

Economic Insights

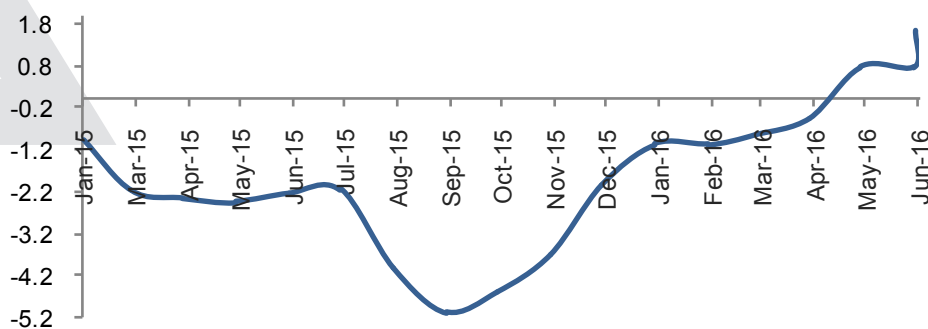
India Research - Stock Broking

Indian WPI spikes to 1.62%

The Wholesale Price Index (WPI) for June 2016 came in at 1.62%, up from 0.79% in May 2016. The build-up for inflation this financial year is 3.82%. 'Primary articles' inflation (including Food articles, Non-Food articles and Minerals) came in at 5.50%. Food articles' (major component of primary articles) inflation rose to 8.18% which may have contributed to the overall increase in the WPI index number. Potatoes, Pulses and Vegetables remained to be high inflation items in June 2016 at 64.48%, 26.61% and 16.91%. Onions continued to remain in the negative territory at (-28.60%). Non-Food articles group inflation rose to 5.72% from 4.48% (in May 2016). In this sub-group, inflation in Minerals and Fibres rose to (-20.75%) and 14.26% respectively, whereas, inflation in oil seeds fell slightly to 2.52%. Fuel and power group inflation also increased to (-3.62%). In this sub-group, petrol and diesel came in at -8.74% and 1.13% respectively (both up from May 2016 numbers of -10.86% and -5.01% respectively). 'Manufacturing products' (food products, chemicals, textiles, basic metals) inflation also slightly increased to 1.17%. A growth was seen in 'Sugar' (at 22.30%). An increase was also seen in the following items: 'Food products', 'Beverages', 'Tobacco and Tobacco products', 'Textiles', 'Chemicals and chemical products', 'Rubber and Plastic products', 'Transport, Equipment and parts' and 'Paper and Paper products'.

The final WPI inflation for April 2016 revised to 0.79% vs 0.34%.

Exhibit: India WPI (%)



Source: PIB, Bloomberg, Karvy Research

Indian CPI flat at 5.77%

India's Consumer Price Inflation (CPI) in June 2016 came in at 5.77%, slightly higher than previous month's 5.76%. Inflation levels in Rural and Urban India have come in at 6.20% and 5.26% respectively in June 2016; rural inflation slightly fell from 6.45% in May 2016, while urban inflation rose from 4.89% in May 2016. Food inflation for June 2016 also rose to 7.79% (up from 7.55%). Food and Beverages product group inflation came in at 7.38%. In this sub-group, Pulses (at 26.86%), Sugar and Confectionary products (at 16.79%) and Vegetables (at 14.74%) remained to be high inflation items. Pan, Tobacco and Intoxicants group inflation fell to 7.28%; Clothing and Footwear group inflation fell to 5.01%. Housing group inflation saw a slight increase to 5.46%; Fuel & Light group inflation came in at 2.92%. Miscellaneous product group inflation fell to 3.85% during June 2016 on a YoY basis.

