

## Morning Notes

Indices	6-Dec	5-Dec	% Chg.
S&P BSE SENSEX	35,312	35,884	-1.59%
Nifty 50	10,601	10,783	-1.69%
NIFTY Midcap 100	17,050	17,331	-1.62%
NIFTY Smallcap 100	6,053	6,161	-1.74%

## BSE Sectoral Indices

Nifty Media	2,474	2,500	-1.04%
Nifty Metal	3,085	3,120	-1.10%
Nifty Bank	26,198	26,520	-1.21%
Nifty Infrastructure	3,018	3,059	-1.33%
Nifty Financial Services	11,159	11,317	-1.40%
Nifty Pharma	8,687	8,812	-1.43%
Nifty FMCG	29,489	29,936	-1.49%
Nifty MNC	13,426	13,680	-1.86%
Nifty PSU Bank	2,826	2,880	-1.86%
Nifty IT	14,694	15,013	-2.13%
Nifty Energy	13,990	14,294	-2.13%
Nifty Auto	8,791	8,993	-2.24%
Nifty Realty	229	235	-2.40%

Major Indices	6-Dec	5-Dec	% Chg.
United States	24,948	25,027	-0.32%
S&P 500	2,696	2,700	-0.15%
London	6,704	6,922	-3.15%
Frankfurt	10,811	11,200	-3.48%

Major Asian Indices	6-Dec	5-Dec	% Chg.
Hong Kong	26,156	26,820	-2.47%
Nikkei 225	21,502	21,919	-1.91%
Korea	2,069	2,101	-1.55%
Shanghai	2,605	2,650	-1.68%
Taiwan	9,685	9,917	-2.34%

FII's & DII's in equity	Rs Crs			
	Buy	Sell	Net	Total %
06-Dec				
FII / FPI Investments	5,530	5,457	72	33%
DII's Investments	2,893	3,283	-390	19%
<i>* Total % - contribution to the total turnover</i>				

FII's in Derivatives (F&O)	Rs Crs			
	Index Fut	Index Opt	Stock Fut	Stock Opt
06-Dec				
Net	-1,722	6,643	-1,047	18
OI	26,317	53,881	82,709	5,960
Chg.OI	4.9%	-2.5%	-1.1%	6.5%
<i>FII's contribution to the total F&amp;O turnover</i>				19%

Curr. Derivatives (NSE)	6-Dec	5-Dec	Chg.	% Chg.
USDINR 27-DEC-2018	71.05	70.64	0.41	0.58%
EURINR 27-DEC-2018	80.70	80.39	0.31	0.38%
JPYINR 27-DEC-2018	63.12	62.68	0.45	0.71%
GBPINR 27-DEC-2018	90.58	90.38	0.20	0.22%

Commodities (MCX)	6-Dec	5-Dec	Chg.	% Chg.
Aluminium(31DEC2018)	137.7	140.1	-2.35	-1.7%
Copper (28FEB2019)	431.7	437.2	-5.55	-1.3%
Crude (18DEC2018)	3,619	3,802	-183.00	-4.8%
Gold (05FEB2019)	31,089	31,075	14.00	0.0%
Silver ( 05MAR2019)	37,218	37,426	-208.00	-0.6%

ADR (\$)	6-Dec	5-Dec	Chg.	% Chg.
HDFC Bank (HDB)	101.86	99.29	2.57	2.59%
Infosys (INFY)	9.83	9.85	-0.02	-0.20%
ICICI Bank (IBN)	9.94	10.00	-0.06	-0.60%
Wipro (WIT)	5.21	5.25	-0.04	-0.76%
Dr. Reddy's Lab (RDY)	38.07	38.44	-0.37	-0.96%
Tata Motors (TTM)	11.46	12.09	-0.63	-5.21%

\*The US markets were closed on Wednesday for former President Bush's Funeral.

