policymakers also decided to keep its 10 year Government bond yield target around 0 percent.

***Observations:*** *Japan’s economy is benefiting from resilient global growth and improving domestic demand.* *Private consumption is slowly gathering pace due to moderate wage growth and low unemployment. However, mounting geopolitical risks 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 1.3 percent year-on-year in July 2017, at the same pace as in the previous month. The highest annual rates were recorded in Spain (1.7 percent), Germany (1.5 percent), Italy (1.2 percent) and France (0.8 percent) and the lowest annual rates were registered in Ireland (-0.2 percent), Cyprus (-0.1 percent), Bulgaria and Finland (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 July 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. Industrial production increased at the fastest pace in six-months in May and the unemployment rate is resting at a multi-year low. 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 2.71 percent (Y-o-Y) in July 2017, easing down from a 3.0 percent in the June 2017 and slightly above the market expectations. The Central Bank of Brazil executed another 100 basis point cut in its benchmark SELIC rate to 9.25 percent .It is the seventh 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 1.4 percent (Y-o-Y) during July 2017, as compared to 1.5 percent in June 2017 slightly below 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 July 2017, from 3.9 percent increase in the previous month. The Central Bank of Russia has kept its benchmark one-week repo rate at 9 percent to maintain inflation close to the 4 percent target. Russian unemployment rate remained stable at 5.1 percent in July of 2017 as compared to 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 4.6 percent year-on-year in July 2017, easing down from 5.1 percent in June and in line with market expectations. The South African Reserve Bank reduced its benchmark repo rate 6.75 percent at its July 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 generated robust performance in July, boosted by solid corporate earnings results, robust business sentiment, rising manufacturing exports, and signs that economic expansion is likely to continue.  Markets also surged following signals that the major central banks would not move as quickly to tighten monetary policy as previously expected. On the other hand, Emerging markets recorded strong returns, with US dollar weakness a tailwind. Continued improvement in the outlook for global growth, in combination with modest inflationary pressure also served to increase risk appetite.The MSCI Emerging Markets rose for the seventh straight month to its highest level in nearly three years and outperformed the MSCI World index.

US stocks rallied in July 2017, bringing all the major benchmarks to new highs. Currency strength in emerging markets also lifted returns as the U.S. dollar fell versus most global currencies. The International Monetary Fund (IMF) raised its economic growth forecast for emerging and developing economies to 4.6 percent this year, up slightly from its April projection. Japanese equities benefited from increased private consumption and export and import gains.  In China, stocks recorded strong gains as positive economic data boosts confidence. Brazilian stocks rallied as the Central bank cut it’s benchmark interest rates by 100 basis points, in an effort to steer the Brazilian economy out of its worst recession. Indian stocks gained significantly and its domestic stock market indexes rose to record levels amid investor optimism about the country’s growth outlook, which has been lifted by reforms such as a new nationwide goods and services tax (GST) that took effect from July.

* 1. MSCI World Index, which is a leading indicator for tracking the overall performance of stock markets in developed markets witnessed significant increase of 2.3 percent. On the other hand, MSCI Emerging Market Index registered an increase of 5.5 percent during July 2017. MSCI India Index registered a rise of 6.6 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 sell-off of high quality sovereign bonds which started at the June continued in July, but came to halt as the expectations of more hawkish behaviour of the central banks got restricted. US Treasury yields changed a little in the month of July as the investor concerns about less accommodative monetary policies eased.

* 1. Bonds in developed non-U.S. markets provided positive returns in U.S. dollar terms, as the dollar weakened against most major non-U.S. currencies. The ECB voted to leave interest rates and its monetary stimulus program unchanged at its July meeting. The 10-year Treasury note’s yield finished the month at 2.29 percent, marginally lower as compared to 2.30 in the previous month. U.K. 10-year gilt yields descended to 1.23 percent from 1.26 percent in the previous month.
  2. European markets which spiked in late June, continued to rise in July with 10 year German bond yields increasing to 0.54 percent at the end of July 2017. The 10 year government bond yield of China has increased to 3.63 percent. The yield of India also descended marginally to 6.47 percent while the Russian bond yield ascended to 8.04 percent in July 2017.

