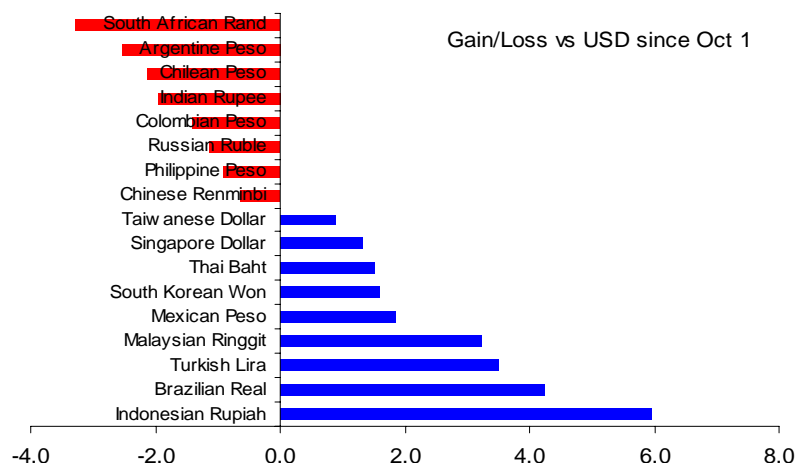


Last Fortnight Snapshots

INR slips as Fed "liftoff" weighs:



INR has fallen by 2.0% against USD since 1st Oct 2015. Part of the fall is due to selling by FPI's in the capital market, mainly in November, and partly due to concerns of Fed "liftoff" on December 16. Since INR was very resilient all this while in comparison to other EM currencies, it is witnessing some sell off pressure to realign with its export competitors.

Global Developments

US Q3 growth revised upwards:

The US economy advanced an annualized 2.1 percent on quarter in the three months to September of 2015, up from the 1.5 percent reported last month, according to the second estimate released by the Bureau of Economic Analysis. The decrease in private inventory investment was smaller than previously estimated. GDP Growth Rate in the United States averaged 3.24 percent from 1947 until 2015, reaching an all time high of 16.90 percent in the first quarter of 1950 and a record low of -10 percent in the first quarter of 1958. On the expenditure side, personal consumption expenditures accounts for 68 percent of total GDP out of which purchases of goods constitute 23 percent and services 45 percent. Private investment accounts for 16 percent of GDP and government consumption and investment for 18 percent. As the value of goods exported (13.5 percent) is lower than the value of goods imported (16.5 percent), net exports subtracts 3 percent from the total GDP value.

Interest Rates and Bond Yields

The yield on benchmark 10-year government bond closed higher at 7.76% compared to the earlier fortnight's closing of 7.64% as traders were wary of Fed "liftoff"

Currency

The INR weakened, last fortnight, as USD traded strong globally as Fed was seen set for December "liftoff". INR ended the fortnight at 66.76 compared with 66.10 in the previous fortnight.

Money Supply

M3 growth rose marginally to 11.2% from 10.9% in the previous fortnight. Deposit growth was weaker at 11.0% from 11.1% in the previous fortnight.

Deposit & Credit

Credit growth for the fortnight ended 13 Nov 2015, rose to 9.7% from 9.0% in the previous fortnight. Overall credit growth continues to remain muted due to poor demand from corporate due to tepid investments as well as their preference for debt markets. Deposit growth fell to 11.0% from 11.1%.

Forex Reserves

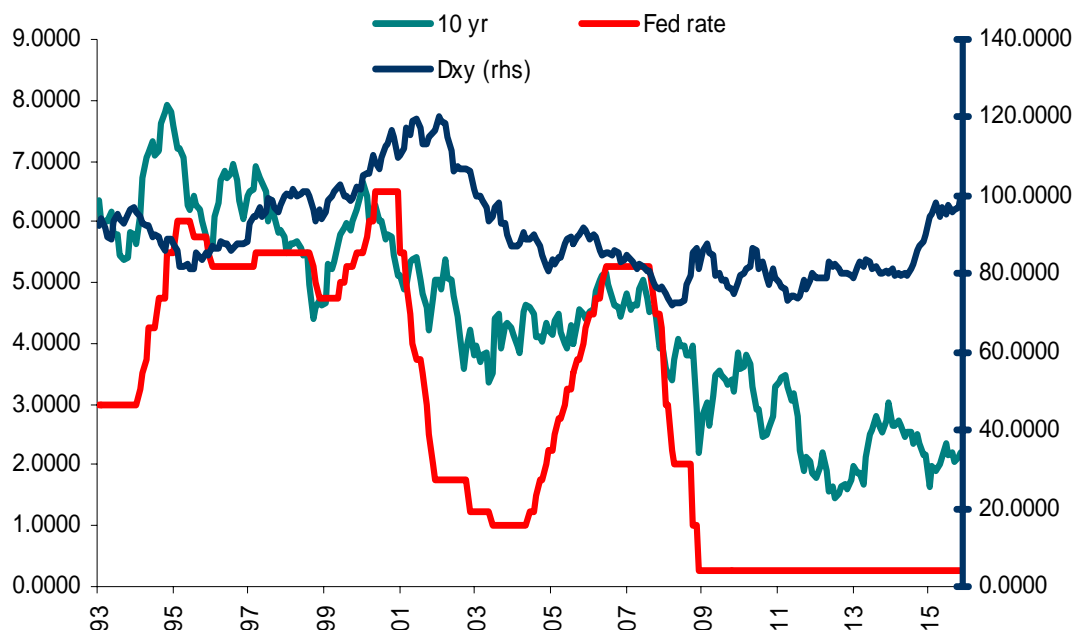
India's FX Reserves rose to \$ 352.4 compared with \$ 351.73 in the previous fortnight. Capital market flows were negative in the fortnight. Valuation change of other currencies impacted FX reserves.