## Domestic Market View

## Benchmarks likely to make positive start

Indian equity markets extended their losses for third straight session on Thursday, amid weakness in other Asian markets coupled with depreciation in rupee. Investors also remained cautious ahead of the outcome of key assembly elections. Today, the markets are likely to make optimistic start, tracking positive trend in Asian peers after the speculation that the Federal Reserve might be one-and-done with US rate hikes. Also, traders will be looking ahead of five states elections exit poll due on December 07 evening and result on December 11.

Traders will be getting some encouragement with the Union Cabinet approving an agriculture export policy with an aim to double the shipments to \$60 billion by 2022. The policy would focus on all aspects of agricultural exports including modernising infrastructure, standardisation of products, streamlining regulations, curtailing knee-jerk decisions, and focusing on research and development activities. Traders also will be getting some support with the Reserve Bank of India's (RBI) deputy governor Viral Acharya's statement that the RBI will continue to inject liquidity into the banking system through open market operation (OMO) purchases till the end of this fiscal. In the current financial year, the central bank has conducted OMO purchases to the tune of Rs 1.36 trillion, with over Rs 1 trillion of the infusion in the last three months.

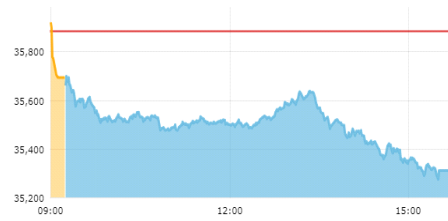
Meanwhile, a private report indicated that the investment of \$100 billion in the Indian telecom industry as envisioned in the National Digital Communications Policy 2018 (NDCP) would result in an increase of \$1.21 trillion in India's Gross Domestic Product (GDP) on a cumulative basis. There will be some buzz in the textile sector stocks with report that India's annual cotton output could drop 12% to the lowest in nine years as limited rainfall in the top two producing states has slashed crop yields, potentially cutting exports from the world's top producer.

## Domestic Market Overview

NSE NIFTY



BSE SENSEX



### Sea of red takes over Dalal Street on Thursday

A sea of red took over Dalal Street on Thursday, as bears tighten their grip amid selloff in majority of sectors along with weak cues from global markets. Both the larger peers ended lower with the losses of more than 1.50%. After a sluggish start, the markets remained under pressure throughout the day, as Fitch Ratings revised downwards India's GDP growth forecast to 7.2% for current fiscal citing higher financing cost and reduced credit availability. In its Global Economic Outlook, Fitch also projected that for 2019-20 and 2020-21 financial years, India's GDP growth will be 7% and 7.1% respectively. The rating agency has also forecasted Indian rupee to weaken to 75 to a dollar by end of 2019. Adding more anxiety among the traders, Fitch Solutions said that the slow pace of land reforms will continue to result in project delays and rising costs, posing a downside risk for the road and rail sectors. Some concerns also came with a private report stating that officers of the indirect tax department have started issuing preliminary notices to captive units of multinationals and Indian companies exporting offshore support services.

The street paid no heed towards Finance Minister Arun Jaitley's statement that India, among the world's fastest growing emerging economies, is likely to maintain the high growth rate of 7-8% over the next decade. He emphasized that landmark reforms such as the Insolvency and Bankruptcy Code offer an attractive and conducive environment to foreign investors to the country. The markets participants also overlooked the finance ministry's statement that the assessment of growth and inflation made by the Reserve bank of India's (RBI) Monetary Policy Committee (MPC) is in line with government's reading. Traders took note of RBI governor Urjit Patel's statement that if the upside risks to inflation do not materialise, the bank may change its monetary policy accordingly, raising prospects of rate cuts. Meanwhile, Economic Affairs Secretary Subhash Chandra Garg said the calibrated tightening stance of RBI's MPC probably needed a rethink even as he welcomed the decision on policy rate.

