

Financial Pulse 1.0

October, 2014

FII's pull out Rs.800 crore from stock market

Overseas investors have pulled out nearly Rs 800 crore from the Indian stock market since the beginning of this month, mainly on account of profit booking. In comparison, the debt market saw huge inflow of over Rs 6,300 crore during the period.

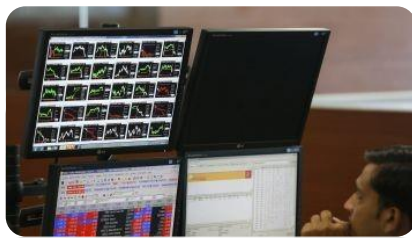


Read More at:

http://articles.economicstimes.indiatimes.com/2014-10-12/news/54928959_1_debt-market-stock-market-new-investor-category

Strong US jobs data boosts dollar and world stocks

The dollar climbed to a more than four-year peak and global equity markets surged on Friday, (October 3, 2014) after data showed U.S. employers stepped up hiring in September and the jobless rate fell to a six-year low, further signs of a relatively strong economy. The strong dollar pushed gold below USD 1,200 an ounce for the first time this year after the



a point to 5.9 percent. The

Labor Department reported that US nonfarm payrolls rose by 248,000 last month and the jobless rate fell two-tenths of

Better-than-expected report knocked the euro to a more than two-year low against the dollar, which hit a 15-month high against the Swiss franc. The dollar index, a measure of the greenback against six major currencies, headed toward its biggest yearly gain in nine years, up 8 percent so far in 2014. Traders boosted bets the Federal Reserve could hike interest rates slightly earlier next year than anticipated.

Read More at:

http://www.moneycontrol.com/news/international-markets/strong-us-jobs-data-boosts-dollarworld-stocks_1196071.html

Upgrades exceeds downgrades, but credit woes remain: CRISIL

Rating agency CRISIL says corporate India's credit quality is showing early signs of recovery, with number of rating upgrades outscoring downgrades 741:451 during the first half of this fiscal. But it is too early to celebrate, the rating agency says. Despite the credit ratio exceeding 1 time, the ratio of the quantum of debt of the firms upgraded, to that of



those downgraded (excluding financial sector players) remained weak at 0.59 times during the same period, reflecting continued pressure on systemic credit quality. Firms with low debt exposure mostly from export-linked sectors and non-discretionary consumer segments such as traders, packaged foods and agricultural products, have seen the highest upgrade rates, the CRISIL report says. Players operating in the construction, engineering and capital goods had higher downgrade rates than their counterparts in other sectors.

CII Business Confidence Index climbs to 3-year high of 57.4

The CII Business Confidence Index (CIIBCI) for July- September 2014 quarter climbed to a three-year high of 57.4, on the back of political stability and improving macro-economic environment. The reading is based on a survey of more than 150 firm



of varying sizes, the CII release said. Majority of the respondents (43.7 per cent) belonged to large-scale firms, while 12.6 per cent were from medium-scale firms and 37.8 per

cent and 5.9 per cent each were from small-scale and micro firms, respectively. Following are the findings of the survey: * GDP expected in a range of 5.0-5.5 per cent in 2014-15; WPI inflation expected to moderate in 5.5-6.5 per cent in the current fiscal. * Current Account Deficit seen less than 2.5 per cent of GDP in the current fiscal. * Exchange rate seen around Rs 59-61 per US dollar in 2014-15 * Investment plans expected to decline or remain same in 2QFY15 due to surplus capacity available in the economy. * Majority of the respondents expect increase in exports. * Slow pick up in global demand and high inflation emerge as major threats.

Read More at:
http://www.moneycontrol.com/news/business/cii-business-confidence-index-climbs-to-3-year-high574_1196722.html

Infosys Q2 Beats Expectations

Indian IT's second-biggest software exporter Infosys has enthused both markets and analysts with its second quarter results. Infosys has reported profit growth rate of 28.6%. Consolidated net profit for the company rose to Rs 3,096 crore, posting growth of



28.6% year-on-year (YoY) from Rs 2,407 crore year ago and 7.3% sequentially from Rs 2,886 crore in first quarter (April-June) of this fiscal. Infosys maintained its forecast

for the full-year sales growth at 7-9% in US dollar terms. Infosys and its subsidiaries added 49 clients

during the quarter. Market-wise, Infosys's North America business grew 3.1% sequentially while Europe saw a 4.4% growth. However, revenues from India, which accounts for less than 3% of the company's total revenues, declined 5.1%. Signaling the company's changing strategy, Sikka said that the the gap between Infosys and its rivals will not be bridged with practices of the past like merely lowering costs and faster hiring but rather with massive embrace of automation and innovation. NR Narayana Murthy will cease to be non-executive chairman effective October 10, 2014. **Read More at**
<http://timesofindia.indiatimes.com/tech/slideshow/infosys-q2-beats-expectations-10-things-to-know/itslideshow/44774988.cms>