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

***Source****: Bloomberg*

**Currency Market:**

* 1. During July 2017 (by comparing the closing prices of the close of last trading days of the June and July), the U.S. dollar (USD) lost against 6 out of 7 currencies evaluated against it (i.e. INR, YEN, GBP, EURO, Real, Yuan and Ruble).  The currencies gained Real (5.49 percent), EURO (3.77 percent), Yen (1.73 percent), GBP (1.55 percent), INR (0.69 percent) and Yuan (0.67 percent) respectively against Dollar. The currencies which lost against it was Rubble (1.43 percent).
  2. US Dollar Index, an index representing the strength of dollar against basket of other major currencies, observed to be 92.86 on close of July 2017, it lost 2.89 percent against the basket of major currencies during July 2017, and was 9.14 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 July, Euro gained 10.82 percent followed by GBP (5.48 percent), INR (5.59 percent), Yen (5.34 percent), Real (3.88 percent), Yuan (3.10 percent) and Ruble (2.02 percent) respectively.
  4. Since the beginning of July 2015 till (closing prices of the last trading days of June 2015 and July 2017 were compared), Brazilian Real and Russian Ruble lost 0.59 and 8.54 percent respectively against USD. During the same period, INR depreciated by 0.89 percent, and Yen gained 9.59 percent against USD. Euro gained 5.91 percent against USD while GBP depreciated by 18.45 percent against USD. Chinese Yuan has depreciated by 8.46 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 July 2017. Amongst the developed markets Hong Kong’s Hang Seng witnessed an increase of 6.0 percent, followed by USA’s Nasdaq Composite increasing by 3.4 percent and Singapore STI marginally increasing by 3.2 percent during July 2017. Meanwhile, a decline was registered by Dax of Germany falling by 1.7 percent, followed by Japan’s Nikkei and CAC 40 of France decreasing by 0.5 percent for both the indices.
  2. As regards the emerging market indices, Turkey’s ISE National 100 led the way with an increase of 7.0 percent, followed by JSE Africa All Share of South Africa which increased by 6.9 percent and Stock Market Select of Chile which recorded an increase of 6.7 percent during July 2017. On the contrary, a steep fall of 16.6 percent was registered by Taiwan’s Taiex, followed by Karachi 30 of Pakistan and FTSE Bursa Malaysia KLCI of Malaysia declining by 1.7 percent and 0.2 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 July 2017, is given in table A6 and is illustrated in Chart 8. The market capitalisation of all the major countries showed the positive trend during the month of July 2017.
  2. Among major developed markets, the market capitalisation of Australia, Hong Kong and UK increased significantly by 5.4 percent, 4.9 percent and 13.4 percent respectively during July 2017. Singapore and Germany also showed an increase in their market capitalisation by 0.3 percent and 0.2 percent respectively while the market capitalisation of USA and Japan increased by 1.7 percent and 1.6 percent respectively at the end of July 2017.
  3. As regards the emerging markets, the market capitalisation of India increased significantly by 6.3 percent to USD 2.0 trillion while China’s market capitalisation saw a marginal increase by 1.5 percent to USD 7.0 trillion. The market capitalization of Brazil and Turkey ascended significantly by 12.3 percent and 7.1 percent respectively. Colombia, Chile and South Africa showed increase in their market capitalisation and rose by 8.0 percent, 7.9 percent and 6.6 percent respectively at the end of July 2017.On the contrary, Russia’s market capitalisation marginally declined by 0.1 percent while Argentina showed a decline of 5.3 percent.