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Data for the week

India WPI (%)	1.62
India CPI (%)	5.77
India IIP (%)	1.2

India at a glance

GVA growth %	7.40
IIP Growth %	1.20
WPI %	1.62
CPI %	5.77
Exports growth %	(0.79)
Imports growth %	(13.16)
Fiscal deficit %	3.00
Debt / GDP %	51.70
Credit growth %	9.43
Composite PMI	51.10
Manufacturing PMI	51.70
Services PMI	50.30
CRR %	4.00
SLR %	21.00
Repo Rate %	6.50
Reverse Repo %	6.00
Call Money Rate %	6.40
3-M T-bill Yld %	6.54
1-Y T-bill Yld %	6.74
10YR Govt Bond Yld %	7.29
1-Y CP Rate	8.23
Forex Reserve (Bln \$)	363.2

Source: Bloomberg, Karvy Research

Analysts Contacts

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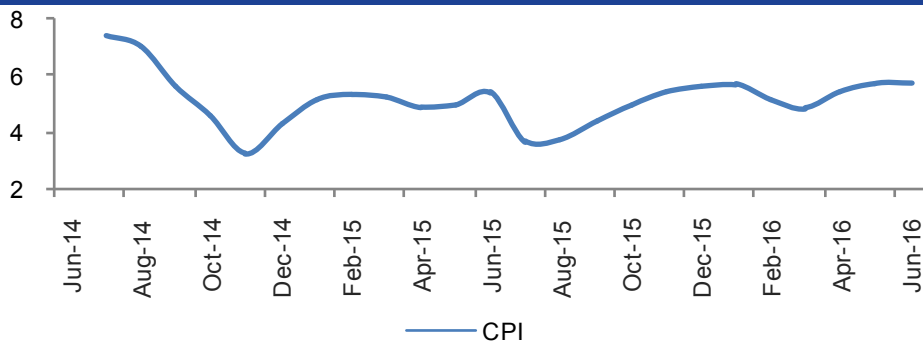
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Exhibit: India CPI (%)

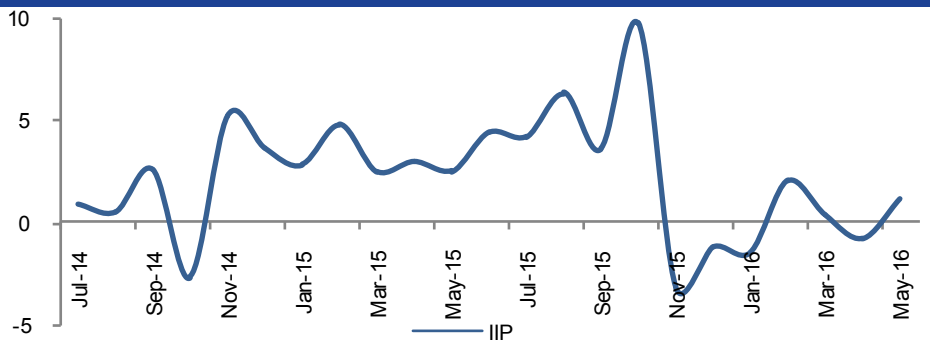


Source: PIB, Bloomberg, Karvy Research

Indian IIP surprises with a growth of 1.2%

India's Index of Industrial Production (IIP) growth for May 2016 surprised with a positive growth of 1.2%, up from (-0.8%) in April 2016. The cumulative growth is at (-0.1%) for the April-May period in FY16, on a YoY basis. One of the main reasons for the rise in IIP index in May 2016 is the positive growth in Manufacturing sector at 0.7%. A fall in growth was seen in the Mining and Electricity sector, however, growth remained in the positive territory for these sectors. Mining sector came in at 1.3% (down from previous months 1.4%) and Electricity sector came in at 4.7% (down from 14.6% in April 2016). Among the industries, 14 out of the 22 industry groups in the manufacturing sector had seen positive growth. Highest positive growth was seen in 'Office, accounting & computing machinery' at 18.8%. Highest negative growth was reported in 'Electrical machinery & apparatus' (at -41.1%). As per Use-based calculations, growth in basic goods came in at 3.9%. Capital goods growth continued to contract at (-12.4%). The growth in intermediate goods came in at 3.6%. Consumer goods growth expanded to 1.1% which may be one of the main reasons for the rise in IIP index. Consumer goods group consists of Consumer durables and Consumer non-durables. Consumer durables and Consumer non-durables growth came in at 6% and (-2.2%) respectively. 'Woollen Carpets' showed highest positive growth in May 2016. The items that showed highest negative growth are 'Cable, Rubber insulated' and 'Aluminium foils'.

