

News U Can Use

29th Jan 2010

The Week that was...
23rd Jan to 29th Jan

Highlight of Third Quarter Review of Annual Statement on Monetary Policy for 2009-10

- ❑ Hikes Cash Reserve Ratio (CRR) by 75 bps to 5.75%, rise to be effected in two phases, first by 50 bps on February 13, later by 25 bps from February 27
 - The CRR hike to suck out Rs 36,000 cr liquidity from the system
- ❑ Keeps reverse repo, repo and bank rate unchanged at 3.25%, 4.75%, and 6% respectively.
- ❑ Says that the confidence in India's recovery justifies reversing the expansionary policy and the policy at current levels was more consistent with the crisis situation, however the recovery was yet to take hold fully
- ❑ Consolidating recovery in the economy allows the central bank to shift its stance from 'managing the crisis' to 'managing the recovery'
- ❑ Asks the government to get its fiscal house in order and said that the monetary policy would be ineffective unless the government rolls back its borrowing
- ❑ Raises projection for GDP growth in FY10 to 7.5% from its earlier projection of 6% and says that its preliminary assessment is that current growth rate will be sustained in FY11
- ❑ Lifts its inflation forecast for the end of the financial year in March to 8.5% from earlier projection of 6.5%
- ❑ Credit growth forecast lowered to 16% from 18%, deposit growth expectation is downsized to 16% from 18% and M3 growth forecast has been revised to 16.5% from 17%

Highlight of Third Quarter Review of Annual Statement on Monetary Policy for 2009-10

- Global economy is showing signs of stabilization especially due to a stronger rebound from Asian economies, however significant risks remain as recovery is driven by government spending and asset and commodity price rise could mitigate growth
- Large scale capital inflows in the domestic market have been absorbed by the current account deficit, however, sharp increase in capital inflows, above the absorptive capacity of the economy, may complicate exchange rate and monetary management
- Against the above backdrop of global and domestic macroeconomic conditions, outlook and risks, RBI's policy stance will be to
 - Anchor inflation expectations and keep a vigil on the trends in inflation and be prepared to respond swiftly and effectively through policy adjustments as warranted
 - Actively manage liquidity to ensure that credit demands of productive sectors are adequately met consistent with price stability
 - Maintain an interest rate environment consistent with price stability and financial stability, and in support of the growth process

Indian Economy

- The President says that India's "target to achieve a double-digit economic growth rate was plausible and realistic" looking at its performance over the last decade and the resilience during the global economic downturn
- IMF scales up India's economic growth rate by 1.3% to 7.7% for 2010, saying it is bullish on the country's growth story; it also pegged India's economic expansion at 7.8% in 2011, up 0.5% projected in the previous outlook
- CMIE says that the Indian economy is likely to grow 9.2% in FY11 compared with a projected 6.9% growth in 2009-10
- The Central Statistical Organisation keeps its estimate on India's GDP growth in 2008-09 unchanged at the earlier projection of 6.7% but scales up the country's GDP growth for 2007-08 to 9.2% from 9.0% estimated earlier
- India's primary articles inflation rate based on Wholesale Price Index increased to 14.66% in the week ended Jan 16 from 13.93% a week earlier; food articles inflation rose to 17.40% from 16.81% a week ago
- A senior RBI official says that any hike in key policy rates now might hurt India's industrial recovery and it may not be the right tool to tackle supply-side inflationary pressures
- The FDI inflows from Mauritius stood at Rs.2.02 lakh cr from the April 2000-November 2009 period, accounting for 44% of the Rs.4.86 lakh cr FDI inflows into the country during the period

Indian Economy

- Indian government's fiscal deficit rose 42.0% on year to Rs.3.100 lakh cr during Apr-Dec, accounting for 77.3% of the Budget target
- Government's total receipts during Apr-Dec rose 4.9% to Rs.3.976 lakh cr while net tax revenues declined 0.8% to Rs.3.076 lakh cr; total spending during Apr-Dec rose 18.5% from a year ago to Rs.7.075 lakh cr
- Indian government's tax collections during Apr-Dec fell 2.5% on year to Rs.4.161 lakh cr; net tax collections stood at Rs.3.076 lakh cr, down marginally from Rs.3.099 lakh cr in the corresponding period last year
- Finance Secretary says that RBI's decision to leave key policy rates unchanged in the policy review indicates the central bank does not see a need for a rate hike in the immediate future, adding that the hike in banks' CRR is an indication that the central bank may take a calibrated approach in tightening interest rates
- India's annual inflation rate based on the CPI for Industrial Workers rose to an 11-year high of 14.97% in December from 13.51% in the previous month
- India's forex reserves fell by \$2.22 bn to \$282.94 bn in the week ended January 22