**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 July 2017, the monthly notional turnover of index futures in CME Group was the highest at USD 3,764 billion followed by EUREX (USD 1,451 billion), Hong Kong Exchanges and Clearing (USD 636 billion) and Japan Exchange Group (USD 628 billion). In case of Index options, Korea Exchange recorded the monthly turnover of USD 3,386 billion followed by CME Group (USD 1,765 billion) and EUREX (USD 1,060 billion). Korea Exchange recorded highest number of contracts traded in Index option category, with 49 million contracts traded in July 2017, followed by Chicago Board Options Exchange (36.2 million contracts), EUREX (24 million contracts) and TAIFEX (16.6 million contracts).
  2. In case of Stock Options, Nasdaq - US recorded highest volume (46.2 million contracts) in terms of contracts traded on the major world exchanges followed by BM&FBOVESPA (44.2 million contracts), Chicago Board Options Exchange (33 million contracts), EUREX (10.7 million contracts) and Hong Kong Exchanges and Clearing (10.5 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 25.5 million contracts, followed by Moscow Exchange (16.7 million contracts), EUREX (2.5 million contracts) and Thailand Futures Exchange (2.3 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 47.9 in July down from 50.9 in June. The Nikkei India Services PMI Index noted 45.9 in July, from 53.1 in June, from the reading of previous month, registering an expansion for consecutive 3 months.

**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) contracted by 0.1 percent in June 2017, against 8.0 percent growth recorded in June 2016 (both over the corresponding period in the previous year), with manufacturing contracted by 0.4 percent as compared to its 7.5 percent growth in previous year. Electricity grew at 2.1 percent in June as compared to 9.8 percent growth in previous year. Mining grew by 0.4 percent in June, compared to a growth of 10.2 percent in previous year. During April-June 2017-18, the IIP grew 2.0 percent, against 7.1 percent growth recorded in April-June 2016-17.

**Inflation**

* 1. India's CPI inflation grew by 2.36 percent in July, as compared to 1.46 percent in June. Food prices (as measured by CFPI) showed a contraction of 0.29 percent in July as compared to contraction of 2.12 percent in June. The Repo rate currently stands at 6.00 percent.

**Trade – Exports and Imports**

* 1. Exports during July 2017 growing by 3.94 percent in dollar terms valued at USD 22.54 billion as compared to USD 21.69 billion during same month of last year. Imports increased by 15.42 percent to USD 33.99 billion in July 2017 from 29.45 billion during the same month of last year. The merchandise trade deficit was USD 11.45 billion in during July 2017, against the deficit of USD 7.76 billion of July 2016. Taking merchandise and services together, overall trade deficit for April- July 2017-18 was estimated at USD 34.07 billion, against the deficit of USD 10.80 billion during April-July 2016-17.

**Foreign Exchange Reserves**

* 1. Since the end of March 2017, forex reserves have increased by about USD 22,913.10 million. The reserves were recorded at USD 392.87 billion as on 28 July 2017. (Exhibit 4)

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **28 July 2017** | **30 June 2017** | **26 May 2017** | **28 April 2017** |
| **Total Reserves** | 392.9 | 386.5 | 378.8 | 372.7 |
| **Foreign Currency Assets** | 368.8 | 362.4 | 354.5 | 349.1 |
| **Gold** | 20.3 | 20.3 | 20.4 | 19.9 |
| **SDRs** | 1.5 | 1.5 | 1.5 | 1.5 |
| **Reserve Position in the IMF** | 2.3 | 2.3 | 2.3 | 2.3 |