Exhibit: India IIP (%)



Source: PIB, Bloomberg, Karvy Research

Exhibit: India Calender

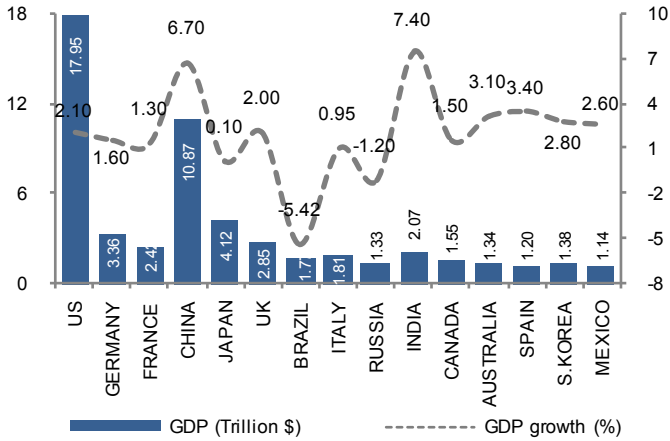
Date Time	Event	Month	Prior
13-15 Jul 2016	Trade Balance	Jun	(\$6.27 Bn)
13-15 Jul 2016	Imports	Jun	\$28.44 Bn
13-15 Jul 2016	Exports	Jun	\$22.17 Bn
25-29 Jul 2016	Eight Infrastructure Industries	Jun	2.80%

Source: Bloomberg, Karvy Research Data Updated at Jul 14, 2016 12:45 IST

Globe at a Glance

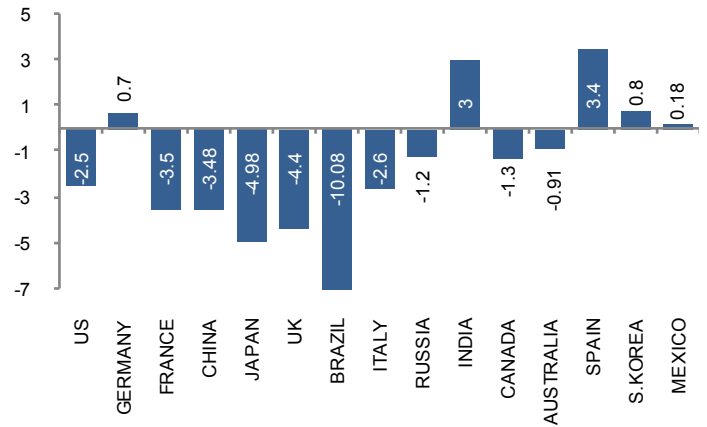
Trillion \$ Economies

Exhibit: GDP Trillion \$ & Growth (%)



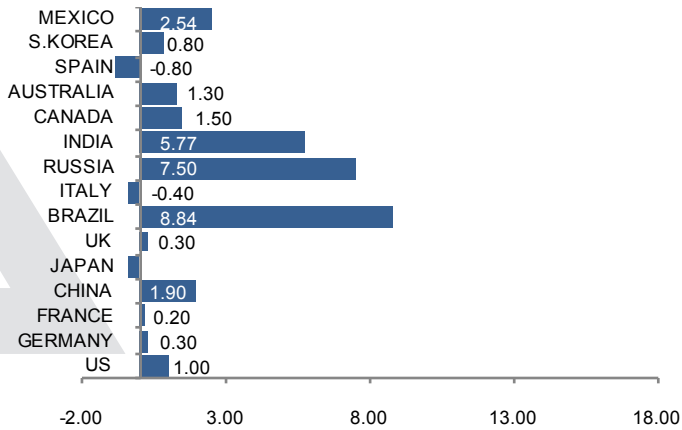
Source: Bloomberg, Karvy Research

Exhibit: Deficit* / GDP (%)