Indian Debt Market

- In the Q3 FY10 Monetary policy review meeting, the RBI kept the benchmark rates unchanged and hiked the cash reserve ratio by 75 bps in two stages (50bps effective from the fortnight beginning 13/02/2010 and the rest 25bps from fortnight beginning from 27/02/2010) . In the review, the RBI has clearly mentioned that it is concern about the inflation. RBI has revised upwards the inflation expectation for March end 2010 to 8.5%, GDP growth to 7.5% in FY10, while credit growth has been revised down to 16% from 18%.
- India's WPI based primary articles inflation for the week-ended Jan 16 increased to 14.66%, driven mainly by rise in food, while fuel index grew by 5.7% . Sequential data shows that the food articles rose by 40 bps, while non-food articles by 12 bps and fuel index rose by 6 bps.
- During the week, the G-Sec market moved in narrow range ahead of RBI policy meeting. Although RBI hiked the CRR by 75 bps (higher than the consensus view of 50 bps), the G-sec yields did not moved up much since the market had already factored that in. 10 year benchmark G-Sec closed the week higher at 7.58% as against the previous week's close of 7.55%.
- During the week, there was ample overall liquidity in the market, with the average net LAF balance at previous week's levels of around Rs. 74,000 cr. The overnight money market rates were in the range of 2.5%- 3.15% during the week.

Indian Debt Market

- ❑ RBI auctioned 91day T-bill and 364 day T-Bill for Rs. 7000 cr and Rs.1,000 cr with cut-off yield of 4.01% and 4.67% respectively as against the previous cut-offs of 3.93% and 4.67% respectively.
- ❑ RBI will conduct auction of G-Sec worth Rs. 8,000 cr namely –7.02% GS 2016 (Rs. 3,000 cr), 6.35% GS 2020 (Rs. 3,000 cr) and 8.24% GS 2027 (Rs. 2,000 cr) on February 5. This is last G-Sec auction scheduled for FY10.
- ❑ RBI will conduct SDL auction of Rs. 5,288.15 cr for seven states on February 2.
- ❑ RBI announced the auction of 91-day T-Bills and 182-day T-Bills for Rs 7,000 cr and Rs.1,500 cr respectively on Feb 3.

Indian Commodities Market

- ❑ Crude oil prices fell during the week primarily on concerns about weak energy demand, and falling stock markets; crude prices ended at \$73.64 on January 28 as compared to \$76.08 on January 21
- ❑ US crude oil inventories decreased 3.9mn barrels to 326.7mn barrels for the week ended January 22
- ❑ China's gold output jumps 11.34% to a record of 313.98 tonnes in 2009
- ❑ PM met sugar industry representatives in the presence of Agriculture Minister to discuss the issue of spiralling sugar prices
- ❑ PM endorses the proposal to sell imported raw sugar stocks lying at Mundra and Kandla ports to boost domestic supply and temper prices
- ❑ Government's plan to increase food grain supplies through higher allocation under the open market sales scheme and through state agencies will entail additional expenditure of Rs.300 cr in FY10
- ❑ Agriculture minister says the country will have enough sugar this year, but there is concern that the output could be low and sugar prices will continue to remain high
- ❑ Agriculture Minister says monetary measures are not required to contain food inflation, amid speculations that the RBI may squeeze money supply to rein in surging food prices
- ❑ FMC withdraws permission granted to NCDEX for applying early delivery system in soyoil contracts