Banking stocks ended lower, after the RBI said it would link retail loans to external benchmarks replacing MCLR. Port sector stocks also edged lower, despite report that rating agency ICRA maintained stable year-end outlook for the port sector, terming rebound in coal volumes and steady

progress on the Sagarmala project positive for Indian port sector players in the medium term. Further, Non-banking finance companies' (NBFCs) stocks fell, with Crisil's report that difficulties in getting funding will halve the non-bank lenders' asset growth to around 10% in the second half of the current fiscal. It added that the asset quality of retail loans is resilient, but the NBFCs' non-retail book has to be monitored for potential stress. Besides, shares related to agri industry were in limelight, amid reports that the Union Cabinet is expected to approve a policy to boost exports of agriculture commodities such as tea, coffee and rice and increase the country's share in global agri trade.

Company	LTP	Chg	% Chg
SUNPHARMA	418	5	1.1
JSWSTEEL	306	2	0.5
GAIL	350	1	0.2
POWERGRID	184	0	0.0
HDFCBANK	2097	-2	-0.1

Company	LTP	Chg	% Chg
SIEMENS	925	17	1.9
SUNPHARMA	420	7	1.6
FEDERALBNK	85	1	0.7
LICHSGFIN	436	2	0.5
CROMPTON	221	1	0.4

Company	LTP	Chg	% Chg
SUNTV	591	17	3.0
UBL	1228	22	1.8
OBEROIRLTY	476	8	1.7
MPHISIS	1002	16	1.7
FEDERALBNK	85	1	0.7

Company	LTP	Chg	% Chg
KELLTONTEC	32	5	19.6
GTPL	90	7	8.1
JPINFRATEC	5	0	4.8
ADLABS	10	0	4.7
SONATSOFTW	311	14	4.6

Company	LTP	Chg	% Chg
IBULHSGFIN	730	-46	-6.0
MARUTI	7201	-353	-4.7
BAJAJFINSV	5641	-262	-4.4
TECHM	695	-32	-4.4
TATAMOTORS	163	-7	-4.0

Company	LTP	Chg	% Chg
AUROPHARMA	752	-45	-5.7
IBULHSGFIN	732	-44	-5.6
DLF	168	-9	-5.1
MARUTI	7210	-350	-4.6
M&MFIN	402	-18	-4.4

Company	LTP	Chg	% Chg
MUTHOOTFIN	416	-32	-7.1
RPOWER	28	-1	-4.8
CHOLAFIN	1225	-56	-4.4
M&MFIN	402	-18	-4.4
EDELWEISS	185	-8	-4.3

Company	LTP	Chg	% Chg
PUNJLLOYD	5	-1	-19.2
NAVKARCORP	50	-6	-10.9
BLISSGVS	127	-14	-9.8
CAPITALT	226	-22	-8.9
SHARDACROP	273	-23	-7.7

## NIKKEI 225 INDEX



## FTSE 100 INDEX



## NASDAQ NMS COMPOSITE INDEX



## Global Market Overview

## Asian markets end in red as trade tensions escalate

Asian markets ended in red on Thursday as the arrest of a senior Huawei executive over potential violation of US sanctions on Iran raised more questions about the Trump administration's overall China strategy. The recent drop in US 10-year Treasury yields, Brexit-related uncertainty and caution ahead of a crucial meeting of the Organization of Petroleum Exporting Countries also weighed on markets. Japanese shares closed lower, with chip-related stocks coming under heavy selling pressure. Meanwhile, Tech stocks paced the declines on concerns that they might be hurt seriously in view of security concerns over the Chinese telecoms group Huawei. On economic front, Bank of Japan Governor Haruhiko Kuroda told parliament that economic risks from abroad could be severe and the central bank would respond appropriately as needed. Seoul stocks ended sharply lower on skepticism about the U.S.-China trade deal.