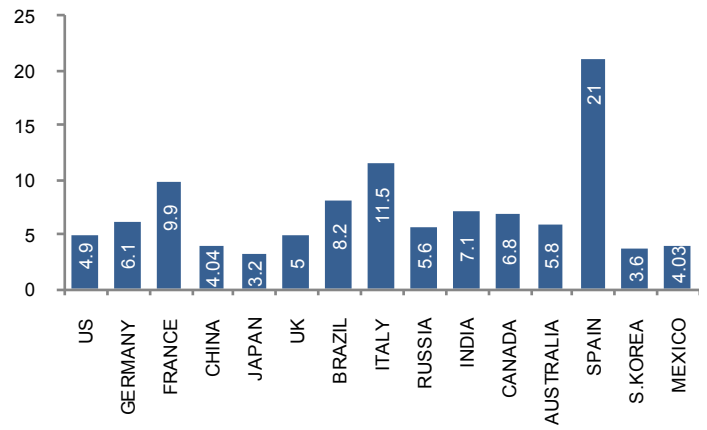
Source: Bloomberg, Karvy Research (*Fiscal Deficit)

Exhibit: CPI Inflation (%)



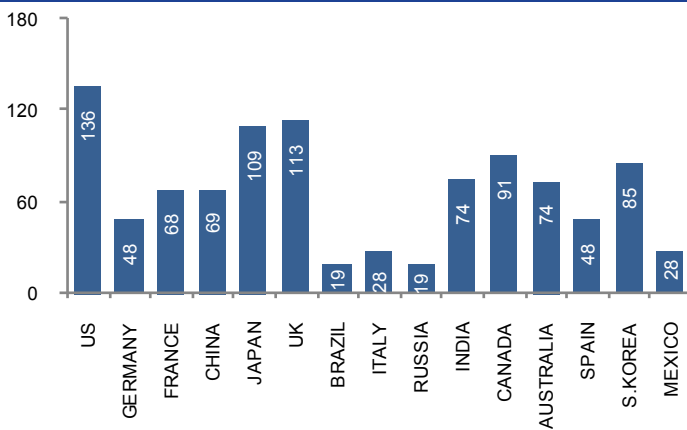
Source: Bloomberg, Karvy Research

Exhibit: Unemployment Rate (%)



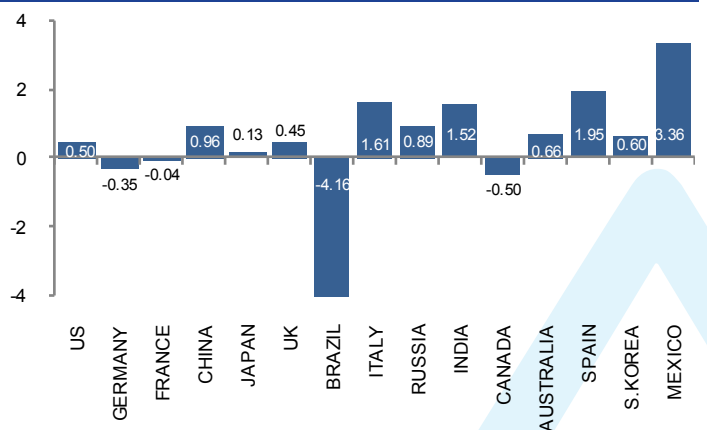
Source: Bloomberg, Karvy Research

Exhibit: Mcap/GDP (%)