Indian Government

- ❑ Indian PM and South Korean President agree to double bilateral trade between the two countries to \$30bn by 2014
- ❑ Prime Minister's Office asks road transport ministry to review new toll rates
- ❑ Finance Ministry suggests a gross budgetary support of around Rs.3.62 lakh cr for 2010-11, which is over 11% more than last year's Rs.3.25 lakh cr
- ❑ Planning Commission and the finance ministry lock horns over the budgetary support to the central plan for the coming fiscal with the former sticking to its demand for a substantial increase but the finance ministry citing fiscal constraints and suggesting a lower increase
- ❑ Government approves 14 FDI proposals worth Rs.732 cr
- ❑ Chairman of the Empowered Committee of State Finance Ministers says that the implementation of goods and services tax will miss the Apr 1 deadline set by the government
- ❑ The Central government agrees to pay Rs.9676 cr to state governments to compensate for the loss on account of reduction in Central Sales Tax to 2% from 3% in FY10
- ❑ Finance ministry rejects the two rate goods and services tax structure proposed by the states
- ❑ The Centre favours keeping alcohol and petroleum products under the purview of Goods and Services Tax, rejecting a recommendation made by the Empowered Committee of State Finance Ministers

Indian Government

- Government is confident of raising Rs.20000 cr through disinvestment of its stake in public sector enterprises in 2009-10 (Apr-Mar) despite the weakness in the capital market
- Government plans to sell its stakes in L&T and ITC which may fetch it around Rs.19000cr
- Finance ministry clarifies that the tax holiday will not be available for manufacture of goods that have been kept out of the exempted list
- Finance ministry directs all ministries to ensure that their businesses are completed within the budget for the fiscal year ending March 2010
- CCEA approves changes in the cluster development programme for micro, small and medium enterprises, to bring more enterprises in its fold and improve their productivity
- Government allows successful 3G spectrum auction bidders to raise rupee loans in the immediate future and refinance the money with ECBs
- Finance ministry rejigs tax intelligence arm to counter evasion
- High Level Coordination Committee to step up into IRDA, SEBI over ULIPs
- Minister of state for petroleum and natural gas says Indian oil companies have been mandated to double their gas production in the next five years
- The government is likely to extend the 2% interest subsidy given to exporters on rupee export credit from March 31 to December 2010

Indian Government

- ❑ Government decides to allow companies executing ultra mega power projects to use surplus coal from their captive blocks to fuel their other power projects
- ❑ Government asks all sick public sector enterprises to prepare an inventory of the real estate in their possession, as it explores disinvestment possibilities in even the loss making companies
- ❑ Government seeks Central Vigilance Commissioner's nod to change the norms for appointing investment bankers for advising it on divesting its stake in different companies
- ❑ Steel Minister says that the follow-on public offer of SAIL is "on the cards"; expects Posco's proposed 12-mn-tn-per-year plant in Orissa to clear all outstanding hurdles in the next four-five months
- ❑ Government has no plans to demerge state-owned carriers Indian Airlines and Air India
- ❑ Government wants the US Securities Exchange Commission to keep in mind the interest of investors of the scam-hit Satyam Computer Services before imposing any regulatory curbs against the firm

Indian Government

- Government postpones to the next fiscal auction of spectrum for 3G telephony which was expected to bring in Rs.35000 cr to the exchequer
- A senior Finance Ministry official says that government will not borrow extra in FY10 even if the 3G spectrum auction does not go through
- Agriculture Minister says that food prices are expected to decline in the next fiscal on the back of higher farm output and the only worry then for the government would be on storage
- Government is likely to free petrol prices in February and partially increase diesel prices after considering the recommendations of the Kirit S. Parikh committee report
- Information and Broadcasting Minister says that the government will release FM radio phase III policy by March

Regulatory Updates in India

- ❑ RBI deputy governor says that the central bank will take all necessary steps to develop Sikkim as a model banking state
- ❑ SEBI sends a show cause notice to insurers to explain why they have not taken its approval before selling ULIPs
- ❑ SEBI panel says the shareholding pattern of all credit rating agencies should be made public so that their relationship, if any, with rated companies, could be known
- ❑ SEBI directs depositories to disclose details of complaints lodged by investors against depository participants on their websites
- ❑ SEBI directs the NSE and BSE to set up a panel to scrutinise claims made by the clients of barred brokerages, Alka Securities, Mahesh Kothari Shares and Stock Brokers Pvt Ltd and subsequently transfer the shares to the owners
- ❑ A committee appointed by financial regulators has recommended an overhaul of regulatory norms governing credit rating agencies (CRAs) and sought a host of disclosures from them to make the system more transparent
- ❑ The Committee on Comprehensive Regulation for Credit Rating Agencies says that there is no immediate concern about the operations of credit rating agencies in the country
- ❑ IRDA asks life and general insurance companies to publish their balance sheet, profit & loss account, revenue account and key analytical ratios on a half-yearly basis