Crude oil prices drop under \$88

Brent oil prices fell more than \$2 a barrel to less than \$88 on Monday(October 13, 2014), its lowest since 2010, after key Middle East producers signalled they would keep output high even if that meant lower prices. Brent oil prices have tanked by nearly 25% since June as abundant supply coincided with weak demand. **Read more at:**



<http://economictimes.indiatimes.com/markets/commodities/oil-slides-2-a-barrel-lowest-since-2010-on-saudi-output-signal/articleshow/44805114.cms>

M&A News

- The third-largest steelmaker JSW steel is close to acquiring embattled West African iron ore miner London mining in a bid to secure raw material for its plant.
- Amazon is in preliminary talks to buy Jabong to bolster its presence in selling fashion products.
- L&T Technology Services, the newly created tech services arm of the infrastructure and engineering major Larsen and Toubro, is planning to acquire the engineering services division of Dell housed under, Dell Product and Process Innovation Services. The Competition Commission has given a nod to the deal, however the deal is pending approval from the US regulators

September WPI inflation slows to 2.38% on lower vegetable prices

India's wholesale price inflation decelerated to 2.38% in September from 3.74% a month ago, driven by softening vegetable prices, putting further pressure on the Reserve Bank of India (RBI) to cut interest rates to revive slumped



growth. The WPI data showed food inflation declined to 3.52%, Inflation for manufactured items eased to 2.84%, while fuel price inflation decreased to 2.84% in September.

Read more at: <http://www.livemint.com/Politics/hnIwyIBIkXM8yisKLGwqnO/Wholesale-price-inflation-slows-to-238-in-September.html>

September CPI inflation slips to 6.46 %

Falling food prices pulled down September retail inflation to 6.46% from 7.73% in August. While overall food inflation as measured by CPI fell to 7.67% in September from 9.35% last month.

Read more at: <http://www.thehindu.com/business/Economy/retail-inflation-slips-to-646/article6497543.ece>

Factory output growth slows to five-month low of 0.4%

Factory output growth as measured by Index of Industrial Production (IIP) slowed to five-month low of 0.4 per cent in August mainly due to contraction in manufacturing and capital goods. Meanwhile, the IIP for July 2014 has now been revised



downward to 0.4 per cent from 0.5 per cent estimated earlier, official data released by the

Central Statistics Office on Friday showed. **Read more at:** <http://www.thehindubusinessline.com/todays-paper/factory-output-growth-slows-to-fivemonth-low-of-04/article6490487.ece>

Centre to set inflation targets for RBI

Finance Minister Arun Jaitley has given the go-ahead for a major overhaul of the current monetary policy framework wherein the Centre will specify 'inflation targets' for the Reserve Bank of India (RBI) to achieve. The decision departs from the recommendation of an expert committee of the RBI, headed by Reserve Bank Deputy Governor Urjit R. Patel, which had recommended that the monetary policy decision-making should be vested with a monetary policy committee, chaired by the RBI Governor.

Read More at: <http://www.thehindu.com/business/Economy/centre-to-set-inflation-targets-for-rbi/article6494555.ece>

Financial storm clouds cast a deep shadow over IMF summit

The IMF and World Bank celebrated their 70th birthdays, but there was a distinct lack of party atmosphere in Washington.

Markets are diving, Germany and the eurozone are weak and there is alarm over Ebola and a potential banking bubble.



While not as tense as during the dark days of October 2008, the mood was distinctly somber as the two organizations – created at the 1944 Bretton Woods conference – worked their way through a packed agenda that was dominated by six big themes.

Read More at: <http://www.theguardian.com/business/2014/oct/12/imf-world-bank-washington-financial-storm-clouds>

China Just Overtook the US as the World's Largest Economy

China just overtook the US to become the world's largest economy on purchasing power basis, according to the International Monetary Fund. The figures show the Chinese economy will be worth \$17.61 trillion compared with \$17.4 trillion for the U.S. by the end of 2014. The US has been the global economic performance leader since it overtook Britain in 1872. **Read more at:** <http://www.businessinsider.in/China-Just-Overtook-The-US-As-The-Worlds-Largest-Economy/articleshow/44704275.cms>



Jean Tirole wins 2014 Nobel Prize for Economics

Frenchman Jean Tirole of the University of Toulouse won the 2014 Nobel Prize in Economic Sciences for his work on how governments can better understand and regulate industries that lack competition. His work has “strong bearing on central policy questions: how should the government deal with mergers or cartels, and how should it regulate monopolies?” **Read more at:** <http://www.thehindu.com/business/Economy/jean-tirole-wins-2014-nobel-prize-for-economics/article6497029.ece>



