



A Monthly review of Market Statistics
December 2018



*May prosperity
always bloom*

Global Regulatory Scanner

SEC releases a paper on “Does the Tick Size Affect Stock Prices? Evidence from the Tick Size Pilot Announcement of the Test Groups and the Control Group”

To assist in evaluating the impact of widening the tick size on the securities of smaller capitalization companies, the Securities and Exchange Commission (SEC) ordered the Financial Industry Regulatory Authority (“FINRA”) and the National Securities Exchanges (collectively called “the Participants”) to act jointly in developing a plan to implement a pilot program that would widen the quoting and trading increment for certain small capitalization stocks. The program was known as the Tick Size Pilot (“Pilot”). Its objective was to assess whether these changes would enhance market quality to the benefit of U.S. investors, issuers and other market participants.

The Pilot began on October 3, 2016 and ran until September 28, 2018. It consisted of a Control Group which contained approximately 1,200 stocks and three Test Groups, which contained approximately 400 stocks each. The stocks in the Control Group were quoted and traded in price increments that are currently permitted. That is, in general, these stocks continued to be quoted in \$0.01 increments and had no minimum trading increment. The stocks in Test Group 1 had to be quoted in \$0.05 increments and had no minimum trading increment. The stocks in Test Group 2 had to be quoted and traded in \$0.05 increments. The stocks in Test Group 3 had to be quoted and traded in \$0.05 increments and were also subject to a “trade-at” requirement, which prevented price matching by trading centers that were not already displaying a quotation at that price.

From a theoretical standpoint, the Pilot could have two competing effects on stock prices of companies in the Test Groups. First, higher spreads made stocks in the Test Groups less liquid, which could lead to lower investor demand and lower stock prices. This is called as Liquidity Effect. Second, higher spreads increased the profit margins of market makers for stocks in the Test Groups, which could increase their incentives to promote these stocks. Stronger promotion of these stocks could in turn increase investor demand and increase stock prices, which is called as Stock Promotion Effect.

The study finds that the announcement of the assignment of stocks to the Test Groups and the Control Group did not generate significant abnormal returns for stocks in the Test Groups, neither in absolute terms nor relative to stocks in the Control Group. These results hold even when the study limits the analysis to stocks with pre-Pilot quoted spreads smaller than \$0.05. The findings suggest that the market did not expect the Pilot to affect stock prices of companies in the Test Groups. Under the standard assumption, this result indicates that the increase in tick size associated with the Pilot had no impact on stock prices. Thus, from a policy perspective, the findings cast doubt on the idea that similar changes in tick size can affect cost of capital of small capitalization companies. In particular, the findings are inconsistent with the view that the increase in tick size harmed companies in the Test Groups because reduced liquidity of their stocks led to lower investor demand and lower stock prices. At the same time, these are also inconsistent with the view that the increase in tick size benefited companies in the Test Groups because stronger incentives of market makers to promote their stocks led to higher investor demand and higher stock prices.

For more details see:

https://www.sec.gov/files/dera_wp_does_the_tick_size_affect_stock_prices.pdf



Global News

US stocks post worst year in a decade as the S&P 500 falls more than 6% in 2018 (December 31, 2018)

Wall Street concluded 2018 as the major stock indexes posted their worst yearly performances since the financial crisis. The S&P 500 and Dow Jones Industrial Average were down 6.2 percent and 5.6 percent, respectively, for 2018. Both indexes logged in their biggest annual losses since 2008. The Nasdaq Composite lost 3.9 percent in 2018; its worst year in a decade. The S&P 500 and Dow fell for the first time in three years, while the Nasdaq snapped a six-year winning streak. 2018 was a year fraught with volatility, characterized by record highs and sharp reversals. The Dow and S&P 500 also recorded their worst December performance since 1931 and their biggest monthly loss since February 2009. Investors dumped stocks this month amid concerns of an economic slowdown and fears the Federal Reserve might be making a monetary policy mistake. Concern over ongoing trade negotiations between China and the U.S. have also pressured stocks this month. Stock markets elsewhere around the world fared even worse. The Stoxx Europe 600 shed 13% in 2018, while the U.K.'s FTSE 100 declined 13% and Japan's Nikkei Stock Average fell 12%.