Source: Bloomberg, Karvy Research

Exhibit: Yld-CPI Spread



Source: Bloomberg, Karvy Research

Global Markets at a Glance

Equities						
EQUITY INDEX	LTP	1D %Chg	1Y %Chg	52WH	52WL	PE (x)
US S&P 500	2152	0.0	2.1	2156	1810	19.9
US NASDAQ	5006	(0.3)	(1.9)	5232	4210	31.6
CHINA SHANGHAI	3048	(0.4)	(22.3)	4184	2638	16.8
EURO STOXX 50	2926	(0.2)	(18.9)	3714	2673	21.3
JAPAN NIKKEI 225	16386	1.0	(19.6)	20947	14864	19.6
UK FTSE100	6670	(0.2)	(1.2)	6813	5500	49.8
HONGKONG HANGSENG	21460	0.6	(14.6)	25634	18279	10.6
CANADA TSX	14494	0.1	(0.7)	14748	11531	22.3
FRANCE CAC 40	4335	0.1	(13.9)	5218	3892	23.7
AUSTRALIA ASX 200	5412	0.4	(3.0)	5728	4707	23.4
GERMANY DAX	9931	(0.3)	(13.8)	11802	8699	21.8
SWISS MARKET INDEX	8142	(0.0)	(12.6)	9538	7425	27.5
SOUTH KOREA KOSPI	2009	0.2	(2.5)	2101	1801	16.9
TAIWAN TAIEX	8866	0.1	(1.9)	9125	7203	15.7
INDIA NSE NIFTY	8539	0.2	1.0	8655	6826	21.6
SPAIN IBEX35	8474	(0.4)	(24.7)	11613	7580	22.9
BRAZIL BOVESPA	54598	0.6	2.6	54978	37046	100.6
NETHERLANDS AEX	444	(0.2)	(10.0)	506	379	37.6
SWEDEN OMX 30	1356	0.1	(16.1)	1659	1241	21.0
ITALY MIB	16528	(1.2)	(28.4)	24157	15017	43.0
SINGAPORE STRAITS	2907	(0.1)	(12.4)	3384	2528	12.2
THAILAND SE THAI	1482	0.3	(0.4)	1496	1221	20.3
INDONESIA JAKARTA	5115	(0.4)	4.3	5134	4034	27.8
MEXICO BOLSA	46272	(0.3)	2.5	46614	39257	29.0
MALAYSIA BURSA KLCI	1656	(0.3)	(3.8)	1744	1504	18.2
NEW ZEALAND 50	7080	0.2	23.1	7090	5462	19.2

Source: Bloomberg, Karvy Research

Currencies						
Currency pair with \$	Unit	LTP	%1D	%1Y	52WH	52WL
EURO	\$/1 EUR	1.111	0.2	0.9	1.2	1.1
JAPANESE YEN	JPY / 1 \$	105.46	(0.9)	17.0	125.3	99.0
BRITISH POUND	\$/1 GBP	1.322	0.5	(15.5)	1.6	1.3
CANADIAN DOLLAR	CAD / 1 \$	1.292	0.4	(1.5)	1.5	1.2
AUSTRALIAN DOLLAR	\$/1 AUD	0.763	0.2	2.3	0.8	0.7
NEWZEALAND DOLLAR	\$/1 NZD	0.722	(0.8)	7.5	0.7	0.6
SWISS FRANC	CHF / 1 \$	0.983	0.2	(3.9)	1.0	0.9
NORWEGIAN KRONE	NOK / 1 \$	8.396	0.3	(3.5)	9.0	8.0
SWEDISH KRONA	SEK / 1 \$	8.479	0.2	0.2	8.8	7.9
CHINA RENMINBI	CNY / 1 \$	6.688	0.0	(7.2)	6.7	6.2
HONGKONG DOLLAR	HKD / 1 \$	7.755	0.0	(0.0)	7.8	7.7
INDIAN RUPEE	INR / 1 \$	66.923	0.2	(5.3)	68.8	63.3
INDONESIAN RUPIAH	IDR / 1 \$	13082	0.0	2.0	14828	12984
MALAYSIAN RINGGIT	MYR / 1 \$	3.949	0.4	(3.6)	4.5	3.8
PHILIPPINES PESO	PHP / 1 \$	47.055	0.3	(3.9)	48.1	45.1
SINGAPORE DOLLAR	SGD / 1 \$	1.346	0.0	1.1	1.4	1.3
SOUTH KOREAN WON	KRW / 1 \$	1138	0.7	0.4	1245	1121
TAIWAN DOLLAR	TWD / 1 \$	32.033	0.5	(3.0)	33.8	31.0
THAI BAHT	THB / 1 \$	35.119	0.3	(3.1)	36.7	34.0
RUSSIAN RUBLE	RUB / 1 \$	63.750	0.3	(11.5)	86.0	56.3
S AFRICAN RAND	ZAR / 1 \$	14.356	0.9	(14.2)	17.9	12.3
BRAZILIAN REAL	BRL / 1 \$	3.264	1.0	(4.0)	4.2	3.1
MEXICAN PESO	MXN / 1 \$	18.275	0.5	(14.3)	19.5	15.6
DOLLAR INDEX	Spot	96.209	(0.0)	(0.4)	100.5	91.9