Inflation

Oct Retail inflation - rises: October CPI came in at 5.00%, higher than our estimate of 4.91% and consensus of 4.79%. Food inflation rose to 5.34%, mainly due to poor monsoon and reversal of favourable base with pulses shooting up 42.0% YoY (pulses alone contributed 97 basis to overall inflation). Vegetable inflation rose to 2.34% from 0.0% in previous month, Fuel inflation fell to 5.32% compared with 5.42% in September, Misc inflation rose to 3.51% from 3.34% in September while clothing, bedding and footwear fell to 5.62% from 6.0%.

YoY Growth		
	Sep-15	Oct-15
Food and Beverage	4.29	5.34
Vegetables	0.00	2.42
Cereal and Products	1.38	1.46
Milk and Milk Products	5.05	4.79
Fruits	0.94	1.98
Pan, Tobacco and intoxicants	9.35	9.50
Fuel and Light	5.42	5.32
Housing	4.74	4.88
Miscellaneous	3.34	3.51
Clothing and Bedding& footwear	6.00	5.62
CPI -General	4.41	5.00
CPI - Core	4.34	4.42

US DXY, Fed Fund Rate and Benchmark Yield



The last Fed rate hike from 2004 through 2006 did not see the dollar index climb with it (in fact it weakened). With the dollar already getting stronger against most currencies, we think that the DXY will stabilize at current levels post Fed rate hikes.

<p>Interest rates & Bond Yields</p>	<p>Bonds traded weak and yields rose during the fortnight. FII's were sellers in domestic debt segment. Yield on the benchmark ended at 7.76% compared with 7.64% in the earlier fortnight. Bond yields rose mainly due to expectation that Fed would raise rates in the December FOMC policy.</p>
<p>Currency</p>	<p>INR traded weak last fortnight as globally US Dollar was strong as traders expected the Fed to raise rates in December. Also, FII flows in the domestic market was negative (especially equity flows). INR level is likely to be determined by FOMC statement on the 16th of December and the secondary market FII flows.</p>
<p>Money Supply</p>	<p>Money Supply should sustain in the 11.0% - 12.00% range next fortnight. Deposit growth fell marginally in the previous fortnight to 11.0%. We expect deposit growth to rise marginally from these levels and this will help keep Money Supply at around 11.50 % levels.</p>

Fortnightly Calendar

India

30-Nov-15	GDP 2Q FY16
01-Dec-15	RBI Policy Decision
01-Dec-15	PMI - Manufacturing
07-Dec-15	Current Account Balance
11-Dec-15	Industrial Production

US

01-Dec-15	ISM Manufacturing
02-Dec-15	MBA Mortgage Applications
03-Dec-15	Initial Jobless Claims
04-Dec-15	Unemployment Rate
11-Dec-15	Advance Retail Sales
15-Dec-15	CPI - YoY

Euro Zone

02-Dec-15	CPI - YoY
03-Dec-15	Retail Sales
03-Dec-15	ECB Rate Decision
14-Dec-15	Industrial Production

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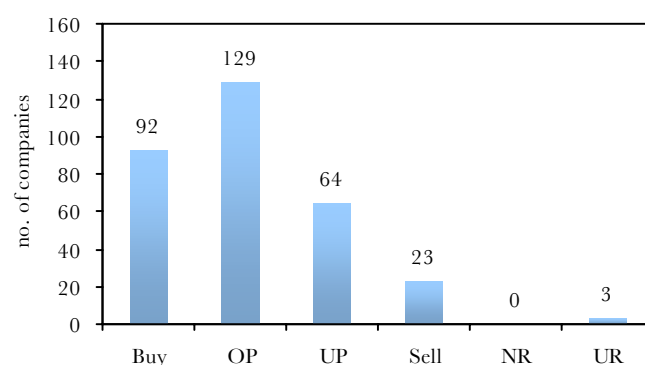
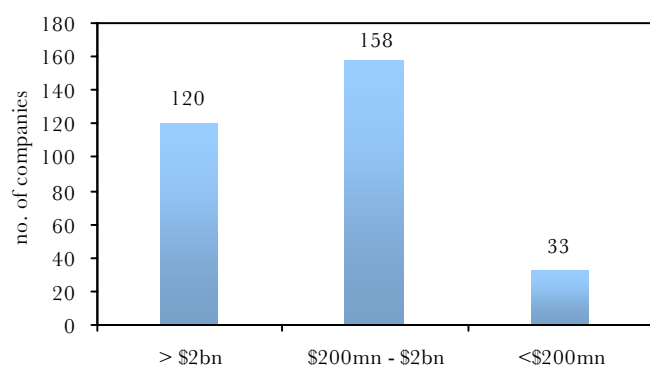
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B&K Economic Research

----- B&K Universe Profile -----

By Market Cap (US\$ mn)

By Recommendation



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