For more details, please see:

<https://www.cnn.com/2018/12/31/stock-market-wall-street-stocks-eye-us-china-trade-talks.html>

<https://www.wsj.com/articles/global-stocks-rise-to-end-turbulent-2018-11546247179>

1. Key circular issued by SEBI in December 2018

Physical settlement of stock derivatives (SEBI: December 31, 2018)

In reference to SEBI, vide circular dated April 11, 2018, captioned 'Review of Framework for Stocks in Derivatives Segment', it has been decided that physical settlement shall be made mandatory for all stock derivatives.

- Accordingly, stock derivatives which are presently being cash settled shall move to physical settlement in the following manner:
 - Stocks which are being cash settled shall be ranked in descending order based on daily market capitalization averaged for the month of December 2018.
 - Based on the ranking arrived in the point above, the bottom 50 stocks shall move to physical settlement from April 2019 expiry onwards, the next 50 stocks from the bottom shall move to physical settlement from July 2019 expiry onwards, and the remaining stocks shall move to physical settlement from October 2019 expiry onwards.
- Derivatives introduced on new stocks, meeting the enhanced eligibility criteria (specified vide SEBI circular dated April 11, 2018) after the date of this circular, shall also be physically settled.
- All other conditions specified in the SEBI circular dated April 11, 2018, shall continue to remain in force.

For detailed circular, please refer here:

https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/dec-2018/1546255335099.pdf#page=1&zoom=auto,-24,800

Market Development and Issues

Systemic Risk in Indian Financial System (RBI Financial Stability Report, December 2018)

The Reserve Bank of India conducted the fifteenth systemic risk survey (SRS) during October-November 2018 to capture the perceptions of experts on the major risks presently faced by the financial system. This survey is conducted every six months. The experts include market participants at financial intermediaries, academicians and rating agencies. Here, overall risk was segregated into five categories, viz. global risk, macroeconomic risk, financial market risk, institutional risk and general risk.

According to the survey results:

- Financial market risks were perceived as a high-risk category affecting the financial system; whereas global risks, risk perception on macroeconomic conditions and institutional positions were seen as medium risks affecting the financial system.
- Within global risks, the risk on account of commodity prices (including crude oil prices) was observed as high risk.
- Within the macroeconomic risks group, risks on account of declining capital inflows, higher current account deficit and corporate sector vulnerabilities have increased from medium in April 2018 to high risk category in October 2018. Risks to domestic growth, domestic inflation, fiscal deficit, pace of infrastructure development, real estate prices and household savings, on the other hand, continued to be in medium risk category in the current survey.
- Between April 2018 and October 2018, equity price volatility, foreign exchange risk and liquidity risk (all in financial market risks category) deteriorated further from medium to high risk.
- Among the institutional risks, the asset quality deterioration of banks, additional capital requirement and cyber risk continue to be perceived as high risk factors.

Market participants expect the volatility to remain elevated ahead of the general elections accentuated by the uncertain global environment due to trade tensions. Besides, the ability of Centre and State governments to maintain fiscal discipline in the wake of the upcoming general elections would be essential in uplifting market sentiments. Tightening global liquidity with a further appreciation of the U.S. dollar could lead to a reversal of capital flows with attendant risks to the current account.

For more details, please see:

<https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/0FSRDECEMBER2018DAFEDD89C01C432786925639A4864F96.PDF>