Source: Bloomberg, Karvy Research

Commodities						
Commodity	Unit	LTP	%1D	%1Y	52WH	52WL
BRENT CRUDE OIL	\$/bbl	46.8	1.2	(26.3)	62.4	31.3
NYMEX CRUDE OIL	\$/bbl	45.4	1.4	(21.4)	57.9	32.2
NATURAL GAS	\$/mmbtu	2.8	0.7	(12.0)	3.2	2.0
GOLD	\$/troy ounce	1333.1	(0.7)	15.3	1375.3	1046.4
SILVER	\$/troy ounce	20.3	(0.4)	31.9	21.1	13.6
PLATINUM	\$/troy ounce	1089.5	(0.7)	6.3	1106.6	810.8
ALUMINIUM	\$/MT	1673.0	(0.2)	(2.3)	1729.5	1432.5
COPPER	\$/MT	4938.0	1.4	(11.7)	5668.0	4318.0
ZINC	\$/MT	2179.0	(0.7)	6.1	2210.5	1444.5
NICKEL	\$/MT	10350.0	(1.3)	(11.9)	11980.0	7550.0
LEAD	\$/MT	1879.5	0.6	1.9	1895.0	1551.5
IRON ORE	\$/ MT	56.0	(0.7)	11.2	61.5	38.9
COAL	\$/ MT	63.6	1.4	13.4	63.5	43.9
COKING COAL	\$/ MT	93.7	(1.3)	12.6	99.5	73.4
CORN	Cents / bu	365.3	0.9	(16.8)	447.0	339.0
WHEAT	Cents / bu	442.0	0.5	(24.8)	595.0	415.8
SOYBEAN	Cents / bu	1109.8	0.4	14.3	1186.3	850.0
ROUGH RICE	\$/ 100 lb	10.7	0.0	-	13.2	9.9
CRUDE PALMOIL	MYR / MT	2216.0	(0.3)	(5.0)	2707.0	2091.0
SOYBEAN OIL	Cents / lb	31.5	0.7	(4.5)	35.8	27.0
COFFEE	Cents / lb	147.7	0.2	4.0	151.4	117.1
SUGAR	Cents / lb	19.5	(1.2)	39.3	21.2	11.5
COTTON	Cents / lb	73.2	0.0	11.1	74.8	54.2
ETHANOL	\$/ Gal	1.6	0.2	(1.4)	1.7	1.4
RUBBER	Cents / KG	127.0	(2.6)	(11.5)	159.8	102.8
BALTIC DRY INDEX	Index	726.0	2.1	(20.7)	1222.0	290.0