## US markets end mostly lower on Thursday

The US markets ended mostly lower on Thursday after a dramatic session that saw the Dow Jones Industrial Average drop more than 700 points at one point on fears that the arrest of a Huawei executive would reignite trade worries. Huawei CFO Meng Wanzhou was arrested in Canada on suspicion of violating US trade sanctions against Iran and faces possible extradition to the US. Further, some cautiousness also prevailed in the markets after a report released by the Commerce Department showed a steep drop in new orders for US manufactured goods in the month of October. The Commerce Department said factory orders tumbled by 2.1% in October after rising by a downwardly revised 0.2% in September. Street had expected factory orders to slump by 2.0% compared to the 0.7% increase originally reported for the previous month.

However, the markets clawed back most of its losses on a report that the Federal Reserve may turn more accommodative. Federal Reserve officials are considering signaling a wait-and-see mentality after a likely interest rate hike later this month. According to a report released by the Institute for Supply Management, growth in US service sector activity unexpectedly accelerated in the month of November. The ISM said its non-manufacturing index crept up to 60.7 in November after pulling back to 60.3 in October, with a reading above 50 indicating service sector growth. Street had expected the index to dip to 59.2. Meanwhile, revised data released by the Labor Department showed labor productivity in the US increased by slightly more than initially estimated in the third quarter. The report also said unit labor costs rebounded by less than previously estimated. The report said productivity surged up by 2.3% in the third quarter compared to the previously reported 2.2% spike. The upward revision to the pace of productivity growth matched street estimates.

Dow Jones Industrial Average declined 79.40 points or 0.32 percent to 24947.67 and S&P 500 lost 4.11 points or 0.15 percent to 2695.95, while Nasdaq was up by 29.83 points or 0.42 percent to 7188.26.

## Index Futures

(OI in '000 )Shares)	Future	Chg	Spot	Spot	Chg	Prem /	Total Open Interest	
	6-Dec	(%)	6-Dec	5-Dec	(%)	Disc	6-Dec	Chg (%)
NIFTY	10,626.3	-1.86	10,601	10,783	-1.69	25.1	22,063	5.57
NIFTYIT	14,738.0	-2.20	14,694	15,013	-2.13	44.3	20	19.01
BANKNIFTY	26,284.7	-1.68	26,198	26,520	-1.21	86.4	1,547	-9.67

## Increasing OI, Increasing Delivery Qty &amp; Increasing Price in Stock Futures (Open Interest in '000 Shares)

Symbol	Total OI		Del Qty Cash Market			Prev % Del.	Increase Del Qty	Spot (₹)	Fut (₹)	Spot Chg (%)	Fut Chg (%)	Prem / Disc
	6-Dec	% Chg.	6-Dec	5-Dec	% Del.							
SUNPHARMA	61,587	3.5%	1,46,51,535	1,40,63,520	24%	5,88,015	420	422	0.7%	1.6%	1.7	
SIEMENS	2,291	2.8%	8,98,457	7,13,020	44%	1,85,437	923	928	1.2%	1.8%	4.7	
UBL	2,048	0.8%	1,00,874	87,172	17%	13,702	1226	1228	1.8%	1.5%	1.3	
TORNTPOWER	2,370	0.4%	3,78,381	2,72,354	28%	1,06,027	262	262	0.6%	0.5%	0.3	
JSWSTEEL	48,909	0.4%	11,43,185	9,03,422	15%	2,39,763	305	306	0.4%	0.1%	0.7	

