

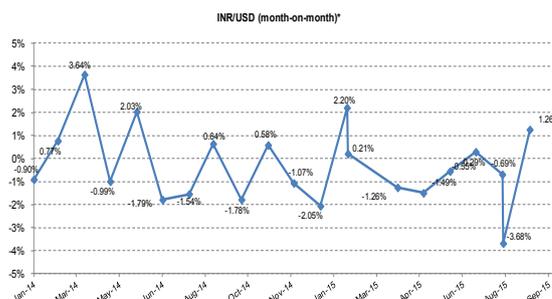
1-year BRICs performance comparison*

India's SENSEX emerged 2nd amongst the BRICS (1-year)



In descending order (from 30th Sep 2014 to 30th Sep 2015): SHCOMP (Shanghai Composite Index), INDEXCF(MICEX), BSE SENSEX(Bombay Stock Exchange Index) & IBOVSPA (Brasil Sao Paulo Stock Exchange Index).

INR/USD chart (from Jan 2014 to Sept 2015)**



* Source: Bloomberg

** S&P

RBI slashes Repo Rate by 50 bps

Reserve Bank of India cut the repo rate by 50 basis points reducing it to 6.75%. This move will act as a catalyst for investment revival, going hand in hand with favourable government measures. The impact of repo cut and other developmental and regulatory measures will be incrementally positive for banking and economy and shall be seen in short to medium term period. This move will have a positive impact on the economy as it will boost infrastructure, housing and realty.

Narendra Modi's visit to the US

Prime Minister Narendra Modi embarked on a landmark action-packed US visit with all his engagements combining symbolism and substance to reflect India's priorities from political to strategic and business. He participated in a Summit on peacekeeping hosted by US President Barack Obama. Pushing for speedy UN Security Council reforms, he has regretted that nations contributing to peacekeeping operations have no say in decision-making in a changing security environment.

Digital India Dinner

There was a working dinner organised to honour PM Modi where major Fortune-500 companies were present to deliberate on investment opportunities in India. Forty-two CEOs of the companies with a combined net worth of \$ 4.5 trillion were "upbeat" after the meeting and expressed happiness and satisfaction at the changes being spearheaded by the government. Qualcomm Incorporated boss Paul Jacobs announced establishment of a \$150 million India-specific Venture Fund formed exclusively to fuel innovation and foster promising Indian start-ups.

Facebook, Silicon Valley welcome Prime Minister Modi

PM Modi also met up with leading technology entrepreneurs in the Silicon Valley - from Microsoft, Google, Apple, Tesla, Adobe and Cisco. He then visited the Facebook headquarters for a town hall style question answer session. Welcoming Mr. Modi to the Facebook campus, CEO Mark Zuckerberg appreciated 'Digital India' and talked about the need for connectivity. He also spoke about how Mr. Modi is setting an example on how to connect with citizens using social media. Overall, this visit is a strong indicator that U.S.-India ties will follow a positive trajectory over the course of this year.

Global growth weak, but India remains a bright spot, says IMF

IMF chief Christine Lagarde has said that global growth will likely be weaker this year with only a modest acceleration expected in 2016. She further added that India remains a bright spot while China is slowing down as it rebalances away from export-led growth and countries such as Russia and Brazil are facing serious economic difficulties.

FPI investment limit in G-sec hiked to 5% of outstanding stock

The Reserve Bank hiked limits for FPI investment in government securities (G-sec) to 5 per cent of the outstanding stock by March 2018, a move that will bring in an additional USD 18 billion in G-sec. Setting out the new medium term framework (MTF) for FPI (foreign portfolio investor) limits in debt securities, RBI said this is being done with the objective of having a more predictable regime for investment by FPIs. Meeting a long pending demand of state governments, the RBI also said that there will be a separate limit for investment by FPIs in the State Development Loans (SDLs), to be increased in phases to reach 2 per cent of the outstanding stock by March, 2018.

FDI policy to be simplified, Foreign Investment Promotion Board to meet twice a month for faster nod

The foreign direct investment (FDI) policy is being reviewed to make it simple and put the maximum possible sectors on the automatic route, obviating the need for government approval.

CPI & Inflation

Aug CPI stood at 3.66% YoY, a multiyear low. The reading was a tad higher than consensus expectations. The July reading too witnessed a downward revision to 3.69% from the provisional estimate of 3.8%. The core inflation moderated to 4.13% from 4.33% seen in Jul. The favorable base effect wanes off hereon. CPI moved up 0.9% MoM sequentially compared to 0.5% in Jul. Contrary to the sharp rise in food index, the subdued inflation seen in fuel and services sector contained the overall headline rate. Services such as health, education and personal care saw muted increase whereas transport & communication index reflected the steep price cuts announced in petrol and diesel prices during the month.

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