Regulatory Updates in India

- ❑ Central Board of Excise and Customs recommends an overhaul of SEZ Act 2005 saying it has detected gross violations of duty and tax concessions causing it a revenue loss of Rs.1.75 lakh cr
- ❑ The Income Tax Department will cross verify all high-value IT refunds issued during FY10 following an incident of fraudulent refund
- ❑ Authority for Advance Ruling held that restructuring of businesses cannot be construed as an exercise for avoiding tax in India
- ❑ DoT seeks legal opinion from the law ministry on the schedule and guidelines for auction of 3G spectrum
- ❑ TRAI decides to set up an online customer redressal mechanism, providing a platform for dissatisfied customers to express their complaints against their service providers
- ❑ TRAI to meet telecom operators on February 2 to discuss charging of 'toll-free' calls
- ❑ CBDT says that any fringe benefit tax paid in advance by companies or individuals in 2009-10 will be adjusted against tax liability for the year
- ❑ The Supreme Court adjourns hearing in Reliance Power's against the Allahabad High Court order, partially cancelling the land acquisition for the company's proposed Dadri power project to Mar 15
- ❑ AMFI has asked FM to bring fund of funds schemes at par with equity schemes in terms of tax benefits: Chairman
- ❑ IRDA issues disclosure norms for insurance companies, mandating them to publish accounts on a half-yearly basis

International Markets

- IMF says the world economy will expand by 3.9% in 2010, much higher than the 3.1% it projected in October, and the pace will pick up to 4.3% next year
- A study by the ILO shows that the number of unemployed people worldwide reached 212 mn in 2009, up 34 mn or an unprecedented 19% since 2007
- US President to call for a three-year freeze in spending on many domestic programmes to save \$250 bn by 2020 and for increases no greater than inflation after that, to signal his seriousness about cutting the budget deficit
- US President gives a call to fix "the problems that are hampering our growth" lest nations like India, China and Germany overtake it
- In a bid to solve the problem of increasing job losses, US President reiterates a campaign pledge to end tax breaks to American firms that outsource jobs overseas
- With the US facing a record budgetary deficit, the US President proposes to freeze government spending for three years beginning 2011
- US President plans a \$33bn tax credit to encourage small businesses to hire workers and boost wages
- US Federal Reserve Chairman Ben Bernanke wins confirmation for a second term
- The US economy grew at a faster-than-expected 5.7% pace in the fourth quarter, the quickest pace in more than six years, according to the first estimate; a big rise from the previous quarter's growth rate of 2.2%

International Markets

- ❑ US Fed pledges to hold rates at record lows of 0-0.25% to nurture the economic recovery and lower unemployment; says it expects to end a \$1.25 trillion program aimed at driving down mortgage rates as scheduled on March 31
- ❑ US Fed says the economy and the job market continue to improve, but not enough for it to consider raising interest rates soon
- ❑ US Fed considering to replace or supplement the fed funds rate with interest paid on excess bank reserves
- ❑ US consumer confidence rose to 55.9 in January from 53.6 in December
- ❑ US new home sales for December fell 7.6% to a seasonally adjusted annual rate of 342,000 from an upwardly revised November pace of 370,000
- ❑ US Home sales in December fell 16.7% to a seasonally adjusted annual rate of 5.45mn, from an unchanged pace of 6.54mn in November
- ❑ US durable goods orders rose 0.3% in December after a 0.4% decline in November, which had previously been reported as a 0.7% drop
- ❑ US initial claims for state unemployment benefits dropped 8,000 to 470,000 in the week ended Jan. 23
- ❑ S&P's/Case-Shiller index inched up 0.2% to a seasonally adjusted reading of 145.49 for November; the index was off 5.3% from November last year
- ❑ US employment costs increased 0.5% in the fourth quarter, a slightly up-tick from a 0.4% gain in the previous month

