



A Monthly review of Market Statistics
February 2019



*May prosperity
always bloom*

Global Regulatory Scanner

The World Federation of Exchanges (WFE) released a paper on “Factors that drive international investor participation in emerging markets”

The objective of the report is to provide exchange operators, securities regulators and policymakers with greater insight into the factors that drive investment decisions, using monthly foreign buy and sell trade data (volume and value) from 20 emerging market exchanges for the January 2006 to April 2018 period. Given the contribution that international investors make to emerging and frontier markets such as providing capital to the local economy, participating in risk sharing, and helping to reduce price volatility, a better understanding of investor motivation is a key component of market development and capacity building programmes.

The key findings of the report are as follows:

- Financial returns are important for investors; however, their broader investment strategy will also guide how they evaluate returns, and how they decide where to invest.
- Frontier (smaller) markets struggle to attract the same levels of attention as their emerging market counterparts.
- The presence of explicit barriers to investment such as capital controls and ownership restrictions as well as investment frictions such as higher transaction costs and investment-related taxes impede investment.
- Corporate governance was a particular challenge in emerging market investing, as was government interference, and, in some markets, the length of time it took to open investment accounts.
- Liquidity was a concern, but this was measured in different ways by different investors (e.g. at market level versus at individual stock level). Some investors required a minimum liquidity threshold to invest, whereas others noted they were not overly concerned with liquidity as they adopted a long-term investment strategy;
- The importance of market infrastructure features (including the presence of an electronic trading platform, ability to short-sell, presence of market makers, and the ability to engage in securities lending and borrowing) varied across respondents.
- Environmental, social and governance (ESG) factors are important when evaluating investments.

The report concludes with a number of recommendations that emerging market exchange operators and relevant regulators and policy-makers may consider to improve levels of international investors, including:

- Reducing the direct and indirect costs of investment e.g. the time and effort required to open an investment account, and the costs of obtaining information;
- Enhancing the corporate governance of listed firms and educating them about the relevance of ESG factors to their business, and by extension, investors;
- Investing in market infrastructure (such as market-making, direct market access, securities lending and borrowing, colocation, etc.) enhancements to contribute to the improvement of the market over time; and
- Developing the local investor base, including strong, local asset managers.

For more details see:



<https://www.world-exchanges.org/news/articles/world-federation-exchanges-publishes-second-report-factors-drive-international-investor-participation-emerging-markets1>

Global News

The World Federation of Exchanges (WFE) published 2018 full year market highlights (February 12, 2019)

The World Federation of Exchanges (WFE), the global industry group for exchanges and clearing houses (CCPs), published its 2018 full year market highlights report. The key highlights of the report are:

- Against the backdrop of a global economic slowdown, geopolitical and trade tensions, concerns about tightening monetary policy and increased scrutiny of the technology sector, the volatility in global stock markets was high in 2018 compared to 2017.
- Global domestic market capitalisation as on end of 2018 was down 14.9% compared to end of 2017, the first time since 2014 that this indicator has shown a year on year decline. The decline in market capitalisation was across all three regions: the Americas region was down 6.3%, Asia-Pacific was down 23.8%, and the EMEA region was down 16.5%.
- Although the domestic market capitalisation in markets across the globe scaled record levels in the beginning of 2018, there were significant declines in market valuations by the end of the year. The average monthly growth rate in market capitalisation in 2018 was -1.6% as compared to +1.6% in 2017.
- Trading value and volumes in equity shares were up 15.4% and 11.5% respectively in 2018. The increase in the value traded was driven by increases in the Americas region (30.4%) and the EMEA region (11.1%). The increase in volume traded was driven by increases across all three regions.
- While the trading activity was up in 2018, the overall primary market activity saw a slowdown. New listings through IPO and investment flows through IPO declined overall 14.5% and 12.1% respectively compared to 2017. Only the Americas saw an increase in the number of IPOs and investment flows by 37.3% and 6.3% in 2018.
- The non-IPO listings in 2018 were down 23.3% on 2017. This was due to a 60.9% decline in the number of non-IPO listings in the EMEA region. The Americas and Asia-Pacific regions witnessed an increase of 1% and 12.9% respectively.
- Exchange traded derivatives volumes in 2018 were up 19.3%, driven by increases in volumes across all product types except commodity futures. In an environment of monetary policy uncertainty and high volatility in equity and currency markets, volumes of equity, currency and interest rate derivatives were higher in 2018 than in 2017.