***Source:*** *RBI*

1. **Annex Tables:**

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** | **Index** | **As on**  **March\*,2016** | **As on March\*,2017** | **As on**  **June\* , 2017** | **As on**  **July\*, 2017** |
| *1* | *2* | *3* | *4* | *5* | *6* |
| Australia | All Ordinaries | 5151.8 | 5903.8 | 5764.0 | 5773.91 |
| France | CAC 40 | 4385.1 | 5089.6 | 5120.7 | 5093.77 |
| Germany | Dax | 9965.5 | 12256.4 | 12325.1 | 12118.25 |
| Hong Kong HSI | Hang Seng | 20776.7 | 24111.6 | 25764.6 | 27323.99 |
| Japan NIKKEI | Nikkei 225 | 16758.7 | 18909.3 | 20033.4 | 19925.18 |
| Singapore STI | Straits Times | 2840.9 | 3175.1 | 3226.5 | 3329.52 |
| UK | FTSE 100 | 6174.9 | 7322.9 | 7312.7 | 7372.00 |
| USA DOW JONES | Dow Jones Industrial Average | 17685.1 | 20663.2 | 21349.6 | 21891.12 |
| USA NASDAQ Composite | Nasdaq Composite | 4869.8 | 5911.7 | 6140.4 | 6348.12 |
| India (BSE) | Sensex | 25341.9 | 29620.5 | 30921.6 | 32514.94 |
| India (NSE) | Nifty 50 | 7738.4 | 9173.8 | 9520.9 | 10077.10 |
| Brazil | Bovespa | 50055.3 | 64984.1 | 62900.0 | 65920.36 |
| Chile | Stock Market Select | 3937.5 | 4783.4 | 4747.2 | 5064.63 |
| China | Shanghai SE Composite IX | 3003.9 | 3222.5 | 3192.4 | 3273.03 |
| Colombia | IGBC General | 9871.5 | 10150.7 | 10891.3 | 10956.24 |
| Egypt | Hermes | 687.3 | 1167.8 | 1216.9 | 1215.02 |
| Hungary | Budapest Stock Exchange | 26451.0 | 31634.3 | 35205.4 | 35769.87 |
| Indonesia | Jakatra Composite | 4845.4 | 5568.1 | 5829.7 | 5840.94 |
| Malaysia | FTSE Bursa Malaysia KLCI | 1717.6 | 1740.1 | 1763.7 | 1760.03 |
| Mexico | Bolsa | 45881.1 | 48541.6 | 49857.5 | 51011.88 |
| Pakistan | Karachi 30 | 19167.5 | 25615.6 | 24250.8 | 23837.63 |
| Russia | Russian Traded | 1203.3 | 1509.7 | 1353.6 | 1364.22 |
| South Africa | FTSE/JSE Africa All Share | 52250.3 | 52056.1 | 51611.0 | 55207.41 |
| Taiwan | Taiwan Taiex | 8744.8 | 9811.5 | 10395.1 | 8665.34 |
| Thailand | Stock Exchange of Thai | 1407.7 | 1575.1 | 1574.7 | 1576.08 |
| Turkey | ISE National 100 | 83268.0 | 88947.4 | 100440.4 | 107531.40 |