Source: Bloomberg, Karvy Research

Bonds					
10Y Govt Bond	Yld%	1D Chg BPS	1Y Chg BPS	52WH	52WL
US	1.496	2.2	(90.5)	2.4	1.3
GERMANY	(0.052)	0.9	(89.0)	0.9	(0.2)
FRANCE	0.166	1.8	(105.3)	1.3	0.1
CHINA	2.860	1.0	(68.0)	3.6	2.8
JAPAN	(0.270)	1.0	(73.4)	0.5	(0.3)
UK	0.745	(8.3)	(137.4)	2.2	0.7
BRAZIL	11.974	(11.2)	(61.7)	16.8	12.0
ITALY	1.208	0.0	(85.8)	2.1	1.1
RUSSIA	8.391	5.4	(240.4)	12.0	8.2
INDIA	7.288	0.4	(54.3)	7.9	7.3
CANADA	1.003	(5.5)	(68.7)	1.8	0.9
AUSTRALIA	1.958	(1.8)	(106.2)	3.1	1.8
SPAIN	1.148	0.0	(94.3)	2.2	1.0
S.KOREA	1.395	0.8	(111.2)	2.5	1.4
MEXICO	5.902	(0.2)	(10.5)	6.4	5.8
INDONESIA	7.174	(0.7)	(109.3)	9.9	7.1
NETHERLANDS	0.057	1.9	(103.9)	1.1	(0.0)
NORWAY	0.900	1.1	(82.4)	1.8	0.9
SWITZERLAND	(0.589)	0.8	(71.0)	0.1	(0.6)
HONG KONG	0.974	2.7	(92.7)	2.0	0.9
SINGAPORE	1.754	(2.0)	(89.0)	2.9	1.7
SOUTH AFRICA	8.693	(2.4)	53.7	10.6	8.0
PORTUGAL	3.094	(0.4)	34.7	4.5	2.2
GREECE	7.821	(6.5)	(473.3)	12.7	6.8