International Markets

- ❑ British FM says he is cautious about the economic outlook,; says there is lot of uncertainty around
- ❑ UK economy pulled out of its recession by the barest of margins, as Q4 GDP rose only 0.1% from prior quarter; YoY GDP was at -3.2%, an improvement from -5.1% in the third quarter
- ❑ UK Gfk/NOP Consumer Confidence survey found that respondents were overall still pessimistic by a score of minus 17 in January from minus 19 in December
- ❑ UK Nationwide house prices increased 1.2% in January to 163,481 pounds, the most in five months
- ❑ S&P's says that it no longer considers Britain's banking system among the "most stable and low-risk"
- ❑ Euro zone's annual inflation rate rose to an 11-month high of 1% in January, the highest since February last year
- ❑ Euro zone's rate of unemployment rose to 10% in December from a revised 9.9% in November
- ❑ ECB President says Greece and other euro-zone countries with excessive budget deficits must do everything they can to put their finances in order
- ❑ Eurozone's seasonally adjusted current account surplus stood at 0.1bn euros in November, up from 4.6bn euros deficit in October

International Markets

- ❑ Euro zone's overall Economic Sentiment Indicator rose for a tenth consecutive month to 95.7 in January from an upwardly revised reading of 94.1 for December but the headline measure of consumer confidence was unchanged at -16 in January
- ❑ Bank of Japan leaves its key interest rate unchanged at 0.1%
- ❑ Bank of Japan predicts a slightly slower annual pace of price falls for the year beginning in April due largely to the impact of rising crude oil costs, and reiterates that it would keep monetary policy conditions very easy
- ❑ Bank of Japan in its monthly report maintained its stance that the nation's economy is picking up, but does not yet have sufficient momentum to support a self-sustaining recovery in domestic demand
- ❑ Bank of Japan policy makers are prepared to consider expanding an emergency-loan program for banks and increasing purchases of government debt should the recovery falter
- ❑ Japanese PM says that the government must cooperate with the Bank of Japan to boost demand and defeat mild deflation
- ❑ Japan's central government is projected to owe at least \$10 trillion in debt at the end of fiscal 2010, due to increased debt issues, budgetary documents presented by the government showed
- ❑ S&P warns to cut Japan's rating unless it produced a credible plan to rein in its soaring debt and lift growth in an economy plagued by persistent deflation

International Markets

- ❑ Japanese merchandise trade balance surplus widened to 545.3bn yen in December compared with a prior revised 371.3bn yen in the previous month
- ❑ Japan's exports in December rose 12.1% from a year earlier to 5.4 trillion yen - the first growth in 15 months; imports in December slipped 5.5% year-on-year to 4.9 trillion yen
- ❑ Japan's industrial production for December rose 2.2% from a month earlier
- ❑ Japan's retail sales for December retreated 0.3% from the previous year, following a 1.1% fall in November
- ❑ Japan's core consumer prices fell 1.3% from a year earlier; smaller than a 1.7% drop in November
- ❑ Bank of China plans to sell up to 40bn yuan in bonds to replenish its capital and meet government standards following a record surge in lending last year amid Beijing's stimulus measures
- ❑ China's central bank says that inflationary pressures will intensify in 2010, stemming from international commodity prices and domestic money growth
- ❑ China's central bank told some banks to increase their reserve ratios by 0.5% with effect from January 26
- ❑ Singapore's industrial production rose 14.4% from a year earlier following a 9.5% decrease in November
- ❑ Singapore's consumer price index rose 0.2% on-year in 2009; lower than the corresponding increase of 6.5% in 2008