\*Indices are as on last trading day of the month,

**Source**: Bloomberg

**Table A2: Volatility and P/E Ratio of Major International Indices**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Country** | **Index** | **Volatility (per cent)** | | **P/E Ratio** | |
|
| **Jun-17** | **Jul-17** | **Jun-17** | **Jul-17** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| **Developed Markets** |  |  |  |  |  |
| Australia | All Ordinaries | 0.9 | 0.8 | 16.3 | 16.0 |
| France | CAC 40 | 0.7 | 0.8 | 15.2 | 15.1 |
| Germany | Dax | 0.8 | 0.7 | 13.6 | 13.4 |
| Hong Kong HSI | Hang Seng | 0.7 | 0.7 | 12.4 | 13.0 |
| Japan NIKKEI | Nikkei 225 | 0.6 | 0.4 | NA | NA |
| Singapore STI | Straits Times | 0.5 | 0.7 | 14.7 | 15.2 |
| UK | FTSE 100 | 0.5 | 0.6 | 15.0 | 15.3 |
| USA DOW JONES | Dow Jones Industrial Average | 0.4 | 0.3 | 17.7 | 18.0 |
| USA NASDAQ Composite | Nasdaq Composite | 0.9 | 0.5 | 23.4 | 24.0 |
| **Emerging Markets** |  |  |  |  |  |
| India (BSE) | S&P Sensex | 0.3 | 0.5 | 20.9 | 21.8 |
| India (NSE) | Nifty 50 | 0.3 | 0.5 | 19.6 | 20.9 |
| Argentina | Indice Bolsa General | 1.3 | 1.0 | 17.2 | 17.2 |
| Brazil | Bovespa | 0.8 | 0.7 | 11.8 | 12.5 |
| Chile | Stock Market Select | 0.4 | 0.5 | 17.5 | 18.8 |
| China | Shanghai SE Composite IX | 0.5 | 0.5 | 14.0 | 14.5 |
| Colombia | IGBC General | 0.6 | 0.6 | 14.7 | 14.8 |
| Egypt | Hermes | 0.4 | 0.6 | 12.2 | 11.6 |
| Hungary | Budapest Stock Exchange | 0.7 | 0.7 | 11.4 | 11.5 |
| Indonesia | Jakatra Composite | 0.6 | 0.6 | NA | 16.8 |
| Malaysia | FTSE Bursa Malaysia KLCI | 0.3 | 0.2 | 16.3 | 16.2 |
| Mexico | Bolsa | 0.5 | 0.5 | 18.3 | 18.9 |
| Pakistan | Karachi 30 | 2.1 | 1.9 | 10.6 | 9.5 |
| Russia | Russian Traded | 1.0 | 1.2 | 6.2 | 6.5 |
| South Korea | Kospi Index | 0.5 | 0.5 | NA | NA |
| South Africa | FTSE/JSE Africa All Share | 0.8 | 0.6 | 14.8 | 15.7 |
| Taiwan | Taiwan Taiex | 0.6 | 0.5 | 14.1 | 14.1 |
| Thailand | Stock Exchange of Thai | 0.2 | 0.2 | 15.4 | 15.6 |
| Turkey | ISE National 100 | 0.7 | 0.8 | 9.3 | 9.5 |

NA.: Not Available

**Source**: Bloomberg,

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Stock Exchange** | **Jun-17** | | | **Jul-17** | | |
| **Bonds (USD Million)** | **Equity (USD Million)** | **Total (USD Million)** | **Bonds (USD Million)** | **Equity (USD Million)** | **Total (USD Million)** |
| Australian Securities Exchange | NA | 1,832 | 1,832 | NA | 2,648 | 2,648 |
| BME Spanish Exchanges | NA | 1,041 | 1,041 | NA | 11,362 | 11,362 |
| Bolsa de Comercio de Buenos Aires | 10,615 | 5 | 10,620 | 4,094 | 5 | 4,099 |
| Borsa Istanbul | 8,592 | 360 | 8,951 | 7,541 | 81 | 7,622 |
| Euronext | NA | 13,363 | 13,363 | NA | 3,994 | 3,994 |
| Hong Kong Exchanges and Clearing | 9,694 | 6,119 | 15,813 | 10,966 | 3,232 | 14,198 |
| Irish Stock Exchange | 1,885 | 2 | 1,887 | 883 | 334 | 1,217 |
| Japan Exchange Group Inc. | 11,439 | 4,758 | 16,197 | NA | NA | NA |
| Johannesburg Stock Exchange | 4,795 | 1,493 | 6,289 | 2,338 | 174 | 2,512 |
| Korea Exchange | 42,900 | 525 | 43,425 | 41,181 | 983 | 42,164 |
| London SE Group | 34,231 | 2,579 | 36,811 | 50,453 | 5,733 | 56,186 |
| Moscow Exchange | 23,718 | 7 | 23,724 | 22,609 | 0 | 22,609 |
| Nasdaq - US | NA | 553 | 553 | NA | 754 | 754 |
| Nasdaq Nordic Exchanges | 4,246 | 240 | 4,486 | 1,857 | 96 | 1,953 |
| NYSE | NA | 10,064 | 10,064 | NA | NA | NA |
| Oslo Bors | 8,514 | 1,036 | 9,550 | 1,370 | 159 | 1,529 |
| Shanghai Stock Exchange | NA | 7,303 | 7,303 | NA | 4,972 | 4,972 |
| Shenzhen Stock Exchange | 2,817 | 3,758 | 6,575 | 1,335 | 4,380 | 5,715 |
| Singapore Exchange | 36,065 | 188 | 36,253 | 23,170 | 1,901 | 25,071 |
| SIX Swiss Exchange | 6,250 | 0 | 6,250 | 4,578 | 29 | 4,607 |
| Tel-Aviv Stock Exchange | 2,457 | 457 | 2,914 | 2,887 | 347 | 3,234 |
| TMX Group | 241 | 3,955 | 4,197 | 46 | 2,641 | 2,687 |
| Warsaw Stock Exchange | NA | 366 | 366 | NA | 1,465 | 1,465 |