For more details, please see:

<https://www.world-exchanges.org/storage/app/media/uploaded-files/WFE%202018%20FY%20Market%20Highlights%20FINAL%20PDF%20VERSION%2012.02.19.pdf>



Key circular issued by SEBI in February 2018

Format for annual secretarial audit report and annual secretarial compliance report for listed entities and their material subsidiaries (SEBI: February 08, 2019)

The Committee on Corporate Governance, constituted under the Chairmanship of Shri Uday Kotak, in its report dated October 05, 2017, recommended the following in view of the criticality of secretarial functions to efficient board functioning:

- Secretarial audit to be made compulsory for all listed entities under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) in line with the provisions of the Companies Act, 2013.
- Secretarial audit to be extended to all material unlisted Indian subsidiaries in line with the recommendations of the Committee on strengthening group oversight and improving compliance at a group level for listed entities.

The aforesaid recommendations were accepted and in order to implement the same, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been amended to include the following Regulation 24A:

“24A: Secretarial Audit: Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be prescribed with effect from the year ended March 31, 2019.”

Accordingly, every listed entity and its material unlisted subsidiaries shall compile the following reports, as applicable: (a) annual secretarial audit report, and (b) annual secretarial compliance report, and this will be effective from the financial year ending March 31, 2019 onwards.

For detailed circular, please refer here:

https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/feb-2019/1549621039496.pdf#page=1&zoom=auto,-23,333



Market Development and Issues

Recent developments on pledging shares by promoters

There was a 55% fall in market capitalisation of Anil Ambani promoted Reliance Group within a span of just 4 days (between 4 and 7 February), causing substantial losses to the shareholders, and harming the interests of other stakeholders as well. This sharp fall in share prices was triggered by the announcement by debt ridden Reliance Communication on 1 February (Friday evening) that it was opting for insolvency proceedings. The stock reacted on the next Monday (4 February) when it slumped by 48 percent. Shares of other Anil Ambani group companies also fell on the same day: Reliance Capital Ltd by 11%, Reliance Infrastructure Ltd by 7%, Reliance Power Ltd by 11%, and Reliance Naval and Engineering Ltd by 11%. This led the lenders to the Group—namely, L&T Finance and Edelweiss to invoke the pledged shares of the promoters of the Group during this period. This invocation exacerbated the fall in share prices. On 8th February 2019, the Group reportedly accused L&T Finance and Edelweiss Group entities for their "illegal" and "motivated" actions in invoking the pledged shares and selling them in open market that resulted a steep fall in share values, while the lenders asserted that they initiated the sale of pledged shares because the Group failed to make their repayments on time. Later, SEBI intervened and directed the lenders to stop selling further pledged shares till the regulator comes to a conclusion in the matter.

In another major incident, there was a sharp decline of share prices of the Essel Group companies (notably Zee entertainment) after the Group's name reportedly got linked to large deposits made after demonetisation. This happened after the news came in the Wire that Nityank Infrapower deposited over Rs. 3,000 crore after the demonetisation of Rs. 500 and Rs.1000 notes in November 2016. This sharp fall in the value of share prices raised the risk of invocation of the pledged shares by the lenders. It is reported that the total loan against pledged shares to mutual funds, NBFCs and banks stood at around Rs. 13,500 crores. Realizing the magnitude of this risk, the Essel group reached an understanding with the lenders and assured them that the decline in the share prices will not lead to a default and thereby, persuaded them not to invoke.

Clearly, pledging of shares by promoters is increasingly becoming a large governance issue. In India, there are many companies where promoters have pledged a significant percentage of their shares. As on 31st December 2018, promoters of 104 out of top 500 NSE listed companies have pledged about 27.5% of their shares on average. Among them, promoters of 8 companies pledged more than 80% of their shares. Investors are increasingly becoming conscious of the risk related to pledging of shares by promoters. In February 2019, for example, share prices of Apollo Hospitals, Emami and Dewan Housing Finance dropped down significantly reportedly due to an increase in the shares pledged by promoters. Lenders are also becoming more cautious before providing loans to promoters through the share pledging route. At the same time, regulators, both RBI and SEBI, are trying to design a suitable policy to avert possible crises in the near future.