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	10862.55	10876.75	-0.13%	3.15%	7.40%	3.15%
<i>NIFTY BANK</i>	NSE	27160.20	26862.95	1.11%	6.35%	11.94%	6.35%
<i>NIFTY IT</i>	NSE	14440.30	14638.05	-1.35%	23.78%	15.42%	23.78%
<i>INDIA VIX</i>	NSE	16.00	19.16	-16.50%	26.28%	1.54%	26.28%
<i>DOWJONE</i>	NYSE	23327.46	25538.46	-8.66%	-5.63%	-3.22%	-5.63%
<i>NASDAQ</i>	NASDAQ	6728.13	6980.24	-3.61%	-12.48%	-4.65%	-12.48%
<i>FTSE 100</i>	CFD	25845.70	26506.75	-2.49%	-13.61%	-14.11%	-13.61%
<i>HANGSENG</i>	CFD	6329.97	6949.01	-8.91%	-8.31%	-10.38%	-8.31%
<i>NIKKEI</i>	CFD	20014.77	22351.06	-10.45%	-12.08%	-6.71%	-12.08%
COMMODITY							
<i>GOLD</i>	CFD	1281.30	1226.00	4.51%	-1.91%	-3.14%	-1.91%
<i>SILVER</i>	CFD	15.54	14.22	9.31%	-8.91%	-4.21%	-8.91%
<i>COPPER</i>	CFD	2.63	2.79	-5.63%	-19.79%	-12.85%	-19.79%
<i>ZINC</i>	CFD	2443.25	2541.25	-3.86%	-26.37%	-25.45%	-26.37%
<i>ALUMINIUM</i>	CFD	1822.75	1957.75	-6.90%	-19.90%	-9.08%	-19.90%
<i>NICKEL</i>	CFD	10677.50	11097.50	-3.78%	-15.61%	-20.20%	-15.61%
<i>CRUDE- WTI</i>	CFD	45.41	50.93	-10.84%	-24.84%	-30.07%	-24.84%
<i>CRUDE- BRENT</i>	CFD	53.80	58.71	-8.36%	-19.55%	-23.44%	-19.55%
<i>NATGAS</i>	CFD	2.94	4.61	-36.25%	-0.44%	7.57%	-0.44%
CURRENCY							
<i>USDINR</i>	Real Time FX	69.57	69.65	-0.11%	8.98%	6.84%	8.98%
<i>EURUSD</i>	Real Time FX	1.15	1.13	1.35%	-4.40%	-6.92%	-4.40%
<i>USDJPY</i>	Real Time FX	109.58	113.47	-3.43%	-2.76%	3.11%	-2.76%
<i>GBPUSD</i>	Real Time FX	1.28	1.28	0.05%	-5.59%	-8.98%	-5.59%
<i>US Dollar Index</i>	Real Time FX	95.74	97.20	-1.50%	4.25%	6.60%	4.25%
MONEY MARKET							
<i>10Y US BOND</i>	NYSE	7.37	7.61	-3.12%	0.71%	-0.41%	0.71%
<i>10Y IND BOND</i>	NSE	2.69	2.99	-10.26%	11.68%	-2.01%	11.68%

Source: in.investing.com

Primary Market Statistics

Capital Raised

Capital Raised in the Month	Rs Mn	USD Mn
Newly issued shares (IPOs)-	380.10	5.45
FPOs	0.00	0.00
Public issue of NCDs	0.00	0.00
Further Issues (FIs)	37690.54	540.04
Total	38,070.64	545.48

Main Board Listing of the Month - Odisha Cement Limited

Sector	Cement
Market Capitalisation (INR Crores)	6430.01
Listing Gains	25%

SME Listing of the Month - DRS Dilip Roadlines Limited

Sector	Logistics
Market Capitalisation (INR Crores)	113.19
Listing Gains	0.20%

IPO's listed during the month

Sr. No.	Listing Date	Symbol	Company Name	Series
1	Dec 4, 2018	SHUBHLAXMI	Shubhlaxmi Jewel Art Limited	ST
2	Dec 4, 2018	TECHNOE	Techno Electric & Engineering Company Limited	BE
3	Dec 10, 2018	DRSDILIP	DRS Dilip Roadlines Limited	ST
4	Dec 17, 2018	SBIETFQTTY	SBI Mutual Fund - SBI - ETF Quality - SBI-ETF Quality	EQ
5	Dec 21, 2018	OCLINDIA	Odisha Cement Limited	BE
6	Dec 28, 2018	NILASPACE	Nila Spaces Limited	BE
7	Dec 28, 2018	TREJHARA	TREJHARA SOLUTIONS LIMITED	BE

Secondary Market Statistics

Institutional Flows

1. Institutional Flows- CM Gross

Broad Category	Buy Value (Rs Crs)	Sell Value (Rs Crs)	Net (Rs Crs)
DII	61001.41	60416.00	585.42
FII	78253.67	79910.43	-1656.76