NA: Not Available

**Source**: World Federation of Exchanges

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Exchange** | **Jul-17** | | | |
| **Stock options** | | **Stock futures** | |
| **Number of contracts traded** | **Notional turnover (USD Million)** | **Number of contracts traded** | **Notional turnover (USD Million)** |
| **Americas** |  |  |  |  |
| BM&FBOVESPA | 4,42,07,934 | 27,747 | 0 | 0 |
| Bolsa de Comercio de Buenos Aires | 12,82,395 | 0 | 0 | 0 |
| Chicago Board Options Exchange | 3,29,76,246 | NA | NA | NA |
| Nasdaq - US | 4,61,79,203 | NA | NA | NA |
| NYSE | NA | NA | NA | NA |
|  |  |  |  |  |
| **Asia - Pacific** |  |  |  |  |
| Australian Securities Exchange | 71,95,138 | 13,343 | 71,258 | 47 |
| Hong Kong Exchanges and Clearing | 1,05,03,512 | 30,027 | 8,806 | 56 |
| Japan Exchange Group | 67,425 | NA | NA | NA |
| Korea Exchange | 20,10,741 | NA | 2,54,85,173 | 21,126 |
| TAIFEX | 15,964 | 61 | 13,71,758 | 8,236 |
| Thailand Futures Exchange | NA | NA | 22,60,229 | NA |
|  |  |  |  |  |
| **Europe - Africa - Middle East** |  |  |  |  |
| Athens Derivatives Exchange | 2,034 | 0 | 12,87,907 | 14 |
| BME Spanish Exchanges | 13,01,778 | 1,281 | 7,57,563 | 567 |
| Borsa Istanbul | 2,36,533 | 57 | 21,82,544 | 383 |
| EUREX | 1,06,85,569 | 53,430 | 25,38,211 | 12,154 |
| Euronext | 42,46,024 | 15,624 | 33,071 | 5 |
| Johannesburg Stock Exchange | 3,30,964 | 23 | 3,31,025 | 546 |
| Moscow Exchange | 94,914 | 24 | 1,66,78,511 | 4,371 |
| Nasdaq Nordic Exchanges | 18,24,052 | 3,093 | 2,36,350 | 874 |
| Oslo Bors | NA | NA | NA | NA |
| Tehran Stock Exchange | 23,76,920 | 10 | 0 | 0 |
| Tel-Aviv Stock Exchange | 71,309 | 427 | 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** | **Jul-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 | 12,48,256 | 16,555 | 1,92,89,345 | 1,00,717 |
| Chicago Board Options Exchange | 3,62,49,053 | NA | NA | NA |
| CME Group | 1,04,68,176 | 17,64,620 | 3,13,60,091 | 37,63,770 |
| ICE Futures US | 3,056 | 436 | 33,84,046 | 3,55,329 |
| MexDer | 1,752 | 50 | 38,398 | 1,030 |
| Nasdaq - US | 2,62,601 | NA | NA | NA |
|  |  |  |  |  |
| **Asia - Pacific** |  |  |  |  |
| Australian Securities Exchange | 9,41,370 | 42,478 | 7,79,209 | 87,497 |
| Hong Kong Exchanges and Clearing | 24,21,334 | 2,51,996 | 60,05,310 | 6,36,037 |
| Japan Exchange Group | 22,28,638 | NA | 1,63,38,331 | 6,28,177 |
| Korea Exchange | 4,89,92,532 | 33,85,840 | 51,64,981 | 2,92,495 |
| Singapore Exchange | 6,28,680 | NA | 1,12,99,139 | NA |
| TAIFEX | 1,66,24,367 | 2,86,692 | 50,29,976 | 2,40,720 |
| Thailand Futures Exchange | 1,04,348 | NA | 13,26,523 | NA |
|  |  |  |  |  |
| **Europe - Africa - Middle East** |  |  |  |  |
| Athens Derivatives Exchange | 5,923 | 31 | 53,283 | 275 |
| BME Spanish Exchanges | 1,86,519 | 2,290 | 6,79,506 | 57,987 |
| Borsa Istanbul | 23,100 | 86 | 27,09,009 | 10,049 |
| EUREX | 2,39,75,703 | 10,59,680 | 2,43,49,605 | 14,51,300 |
| Euronext | 13,06,919 | 79,891 | 33,86,419 | 2,48,854 |
| Johannesburg Stock Exchange | 2,96,873 | 97 | 9,46,679 | 23,388 |
| Moscow Exchange | 31,97,237 | 5,315 | 1,29,21,367 | 24,511 |
| Nasdaq Nordic Exchanges | 4,88,918 | 9,659 | 29,60,103 | 58,463 |
| Oslo Bors | NA | NA | NA | NA |
| Tel-Aviv Stock Exchange | 25,32,457 | NA | NA | NA |
| Warsaw Stock Exchange | 12,924 | 84 | 2,37,406 | 3,088 |