Playing in the premier league

What does it take a microfinance institution (MFI) to graduate into and then succeed in the premier league of financial services — banking? It's similar to a team or players moving for the first time into a sport's premier league! When microfinance

institutions graduate to banking services, they have to balance risks and opportunities. India's Central bank recently granted Bandhan Financial Services a banking licence. It's one of the two MFIs that gained a licence from a pool of about 25 applicants, which included some of India's renowned business house. **Read more at:** <http://www.thehindubusinessline.com/todays-paper/tp-opinion/playing-in-the-premier-league/article6486768.ece>



Will “Make in India” succeed?

In order to attract investments into the sector, Prime Minister Narendra Modi launched the “Make in India” campaign at an event last month in the capital with top industrialists in attendance. The government, according to the Make in India website, intends to increase the growth rate in the sector to 12-14% in the medium term in order to push the share of manufacturing to about 25% of the gross domestic product (GDP) by 2022 from the present level of about 16%. Simply put, the idea is that higher investment and activity in the manufacturing sector, on the one hand, will create job opportunities for the ever increasing workforce in the country and, on the other hand, will become the engine of growth for the Indian economy. Will the ideas proposed be enough to achieve the desired objectives?



Read more at:

<http://www.livemint.com/Money/bQ8B3cRmvpPdKj729KgPNL/Will-Make-in-India-succeed.html>

For the greater common good

Earlier this month, the Competition Commission of India (CCI) revealed its intentions of bringing under its scanner the patent settlement deals between



Swiss drug-maker F Hoffmann-La Roche and Cipla over a lung cancer drug and between US multinational Merck Sharp and Dohme Corp (MSD)

and Glenmark Pharmaceuticals concerning a diabetes drug. This move was preceded not too long ago by a case involving complex issues of licensing of standard essential patents. Can harmony between intellectual property rights and the competition law ensure economic and social welfare? **Read more at:** <http://www.thehindubusinessline.com/todays-paper/tp-opinion/for-the-greater-common-good/article6486775.ece>

The flip side to online retail

It could wipe out livelihoods in the brick-and-mortar segment and deprive governments of tax revenue. However,



there seem to be no rules governing the entry and operations of the online retail sector. Any clever high-schooler with a laptop and broadband connection can set up

and operate an online retail store as long as he or she can access goods or services and arrange a payment gateway. Entry into the online sector is now a free-for-all. From the global online giants to Indian entrepreneurs, they are all making their presence felt in India. India's FDI policies seem to have been given the go-by to online retailing. **Read more at:** <http://www.thehindubusinessline.com/todays-paper/tp-opinion/the-flip-side-to-online-retail/article6490561.ece>

Online grocery stores mushroom in India

The challenges of selling groceries online remain,

but some players are using different business models and technology to overcome them. Online retail in India has reached a new high in the past few months, But Selling perishable goods



online is far more difficult than selling non-perishables; storing and supplying fresh tomatoes is an entirely different ball game from storing and supplying cellphones. Online grocery stores are up against age-old local grocers who have built their loyal customer base on trust, reliability and quick, customized service. **Read more at:** <http://forbesindia.com/article/real-issue/online-grocery-stores-mushroom-across-india/38677/1#ixzz3GBUWNGcT>

Top Performers (All Companies)

Company	CMP	Gain Percent
Srs real infra	42.25	16.55%
Visagar polytex	533.40	15.81%
Capri global	220.00	15.39%
Bhandari hosier	40.75	15.28%
Most M50 ETF	89.00	15.17%

Top Performing sectors

Sector	Gain percent
Energy	2.17%
Consumer discretionary	1.13%
Basic materials	0.75%
Conglomerates	0.63%
Capital goods	0.62%

Worst Performers (All Companies)

Company	CMP	Loss percent
Strides arcolab	665.00	16.40%
Prerna infra	32.25	9.92%
Monnet project	21.10	9.83%
DIC India	556.30	9.60%
Ramchandra leas	26.20	9.50%

Worst Performing Sectors

Sector	Loss percent
Technology	1.60%
Consumer non cyclical	0.46%
Retail	0.43%
Healthcare	0.41%

Exchange Rates

	Indian Rupee
US dollar	61.49
Euro	78.67
British Pound	98.27
Australian dollar	53.90
Canadian dollar	54.53
Emirati dirham	16.74
Swiss franc	65.19
Chinese Yuan	10.04
Malaysian ringgit	18.77

Commodities

	Price	Unit
Gold	27365.00 inr	10 gm
Silver	38832 inr	1 Kg
Crude oil	\$80.685	1 barrel