International Markets

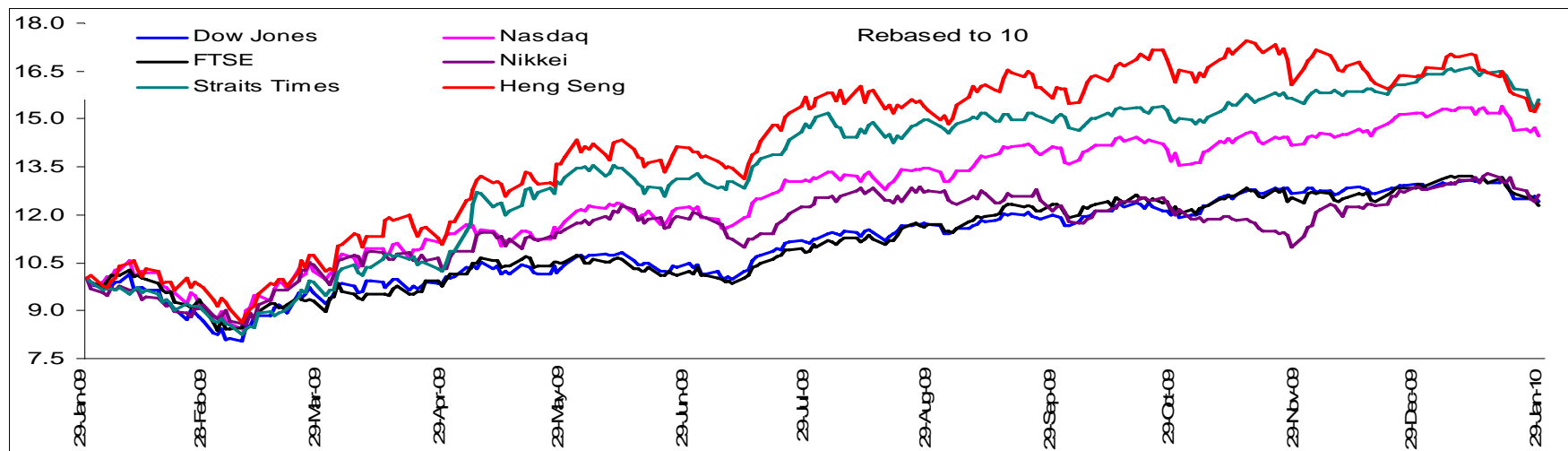
- New share listings in the BRIC group got off to a flying start in 2010, with January flotation volumes of \$6.7 bn, the highest on record for the month: Thomson Reuters data
- European Union regulators open an anti-trust investigation into a planned iron ore production joint venture between BHP Billiton and Rio Tinto worth \$116bn
- Apple earned \$3.4bn in the latest quarter; in the same period of 2008, had the same accounting standards been in place, it would have had net income of \$2.3bn
- For the fiscal second quarter ended December 31, Microsoft said its net income rose to \$6.7bn from \$4.17bn, in the same period last year
- Citigroup Inc is in advanced talks to sell its real estate investment business and has prepared a shortlist of final bidders
- Ford Motor Co posted 2009 earnings of \$2.7 bn, its first full-year profit since 2005
- Google Inc. co-founders Larry Page and Sergey Brin are selling 10 mn shares worth \$5.5bn at current prices
- Kraft Foods is preparing to tap the bond markets to raise 7bn pounds to help finance its 11.9bn pounds takeover of Cadbury
- Kraft Foods says that it required only 50% support from Cadbury shareholders to takeover the British confectioner; Kraft had earlier demanded 90% support for its takeover bid worth 11.9 bn pounds for Cadbury's board.

International Markets

- ❑ Dubai World's property and investment assets exceeded \$120bn at the end of 2009 and could cover its debt of \$57bn
- ❑ General Motors to retire its remaining \$5.7bn in debt to the federal government by June
- ❑ Japan's KDDI Corp to buy a \$4 bn controlling stake in Japanese cable TV network operator Jupiter Telecommunications
- ❑ Toyota motors halts US production and sales of eight models because of a component that led to a 2.3 mn vehicle recall
- ❑ Oracle Corp completes the takeover of Sun Microsystems Inc for \$7.4 bn
- ❑ Consumer goods exporter Li & Fung enters into a sourcing agreement to supply Wal-Mart with goods valued at \$2 bn in the first year