## Increasing OI, Increasing Delivery Qty &amp; Decreasing Price, (Open Interest in '000 Shares)

Symbol	Total OI		Del Qty Cash Market			Prev % Del.	Increase in Del Qty	Spot (₹)	Fut (₹)	Spot Chg (%)	Fut Chg (%)	Prem / Disc
	6-Dec	% Chg.	6-Dec	5-Dec	% Del.							
MUTHOOTFIN	2,426	50.4%	11,86,119	2,01,645	16%	9,84,474	421	416	-5.5%	-6.7%	-4.3	
JUSTDIAL	2,267	13.4%	2,08,591	1,54,260	5%	54,331	470	471	-3.9%	-4.4%	1.0	
L&TFH	20,907	9.9%	50,25,992	19,56,172	28%	30,69,820	140	139	-3.1%	-3.2%	-0.4	
OIL	12,539	9.7%	5,51,734	5,15,963	45%	35,771	180	180	-1.4%	0.1%	-0.3	
COALINDIA	53,876	6.9%	24,38,733	19,93,113	53%	4,45,620	241	237	-1.9%	-2.2%	-3.3	
BANKINDIA	25,938	6.3%	11,20,999	10,08,721	14%	1,12,278	81	81	-2.7%	-3.3%	0.0	
BEL	47,655	6.3%	32,28,452	17,41,567	42%	14,86,885	82	81	-1.6%	-1.4%	-1.1	

## Corporate News

- **HCL Technologies** has entered into definitive agreement under which HCL will acquire Select IBM software products for \$1.8 billion. The transaction is expected to close by mid-2019. The software products in scope represent a total addressable market of more than \$50 billion and include Appscan for secure application development, BigFix for secure device management, Unica (on-premise) for marketing automation and Commerce (on-premise) for omni-channel eCommerce.
- **Allahabad Bank** has received approval to raise funds aggregating up to Rs 3,054 crore (including premium) through preferential issue of equity shares to the Government of India. The Banking and Finance Committee of the Company at its meeting held on December 06, 2018 has approved the same.
- **Wipro's** digital business unit -- Wipro Digital and Alfresco have expanded global partnership to create, build and run open source based digital transformation programs for its clients, across the globe.
- **Sagar Cements** has reported the cement production and sales figures for November 2018. The company's consolidated cement production/purchase for November 2018 stood at 317,796 million tonnes (MT), up by 43.56% compared to 221,363 MT produced in November 2017.
- **NHPC** has been declared as the Successful Resolution Applicant by the Committee of Creditors (CoC) of Lanco Teesta Hydro Power, subject to the final approval by Adjudicating Authority.
- **Tata Motors'** wholly owned subsidiary -- Jaguar Land Rover (JLR) has achieved a five-star Euro NCAP safety rating for its electric model Jaguar I-PACE. The vehicle scored 91 per cent for adult occupant protection, 81 per cent for child occupant protection and 81 per cent for safety assist.
- **Great Eastern Shipping Company (GE Shipping)** has delivered its 2011 built Kamsarmax Dry Bulk Carrier 'Jag Arya' to the buyers. The vessel was contracted for sale in September 2018.
- **Eveready Industries** India has executed an agreement for sale with Alwarpet Properties part of the Olympia Group, Chennai, for sale of its land situated Triuvottiyur Road, in Chennai in the state of Tamil Nadu, for a consideration of Rs 100 crore. The sale is expected to be completed within 4-10 months, based on tangible milestones.
- **Edelweiss Financial Services'** wholly owned subsidiary-- ECL Finance (ECLF) will launch the public issue of Secured Redeemable Non-Convertible Debentures (NCDs) of the face value of Rs 1,000 each, aggregating to Rs 2,500 million, with an option to retain over-subscription up to Rs 7,500 million aggregating to a total of Rs 10,000 million (Rs 1,000 crore), on December 13, 2018.
- **Shriram Transport Finance** has received approval to raise funds aggregating to Rs 150 crore through allotment of 1500 Rated Listed Secured Redeemable Non-Convertible Debentures (NCDs) of face value of Rs 10 lakh on private placement basis. The date of allotment is December 06, 2018. The tenure of the instrument is 3 Years, 4 Months and 9 days from the date of allotment.
- **Ansal Housing & Construction** has on December 05, 2018, completed, the transfer of 100% equity Shares held in Rishu Buildtech pursuant to the Share Transfer Agreement dated November 12, 2018 with Jambudwip Exports and Imports, Shah Publication and Mr. Shahazam Rana. Subsequent to the aforesaid transaction, Rishu Buildtech ceased to be a wholly owned subsidiary of Ansal Housing and Construction with effect from December 05, 2018.
- **Paul Merchants** has increased its stake in wholly owned subsidiary (WOS) company -- Paul Merchants Finance (formerly known as Paul Fincap) by acquiring 40,98,000 equity shares at a price of Rs 48.81 per equity share.
- **Info Edge (India)** has entered into an agreement to invest, through its wholly-owned subsidiary, about Rs 13.40 crore in Shop Kirana E Trading. As part of company's strategic investments, the acquisition would help the Company to diversify its presence into the new line of business within the Internet Services Industry.
- **Manappuram Finance** is planning for the issuance of the Private Placement of Unrated, Unlisted, Secured, Redeemable Non-Convertible Debentures (NCDs). The meeting of the Financial Resources and Management Committee of the Board of Directors of the Company will be held on December 11, 2018, to consider and approve the same.
- **Jet Airways** has received an approval from the Directorate General of Civil Aviation (DGCA) for the next five months flight schedule, after putting the cash-strapped airline on monthly scrutiny. The regulatory body satisfied with their performance last month and gave a five-month clearance from December onwards.
- **Indian Overseas Bank** has received an approval for the issue and allotment of up to 18.24 crore equity shares of the Bank to eligible employees of the bank under the Indian Overseas Bank-Employee Stock Purchase Scheme 2018 (IOB-ESPS 2018) for cash at an Issue Price including share premium (at a discount to the prevailing market price) as determined by the Committee of Directors for Issue of Equity Share Capital to all the Eligible Employees of the Bank. The Board of Directors of the Bank on December 05, 2018, by Circular Resolution approved the same.