NA: Not Available

**Source**: World Federation of Exchanges

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Stock Exchange** | **May-17** | **Jun-17** | **Jul-17** | **M-o-M change(%)** |
| *1* | *2* | *3* | *4* | *5* |
| **Developed Markets** |  |  |  |  |
| Australia | 12,01,963 | 12,51,211 | 13,19,104 | 5.4 |
| France | 23,45,096 | 23,47,027 | 24,15,866 | 2.9 |
| Germany | 21,81,049 | 21,61,548 | 22,30,539 | 3.2 |
| Hong Kong | 45,66,084 | 45,77,354 | 47,99,582 | 4.9 |
| Japan | 55,56,568 | 56,52,599 | 57,40,647 | 1.6 |
| Singapore | 5,36,587 | 5,42,662 | 5,56,580 | 2.6 |
| UK | 34,85,003 | 34,32,329 | 35,50,345 | 3.4 |
| USA | 2,69,13,467 | 2,69,97,561 | 2,74,54,116 | 1.7 |
|  |  |  |  |  |
| **Emerging Markets** |  |  |  |  |
| India | 19,61,200 | 19,50,997 | 20,74,592 | 6.3 |
| Argentina | 85,548 | 81,623 | 77,320 | (5.3) |
| Brazil | 7,63,218 | 7,35,076 | 8,25,849 | 12.3 |
| Chile | 2,38,354 | 2,34,502 | 2,52,972 | 7.9 |
| China | 66,99,969 | 69,96,993 | 70,99,266 | 1.5 |
| Colombia | 1,06,666 | 1,01,477 | 1,09,619 | 8.0 |
| Egypt | 39,011 | 39,915 | 41,280 | 3.4 |
| Hungary | 25,200 | 25,994 | 28,448 | 9.4 |
| Indonesia | 4,67,627 | 4,75,382 | 4,77,442 | 0.4 |
| Malaysia | 4,09,015 | 4,08,102 | 4,11,184 | 0.8 |
| Mexico | 3,75,816 | 3,87,145 | 4,06,887 | 5.1 |
| Pakistan | 97,815 | 89,007 | 88,473 | (0.6) |
| Russia | 5,57,933 | 5,22,597 | 5,21,878 | (0.1) |
| South Korea | 14,98,106 | 15,02,685 | 15,38,579 | 2.4 |
| South Africa | 4,66,504 | 4,42,066 | 4,71,397 | 6.6 |
| Taiwan | 11,18,798 | 11,40,915 | 11,51,150 | 0.9 |
| Thailand | 4,45,015 | 4,49,716 | 4,59,737 | 2.2 |
| Turkey | 2,04,728 | 2,12,196 | 2,27,294 | 7.1 |