2. Institutional Flows- F&O Gross

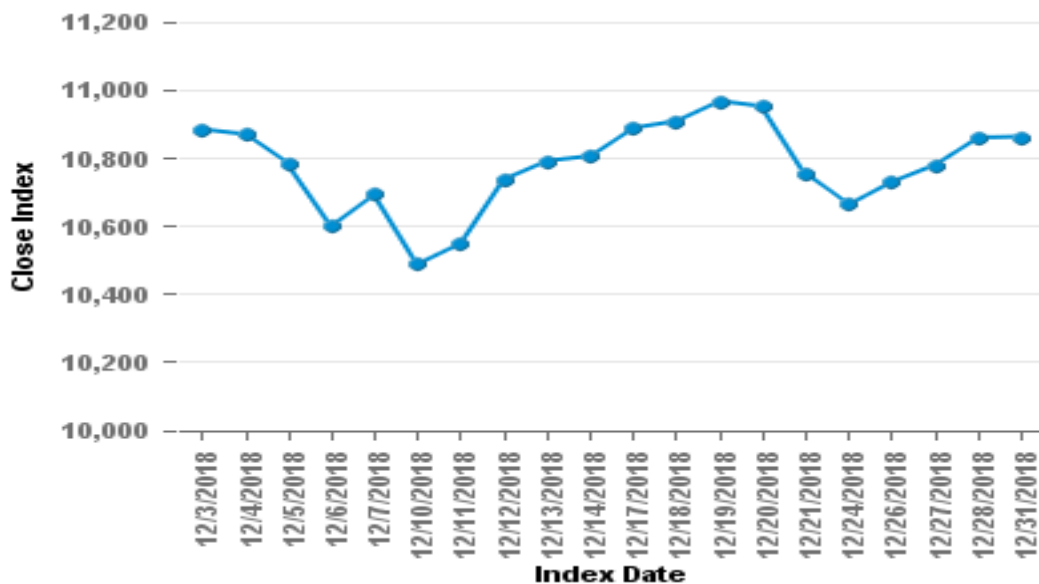
Broad Category	Buy Value (Rs Crs)	Sell Value (Rs Crs)	Net (Rs Crs)
DII	79736.18	84591.52	-4855.34
FII	2525922.17	2509031.93	16890.23

3. Institutional Flows- CDS Gross

Broad Category	Buy Value (Rs Crs)	Sell Value (Rs Crs)	Net (Rs Crs)
DII	14255.36	13668.65	586.71
FII	77288.34	75623.76	1664.58

Flagship Index “NIFTY 50” Statistics

Number of constituents :	51
Derivatives available :	YES
ETFs available :	14
PE	26.17
PB	3.38
Div Yield	1.24



Average Daily Turnover (INR Crores)
1. Equity Market

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
Cash Market	30006.57	30548.72	-1.77%	29416.08	31976.68	32509.67
Exchange Traded Funds	268.02	130.45	105.45%	126.42	158.46	159.85
SME EMERGE	10.83	8.07	34.21%	22.49	19.20	22.48
Sovereign Gold Bonds	0.71	0.54	32.47%	0.35	0.50	0.49
InvITs	2.59	3.66	-29.22%	16.57	4.62	5.61
Mutual Funds (Close Ended)	0.10	0.88	-89.06%	0.30	0.77	0.74

2. Equity Derivatives - Index Futures

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
BANKNIFTY	7902.37	8889.23	-11.10%	8031.17	9822.74	9913.14
NIFTY	13678.01	13134.74	4.14%	11477.95	12987.90	13576.31
NIFTYIT	29.25	29.25	0.00%	0.01	0.00	0.00

3. Equity Derivatives - Index Options

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
BANKNIFTY	1457.01	1332.51	9.34%	741.07	1344.04	1274.70
NIFTY	1510.09	1134.16	33.15%	1131.48	1238.33	1318.73
NIFTYIT	0.00	0.00	-72.97%	0.00	0.00	0.00

4. Currency Derivatives- Futures

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
EURINR	575.51	613.73	-6.23%	663.91	766.21	788.67
EURUSD	70.84	77.05	-8.05%	340.39	214.35	227.39
GBPINR	761.45	890.49	-14.49%	803.35	895.36	924.24
GBPUSD	69.63	112.67	-38.20%	280.20	153.82	166.89
JPYINR	205.36	185.17	10.90%	190.85	240.66	240.67
USDINR	17471.42	16324.15	7.03%	9012.42	17020.74	15446.31
USDJPY	1.92	1.57	22.29%	18.31	6.04	7.31

5. Currency Derivatives- Options

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
EURINR	0.00	0.00	81.62%	0.19	0.04	0.06
EURUSD	0.00	0.00	-	0.00	0.00	0.00
GBPINR	0.02	0.01	89.99%	0.02	0.04	0.03
GBPUSD	0.00	0.00	-	0.00	0.00	0.00
JPYINR	0.00	0.00	-83.61%	0.01	0.01	0.01
USDINR	76.08	82.00	-7.23%	31.18	60.63	53.15
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	1956.77	1067.73	83.26%	18.92	762.33	599.61