- The government is likely to consider **Power Finance Corporation's (PFC)** proposal to acquire entire government holding in state-owned Rural Electrification Corporation (REC), which will fetch the government around Rs 15,000 crore.
- **Relaxo Footwears** has received an approval of the National Company Law Tribunal (NCLT), Principal Bench, New Delhi, to the Scheme of Amalgamation between Marvel Polymers, Relaxo Rubber and the company and their respective shareholders and creditors.
- **Kirloskar Ferrous Industries** has been declared as 'Preferred Bidder' in respect of e-auction of Sri. M Channakesava Reddy (Sri Lakshmi Narasimha Mining Co) based on highest Final Price Offer submitted by the Company.
- **Milestone Furniture** has successfully completed the contract of Rs 233 lakh for interior and office furniture with Sudarshan Pharma industries Group having its office at Borivali. Further, the company is having in discussion to obtain contract of Rs 275 lakh for providing facility at godown and sales office for their infra projects.
- **Elecon Engineering Company** is planning to raise funds of upto Rs 150 crore through issuance of Non-Convertible Debentures (NCDs) on Private Placement basis. The Board of Directors of the Company at its meeting to be held on December 10, 2018 to consider the same.
- **Bajaj Finance** has raised funds through allotment of 350 Secured Redeemable Non-Convertible Debentures (NCDs) of face value of Rs 10 lakh each aggregating to Rs 35 crore. The Debenture Allotment Committee of the company at its meeting held on December 05, 2018 allotted the same.
- **Adani Green Energy** and SB Energy have reportedly won 840 MW of the 1,200 MW put on sale at the first wind-solar hybrid auction conducted by the Solar Energy Corporation of India (SECI). The company has won 390 MW at Rs 2.69 per unit and SB Energy won 450 MW at Rs 2.67 per unit of electricity generated at the auction.
- **Avenue Supermarts** has raised fund through issuance of Commercial Paper (CP) worth Rs 100 crore. The company has issued the instrument on December 5, 2018.
- **Sonata Software** has entered into a definitive agreement with Scalable Data Systems and its shareholder to acquire 100% stake in Scalable, an Australian Company. This acquisition will increase Sonata's footprint as a Microsoft Dynamics 365 leader, making the combined entity a Digital Transformation partner of choice for customers in Retail, Distribution, Manufacturing, Commodities, and Travel.
- **Infosys** has inaugurated its Technology and Innovation Hub in Hartford. The company has also hired more than 7,000 American workers in the last 18 months as part of its ongoing commitment to accelerate the pace of digital innovation for American enterprises.
- **Trigyn Technologies'** wholly owned subsidiary -- Trigyn Technologies, Inc. has entered into \$1.1 million strategic partnership with New York based enterprise artificial intelligence startup WhizAI with participation from angel groups and existing investors.
- **Sagar Cements (SCL)** has received approval to invest a sum of Rs 150 crore in Satguru Cement (SCPL), Indore in the state of Madhya Pradesh, to set-up a green field cement manufacturing plant of 1 million ton capacity along with waste heat recovery power plant at a total cost of Rs 426 crore. SCL will be holding 65% in the equity share capital of SCPL on completion of the above projects. The Board of Directors of the Company at its meeting held on December 5, 2018 has approved the same.
- **Power Grid Corporation of India** has been declared as the successful bidder under Tariff based competitive bidding (TBCB) to establish 'Transmission System for Evacuation of Power from 2 x 660 MW Jawaharpur Thermal Power Project and construction of 400 kV substation at Firozabad along with associated Transmission Lines' on build, own operate and maintain (BOOM) basis.
- UROS Group, a global innovator in turnkey IoT solutions and smart connectivity, is collaborating with **Tata Communications**, a leading digital infrastructure provider, to support the deployment of IoT and Smart City solutions across large commercial and public sector organisations globally.