*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 Announces Whistleblower Award of More Than $1.7 Million

*27th July, 2017*: The SEC announced a whistleblower award of more than $1.7 million to a company insider who provided the agency with critical information to help stop a fraud that would have otherwise been difficult to detect. Millions of dollars were returned to harmed investors as a result of the SEC’s ensuing investigation and enforcement action. Approximately $158 million has now been awarded to 46 whistleblowers who voluntarily provided the SEC with original and useful information that led to a successful enforcement action. 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.

*Source: https://www.sec.gov/news/pressrelease/2017-134.html*

1. SEC Issues Investigative Report Concluding DAO Tokens, a Digital Asset, Were Securities.

*25th July, 2017:* The SEC issued an investigative report today cautioning market participants that offers and sales of digital assets by "virtual" organizations are subject to the requirements of the federal securities laws. Such offers and sales, conducted by organizations using distributed ledger or blockchain technology, have been referred to, among other things, as "Initial Coin Offerings" or "Token Sales.". The SEC's Report of Investigation found that tokens offered and sold by a "virtual" organization known as "The DAO" were securities and therefore subject to the federal securities laws. The Report confirms that issuers of distributed ledger or block chain technology-based securities must register offers and sales of such securities unless a valid exemption applies. Those participating in unregistered offerings also may be liable for violations of the securities laws. Additionally, securities exchanges providing for trading in these securities must register unless they are exempt. The purpose of the registration provisions of the federal securities laws is to ensure that investors are sold investments that include all the proper disclosures and are subject to regulatory scrutiny for investors' protection.

*Source: https://www.sec.gov/news/pressrelease/2017-131.html*

1. IOSCO Publishes Thematic Review of Client Asset Protection Recommendations

*27th July 2017:* The IOSCO Board published its Assessment Committee’s *Thematic Review of the Adoption of the Principles set forth in IOSCO’s Report: Recommendations Regarding the Protection of Client Assets* (the Principles). The thematic review identifies the implementation progress of 38 IOSCO members from 36 jurisdictions in adopting legislation, regulation and other policies in relation to intermediaries holding client assets addressed by the Principles for the protection of client assets. Implementation progress varied by jurisdiction and across the eight Principles. By jurisdiction, progress was most advanced in the EU member jurisdictions and North America. In some other regions, including Latin America, implementation progress was less advanced. The most implemented Principles were 2, 7 and 8 on Statements of Accounts, Regulators’ Oversight of Compliance, and Information on Foreign Jurisdictions, respectively. In contrast, Principle 3 on Arrangements to Safeguard Clients Assets was the least implemented. This thematic review was conducted by a Review Team of members from Securities and Exchange Board of India (SEBI), Commissione Nazionale per le Società e la Borsa, Italy (Consob), the Netherlands Authority for the Financial Markets (AFM), Ontario Securities Commission (OSC), UK Financial Conduct Authority (FCA), US Securities and Exchange Commission (SEC), and the IOSCO General Secretariat. The Review Team was chaired by

Mr. George Lavdas of the US SEC.

*Source: www.* *iosco.org/news/pdf/IOSCONEWS471.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)