Performance of Broad Market Asset Class

	Exchange	Current Month	Previous Month	MOM Change	YOY Change	Mar'18 - Current	YTD Change
EQUITY							
<i>NIFTY 50</i>	NSE	10792.50	10830.95	-0.36%	2.86%	6.71%	-0.64%
<i>NIFTY BANK</i>	NSE	26789.90	27295.45	-1.85%	6.70%	10.41%	-1.36%
<i>NIFTY IT</i>	NSE	15732.00	15499.30	1.50%	22.82%	25.74%	8.95%
<i>INDIA VIX</i>	NSE	18.28	17.12	6.75%	32.40%	15.99%	14.23%
<i>DOWJONE</i>	NYSE	25914.91	25063.89	3.40%	3.54%	7.52%	11.09%
<i>NASDAQ</i>	NASDAQ	7097.52	6906.84	2.76%	-2.41%	0.48%	12.13%
<i>FTSE 100</i>	CFD	7074.73	6968.85	1.52%	-2.17%	0.26%	5.15%
<i>HANGSENG</i>	CFD	28633.18	27942.47	2.47%	-7.17%	-4.85%	10.79%
<i>NIKKEI</i>	CFD	21385.16	20773.49	2.94%	-3.10%	-0.32%	6.85%
COMMODITY							
<i>GOLD</i>	CFD	1316.10	1325.20	-0.69%	0.05%	-0.51%	2.72%
<i>SILVER</i>	CFD	15.54	16.07	-3.32%	-4.81%	-4.22%	-0.01%
<i>COPPER</i>	CFD	2.95	2.78	5.96%	-5.05%	-2.29%	12.12%
<i>ZINC</i>	CFD	2758.75	2724.00	1.28%	-20.19%	-15.83%	12.91%
<i>ALUMINIUM</i>	CFD	1894.75	1901.00	-0.33%	-11.20%	-5.49%	3.95%
<i>NICKEL</i>	CFD	13060.00	12467.50	4.75%	-4.93%	-2.39%	22.31%
<i>CRUDE- BRENT</i>	CFD	66.03	61.89	6.69%	0.38%	1.68%	45.41%
<i>CRUDE- WTI</i>	CFD	57.22	53.79	6.38%	-7.17%	-18.57%	6.36%
<i>NATGAS</i>	CFD	2.81	2.81	-0.07%	5.44%	2.89%	-4.35%
CURRENCY							
<i>USDINR</i>	Real Time FX	70.83	70.96	-0.19%	8.61%	8.77%	1.81%
<i>EURUSD</i>	Real Time FX	1.14	1.14	-0.64%	-6.73%	-7.71%	-0.85%
<i>USDJPY</i>	Real Time FX	111.36	108.88	2.28%	4.40%	4.78%	1.62%
<i>GBPUSD</i>	Real Time FX	1.33	1.31	1.24%	-3.60%	-5.38%	3.96%
<i>US Dollar Index</i>	Real Time FX	96.04	95.30	0.78%	6.07%	6.94%	0.32%
MONEY MARKET							
<i>10Y US BOND</i>	NYSE	7.59	7.48	1.44%	-1.71%	2.58%	3.00%
<i>10Y IND BOND</i>	NSE	2.72	2.63	3.19%	-5.13%	-0.88%	1.15%

Source: in.investing.com

Flagship Index “NIFTY 50” Statistics

Number of constituents :	50	PE	26.32
Derivatives available :	YES	PB	3.41
ETFs available :	15	Dividend Yield	1.25

Primary Market Statistics

Capital Raised

Capital Raised in the Month	Rs Mn	USD Mn
Newly issued shares (IPOs)-	16808.06	236.08
FPOs	0.00	0.00
Public issue of NCDs	17648.74	247.89
Further Issues (FIs)	131762.55	1850.72
Total	1,66,219.35	2334.70

New Company Available for Trading

Sr No.	Listing Date	Symbol	Company Name	Series
1	Feb 4, 2019	RETFMID150	Reliance Mutual Fund - Reliance ETF Nifty Midcap 150 - Reliance ETF Ni	EQ
2	Feb 4, 2019	XELPMOC	Xelpmoc Design And Tech Limited	BE
3	Feb 6, 2019	SURANI	Surani Steel Tubes Limited	ST
4	Feb 7, 2019	CHALET	Chalet Hotels Limited	EQ
5	Feb 28, 2019	MINDPOOL	Mindpool Technologies Limited	ST