Client Category Participation- Percentage contribution

1. Equity Market

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
Corporates	5.04%	5.66%	-12.60%	10.67%	6.67%	7.41%
DII	10.12%	10.15%	-2.08%	10.23%	10.34%	10.35%
FII	13.18%	15.95%	-18.83%	16.21%	15.27%	15.30%
Others	48.83%	46.98%	2.07%	44.82%	46.25%	46.06%
PRO	22.84%	21.26%	5.54%	18.07%	21.46%	20.88%

2. Equity Derivatives

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
Corporates	11.39%	12.55%	-5.46%	8.46%	10.93%	10.95%
DII	0.43%	0.46%	-2.68%	0.47%	0.43%	0.44%
FII	13.12%	12.91%	5.93%	11.55%	12.88%	12.90%
Others	39.76%	38.96%	6.30%	37.16%	37.23%	36.47%
PRO	35.30%	35.12%	4.71%	42.37%	38.52%	39.24%

3. Currency Derivatives

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
Corporates	9.37%	11.48%	-11.21%	9.72%	11.23%	10.95%
DII	1.88%	2.13%	-4.06%	0.69%	1.68%	1.54%
FII	10.31%	10.02%	11.89%	3.04%	8.73%	7.79%
Others	19.08%	18.04%	15.07%	14.54%	16.71%	16.48%
PRO	59.36%	58.31%	10.78%	72.01%	61.65%	63.24%

4. NSE Bond Futures II

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
Corporates	26.11%	24.30%	107.31%	20.40%	22.67%	21.57%
DII	2.30%	2.73%	62.70%	2.58%	2.48%	2.39%
FII	1.61%	4.25%	-26.68%	2.97%	2.10%	2.53%
Others	1.84%	3.84%	-7.46%	4.45%	4.03%	4.38%
PRO	68.13%	64.88%	102.57%	69.60%	68.72%	69.12%



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

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
FUTSTK	4825776357.50	4660139383.35	3.55%	4961728948.47	5144082697.37	5235563408.06
OPTSTK	1364951411.80	1515304336.00	-9.92%	1623063742.87	1520370544.75	1593026574.31

2. Equity Derivatives - Index Futures

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
BANKNIFTY	1644310	1719461	-4.37%	273477	361696	2202328
NIFTY	23545384	25151396	-6.39%	3959088	5236213	26118376
NIFTYIT	18260	17225	6.01%			0

3. Equity Derivatives - Index Options

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
BANKNIFTY	20364351	20422886	-0.29%	3316036	4385724	20390439
NIFTY	108928031	115232769	-5.47%	18224455	24103312	127966353
NIFTYIT	83	325	-74.62%			25

4. Currency Derivatives- Futures

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
EURINR	77119.95	83048.63	-7.14%	133745.66	116750.41	131538.15
EURUSD	29610.90	29600.32	0.04%	16166.76	27745.24	26547.47
GBPINR	34220.95	41371.68	-17.28%	66993.99	61704.88	68270.01
GBPUSD	3710.85	4156.26	-10.72%	7937.71	8920.23	8818.59
JPYINR	32802.90	30233.53	8.50%	31363.55	37758.52	38834.34
USDINR	2083388.25	2400034.16	-13.19%	2070109.54	3226597.03	2994937.17
USDJPY	443.60	248.89	78.23%	3077.71	1387.94	1562.74

5. Currency Derivatives- Options

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
EURINR	1216.30	614.84	97.82%	17169.62	6227.48	7359.43
EURUSD	0.00	0.00	-	88.10	26.34	32.72
GBPINR	4006.85	1957.95	104.65%	1144.67	4175.87	3862.30
GBPUSD	0.05	0.00	-	10.86	0.01	1.13
JPYINR	69.15	196.00	-64.72%	7705.33	1547.03	2184.09

USDINR	2682411.65	3015129.63	-11.03%	3075539.38	2665915.53	2600641.67
USDJPY	0.00	0.00	-	0.90	0.00	0.09

6. NSE Bond Futures II

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
717GS2028	84570.45	76877.95	10.01%	2099.39	58887.91	46457.80

Internet Based Trading Turnover (Average Daily Volume)

Product	Current Month	Previous Month	Change	Previous FY	Current FY	YTD
Cash market	5095.00	4919.51	3.57%	4126.08	5030.15	5038.60
Equity Derivatives	144827.90	141835.84	2.11%	92016.81	138113.92	132068.51
Currency Derivatives	3517.23	3066.01	14.72%	1235.54	2726.43	2435.72
NBFII	19.82	31.33	-36.73%	22.88	23.14	21.88

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 Premium	6443.05	06, February, 2018
Stock Options Premium	1398.08	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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