Source: Bloomberg, Karvy Research

Global Markets at a Glance

Exhibit: Nifty

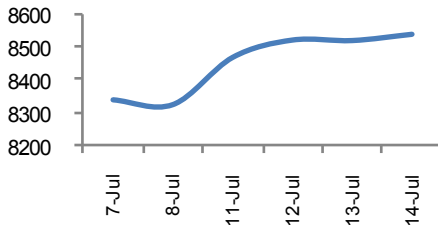


Exhibit: INR

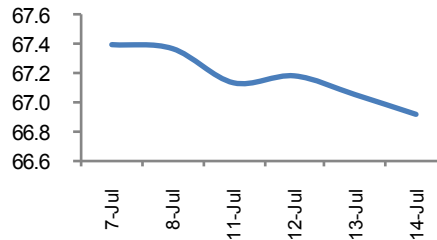


Exhibit: India 10 Yr Yld %

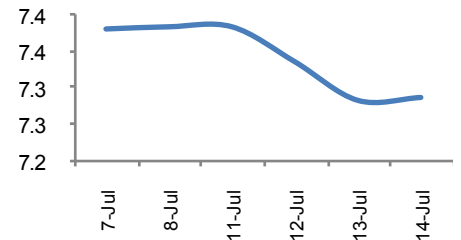


Exhibit: S&P 500

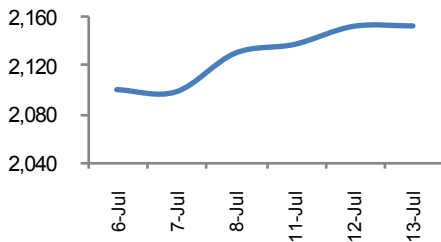


Exhibit: Dollar Index

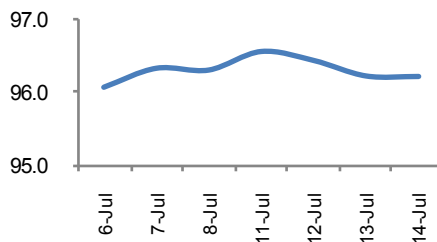


Exhibit: US 10 Yr Yld %

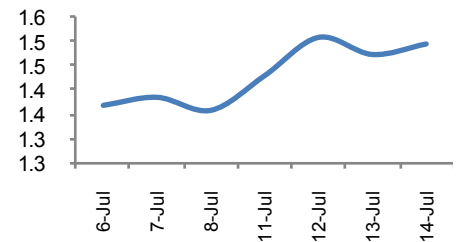


Exhibit: Euro Stoxx 50

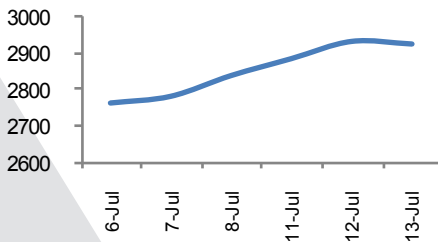


Exhibit: Eur

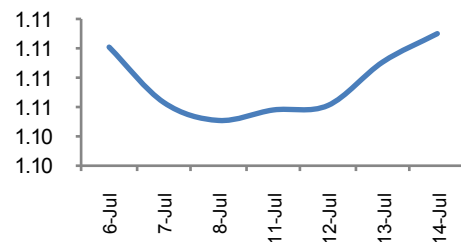


Exhibit: Germany 10 Yr Yld %

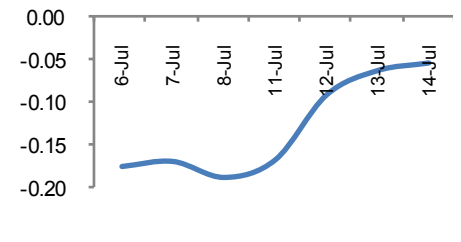


Exhibit: Nikkei

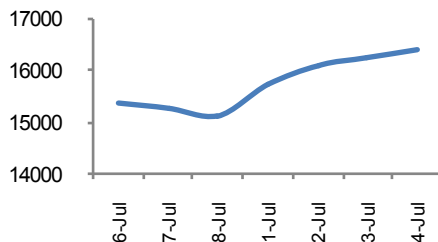


Exhibit: JPY

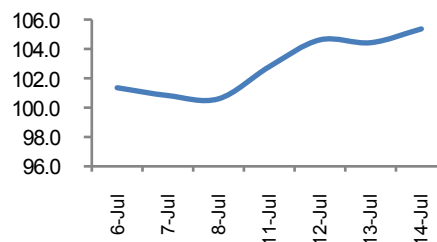


Exhibit: Japan 10 Yr Yld %

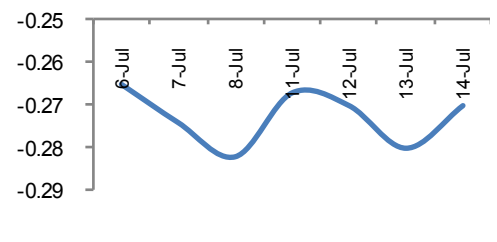


Exhibit: Shanghai

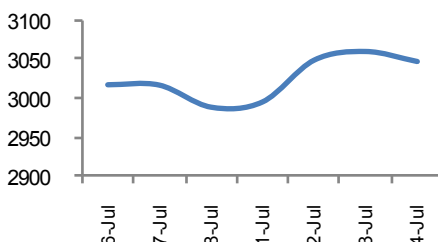


Exhibit: CNY

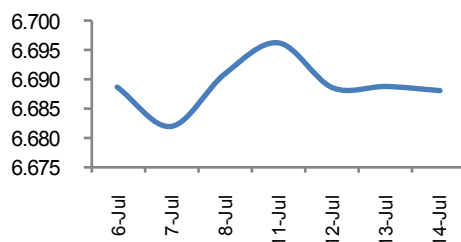
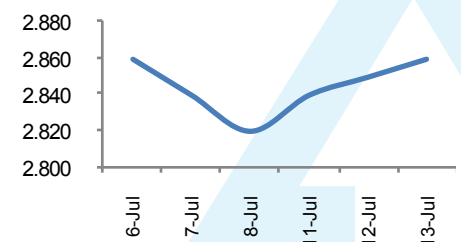


Exhibit: China 10 Yr Yld %



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