## Economy

### ➤ Fitch cuts India's growth forecast to 7.2% for FY19

Few days after the Central Statistics Office showed that India's economic growth slowed down to 7.1% in Q2 FY19, credit rating agency, Fitch Ratings in its latest report has cut the Gross Domestic Product (GDP) growth forecast of the country to 7.2% for current fiscal (FY19), citing higher financing cost and reduced credit availability.

The rating agency also made growth projections for the next two years, 2019-20 and 2020-21. Fitch said India may grow at rate of 7% in 2019-20 and 7.1% in 2020-21. It said GDP growth softened quite substantially in July-September quarter of current fiscal growing by 7.1%, as against 8.2% in April-June.

Fitch Further said that consumption was the weak spot, stepping down from 8.6% to 7.0%, though still growing at a healthy rate. Other components of domestic demand fared well, notably investment, which has been steadily strengthening since 2H17. The external sector was again a significant drag on overall GDP amid steadily accelerating imports. Besides, it hopes that India's fiscal policy would continue to support growth in the run-up to elections in early 2019 and further forecast Indian rupee to weaken to 75 to a dollar by end of 2019.

➤ **ICRA maintains stable year-end outlook for Indian port sector**

Rating agency ICRA has maintained stable year-end outlook for the port sector, in its year-end assessment, and stated that rebound in coal volumes and steady progress on the Sagarmala project are positive for Indian port sector players in the medium term. The agency is expecting that the prospects for the Indian port sector players in the medium term will be favourable, supported by continuing healthy growth in cargo of major volume drivers - Coal, Crude and Containers.

It highlighted that coal imports, which had become a concern over the last 2 years, have been witnessing a rebound and could continue to with the momentum witnessed in first half of FY 2019, adding that demand revival from the power sector and key consumer industries will be critical for sustained pick-up in coal imports.

Besides, it expects that over the medium to long term, overall cargo growth will gain further traction, driven by domestic requirements of crude oil, for meeting domestic petroleum requirements; and containers, given the cost and logistical advantages associated with containerization. Moreover, it emphasized that the major ports are already being targeted for modernisation and efficiency improvement under the Sagarmala project. Over the last two years, there has been progress on the port capacity enhancement, efficiency improvement and port connectivity.