Secondary Market Statistics

Institutional Flows

1. Institutional Flows- CM Gross

Broad Category	Buy Value (Rs Crs)	Sell Value (Rs Crs)	Net (Rs Crs)
DII	63000.67	64491.65	-1490.97
FII	107582.98	94059.39	13523.59

2. Institutional Flows- F&O Gross

Broad Category	Buy Value (Rs Crs)	Sell Value (Rs Crs)	Net (Rs Crs)
DII	77603.22	77840.42	-237.20
FII	3128546.00	3110919.00	17627.00

3. Institutional Flows- CDS Gross

Broad Category	Buy Value (Rs Crs)	Sell Value (Rs Crs)	Net (Rs Crs)
DII	12283.73	12231.62	52.11
FII	73748.89	66043.36	7705.54

Average Daily Turnover (INR Crores)
1. Equity Market

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
Cash Market	31969.65	28955.85	10.41%	29416.08	31672.66	30357.62
Exchange Traded Funds	275.22	132.36	107.92%	126.42	166.04	198.81
SME EMERGE	8.63	8.91	-3.13%	22.49	17.24	8.78
Sovereign Gold Bonds	0.73	0.70	4.45%	0.35	0.54	0.71
InvITs	3.57	3.56	0.30%	16.57	4.42	3.56
Mutual Funds (Close Ended)	0.09	0.06	38.43%	0.30	0.64	0.08

2. Equity Derivatives - Index Futures

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
BANKNIFTY	7093.73	7484.81	-5.23%	8031.17	9349.58	7302.91
NIFTY	13544.57	13019.11	4.04%	11477.95	13039.65	13263.51
NIFTYIT	33.70	31.01	8.66%	0.01	0.00	

3. Equity Derivatives - Index Options

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
BANKNIFTY	1258.18	1380.97	-8.89%	741.07	1340.25	1323.85
NIFTY	1370.11	1219.65	12.34%	1131.48	1247.96	1289.63

4. Currency Derivatives- Futures

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
EURINR	536.47	609.83	-12.03%	663.91	730.67	576.64
EURUSD	54.07	64.41	-16.05%	340.39	185.36	59.73
GBPINR	1027.19	926.70	10.84%	803.35	909.76	972.16
GBPUSD	90.63	84.74	6.95%	280.20	141.37	87.40
JPYINR	222.09	300.23	-26.03%	190.85	245.20	264.88
USDINR	16509.32	15450.99	6.85%	9012.42	16816.18	15929.76
USDJPY	1.42	2.56	-44.45%	18.31	5.29	2.04

5. Currency Derivatives- Options

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
EURINR	0.00	0.00	80.34%	0.19	0.04	0.00
EURUSD	0.00	0.00		0.00	0.00	0.00
GBPINR	0.01	0.01	-16.53%	0.02	0.03	0.01
GBPUSD	0.00	0.00		0.00	0.00	0.00
JPYINR	0.00	0.00	-23.73%	0.01	0.00	0.00
USDINR	52.57	55.54	-5.34%	31.18	59.42	54.20
USDJPY	0.00	0.00		0.00	0.00	0.00

6. NSE Bond Futures II

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
717GS2028	1223.83	1223.78	0.00%	18.92	848.85	1223.80
726GS2029	0.93	0.00			0.54	0.54
668GS2031	3.63	0.00		38.78	1.53	1.64

Client Category Participation- Percentage contribution
1. Equity Market

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
Corporates	6.03%	5.22%	10.90%	10.67%	6.48%	5.62%
DII	9.97%	10.01%	-4.37%	10.23%	10.28%	9.99%
FII	15.77%	14.57%	3.93%	16.21%	15.25%	15.16%
Others	45.62%	48.17%	-9.08%	44.82%	46.37%	46.92%
PRO	22.61%	22.03%	-1.47%	18.07%	21.62%	22.32%

2. Equity Derivatives

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
Corporates	11.33%	11.49%	-15.31%	8.46%	11.03%	11.42%
DII	0.41%	0.36%	-1.20%	0.47%	0.42%	0.38%
FII	16.46%	12.89%	9.55%	11.55%	13.20%	14.54%
Others	36.35%	39.51%	-21.01%	37.16%	37.39%	38.05%
PRO	35.45%	35.76%	-14.91%	42.37%	37.97%	35.61%