➤ **RBI retains GDP growth forecast at 7.4% for FY19**

The Reserve Bank of India (RBI) retaining its Gross Domestic Product (GDP) growth forecast of 7.4% for the current fiscal year (FY19) has said that the India's economic growth will accelerate further to 7.5% in the first half of next fiscal year (H1FY20), on the back of acceleration in investment activity. It added that the GDP growth in April-September period of FY19 has been broadly in line with RBI projection of 7.4% for full fiscal. Besides, the country's economic growth fell to 7.1% in the July-September of the current fiscal, from 8.2% in the April-June period.

Stating that acceleration in investment activity bodes well for the medium-term growth potential of the economy, the RBI called for strengthening of macroeconomic fundamentals. It also said that the time is apposite to further strengthen domestic macroeconomic

fundamentals. In this context, fiscal discipline is critical to create space for and crowd in private investment activity. It further said credit offtake from the banking sector has continued to strengthen even as global financial conditions have tightened. FDI flows could also increase with the improving prospects of the external sector.

The Central Bank said going forward lower rabi sowing may adversely affect agriculture and hence rural demand. Financial market volatility, slowing global demand and rising trade tensions pose negative risk to exports. However, on the positive side, it noted that the decline in crude oil prices is expected to boost India's growth prospects by improving corporate earnings and raising private consumption through higher disposable incomes. The price of Indian basket of crude oil fell below \$60 to a barrel by end November, from \$85 to a barrel in early October.

➤ **RBI keeps repo rate unchanged at 6.50%; lowers inflation forecast for H2FY19**

The Reserve Bank of India (RBI), in its fifth bi-monthly monetary policy review of 2018-19, has kept repo rate under the liquidity adjustment facility (LAF) unchanged at 6.50%, in line with expectations, taking into account easing global crude prices, benign inflation and moderation in economic growth. This is for the second time in a row that the central bank maintained status quo. Consequently, the reverse repo rate under the LAF stood at 6.25%, and the marginal standing facility (MSF) rate and the Bank Rate at 6.75%. The RBI also maintained 'calibrated tightening' stance. The decision of the MPC is consistent the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4% within a band of +/- 2%, while supporting growth.

However, the RBI has decided to reduce statutory liquidity ratio (SLR), the portion of funds which banks are required to park in treasury bills and other instruments, by 0.25% every quarter beginning January. The calibrated reduction in SLR will continue till it reaches 18% of the net demand and time liabilities (NDTL) as part of aligning it with the liquidity coverage ratio (LCR). The current SLR is 19.5%. The first reduction of 25 basis points (bps) will take effect in the quarter commencing January 2019.

On the inflation front, the Central Bank has lowered retail inflation projection in the range of 2.7-3.2% for the second half of the current fiscal (H2FY19) and 3.8-4.2% in H1 FY20, with risks tilted to the upside, citing normal monsoon and moderate food prices. It added that the broad-based weakening of food prices imparts downward bias to the headline inflation trajectory going forward. Earlier, it had projected the retail inflation to be around 3.9-4.5% in the October-March period of 2018-19. It said the projected inflation path remains unchanged after adjusting for the HRA impact of central government employees as this impact dissipates completely from December 2018 onwards.

## CNX Nifty



## Technical View

Index closed a day at 10601 with huge loss of 182 points on Thursday session and formed a bearish candle on daily chart. Index has given small rising trend line breakdown on daily chart suggesting some weakness, now index has immediate resistance near 10655-10700 zone if index managed to sustain above 10700 zone then we may see upside to be continue and support for index is coming near 10570-10530. Nifty bank has support 26100-26000 and resistance is near 26350-26450 zone.



Source: LKP Research, BSE & Ace Equity

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