3. Currency Derivatives

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
Corporates	10.08%	9.28%	-1.37%	9.72%	10.94%	9.66%
DII	1.80%	1.84%	-10.88%	0.69%	1.70%	1.82%
FII	10.27%	10.17%	-8.34%	3.04%	9.01%	10.22%
Others	20.95%	21.29%	-10.65%	14.54%	17.53%	21.13%
PRO	56.89%	57.42%	-10.07%	72.01%	60.82%	57.17%

4. NSE Bond Futures II

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
Corporates	24.56%	27.01%	-24.58%	20.40%	23.38%	25.90%
DII	6.33%	5.01%	4.77%	2.58%	3.17%	5.61%
FII	1.34%	2.13%	-47.97%	2.97%	2.03%	1.77%

Others	2.33%	1.29%	50.41%	4.45%	3.53%	1.76%
PRO	65.43%	64.56%	-15.96%	69.60%	67.89%	64.95%

Asset Category wise Open Interest (Average Daily Volume)
1. Equity Derivatives

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
FUTSTK	4737946444	4861828148	-2.548%	4961728948	5080263572	4804208751
OPTSTK	1636891495	1468116657	11.496%	1623063743	1525298840	1546616582

2. Equity Derivatives - Index Futures

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
BANKNIFTY	1591342	1938732	-17.92%	310641	333701.7	1777155
NIFTY	23101455	27392938	-15.67%	4439299	4768854	25396919
NIFTYIT	27655	21845.65	26.59%			

3. Equity Derivatives - Index Options

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
BANKNIFTY	15245752	19860436	-23.24%	3096362	3326223	17714071
NIFTY	104603777	106037470	-1.35%	18418444	19785752	105370636
NIFTYIT	157	267	-41.20%			

4. Currency Derivatives- Futures

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
EURINR	83038.16	78098.61	6.325%	133745.66	109922.17	80333.17
EURUSD	34030.53	30219.17	12.612%	16166.76	28532.39	31943.36
GBPINR	56613.79	45609.96	24.126%	66993.99	59620.45	50587.88
GBPUSD	3642.32	4494.61	-18.963%	7937.71	8018.13	4109.05
JPYINR	45028.74	47482.87	-5.168%	31363.55	39373.67	46372.67
USDINR	2511115.74	2208491.04	13.703%	2070109.54	3061371.22	2345392.69
USDJPY	424.26	833.96	-49.126%	3077.71	1249.32	648.62

5. Currency Derivatives- Options

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
EURINR	700.32	650.83	7.604%	17169.62	5186.06	673.21
EURUSD	0.00	0.00		88.10	21.40	0.00
GBPINR	1351.74	1144.26	18.132%	1144.67	3625.04	1238.12

GBPUSD	0.00	0.00		10.86	0.00	0.00
JPYINR	285.32	645.13	-55.774%	7705.33	1347.40	482.36
USDINR	2356707.11	2533046.65	-6.962%	3075539.38	2626045.24	2453274.00
USDJPY	0.00	0.00		0.90	0.00	0.00

6. NSE Bond Futures II

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
717GS2028	102825.42	78526.13	30.944%	2099.39	64631.17	89518.67
726GS2029	447.37	0.00			257.58	257.58

Internet Based Trading Turnover (Average Daily Volume)

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
Cash market	4839.70	4799.19	0.84%	4126.08	4990.32	4818.03
Equity Derivatives	138362.50	149537.74	-7.47%	92016.81	139283.00	144339.96
Currency Derivatives	3808.23	3496.28	8.92%	1235.54	2897.23	3637.40
NBFII	17.63	11.75	50.07%	22.88	21.50	14.41

Record Statistics

Instrument	Turnover Rs. Crs	Date
Equity Turnover	66051.37	21, Sep, 2018
Index Futures	58105.67	29, September, 2016
Stock Futures	195433.08	25, January, 2018
Index Options	2110941.42	12, Sep, 2018
Stock Options	103023.57	21, Sep, 2018

Important Links –

Mode of Trading Cash Market -

https://nseindia.com/products/content/equities/equities/mode_of_trading.htm

Mode of Trading Equity Derivative Market –

https://nseindia.com/products/content/derivatives/equities/mode_of_trading.htm

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