Global Equities

Indices	Jan 29	Jan 22	Change	% Change
DJIA	10120.46*	10172.98	-52.52	-0.52
Nasdaq Composite	2179.00*	2205.29	-26.29	-1.19
Nikkei 225 (Japan)	10198.04	10590.55	-392.51	-3.71
Straits Times (Singapore)	2745.35	2819.71	-74.36	-2.64
Hang Seng (Hong Kong)	20121.99	20726.18	-604.19	-2.92
FTSE 100 (London)	5145.74*	5302.99	-157.25	-2.97



DJIA – Dow Jones Industrial Average *January 28 figures

Global Equities

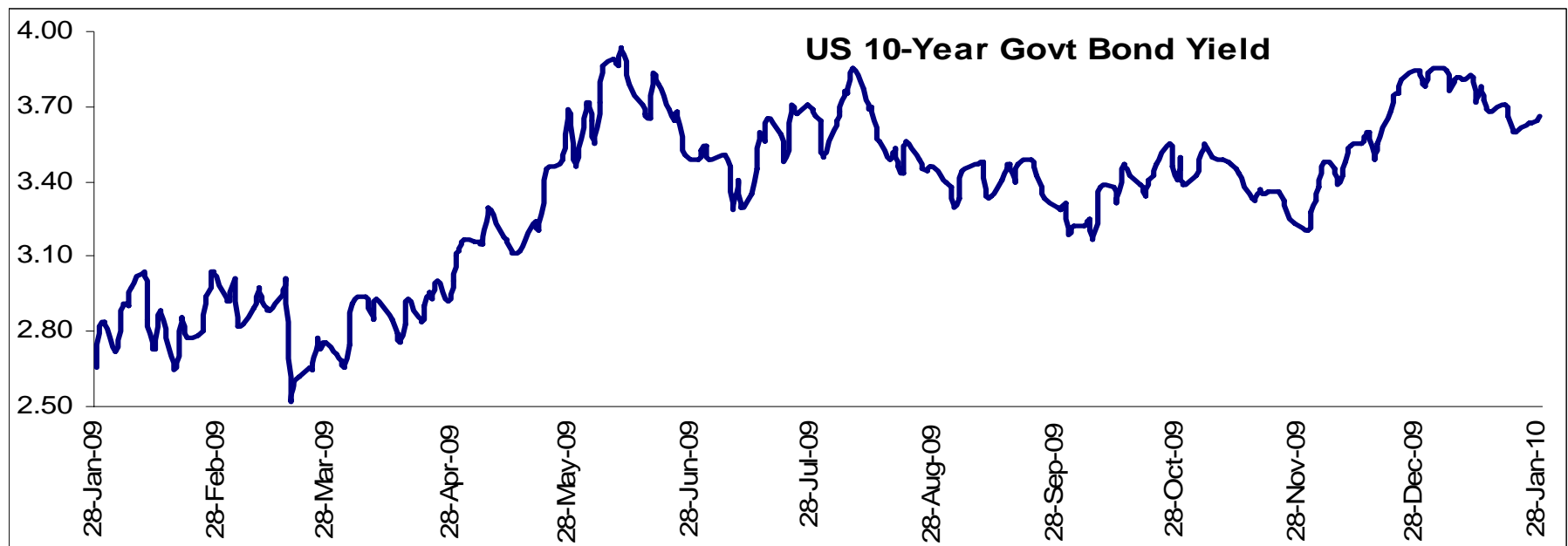
- ❑ Key global indices analysed ended down in the week ended January 28/29, with Japan's Nikkei being the biggest worst loser, down 3.71% while the Dow Jones fell the least, down 0.52%
- ❑ US markets fell in the week mainly on worries about US President's plan to restrict big banks and on disappointing forecasts from technology companies that raised concerns about the economy
- ❑ Losses got cut short significantly after US Fed's kept its key interest rates unchanged and came out with a positive outlook on the US economy
- ❑ FTSE plunged around 3% to close at its lowest in nearly three months as market sentiments was hit on US President's plans to curb banks' risky trading practices and on weakness in commodity prices due to uncertain demand outlook.
- ❑ The index was also pressured by an S&P's report, which said that UK was no longer among the most stable and low-risk banking systems in the world.
- ❑ Straits Times fell mainly on fears of monetary tightening by China to tighten liquidity and uncertainty over US President's bank revamp plans
- ❑ Nikkei with around 3.7% fall was the biggest loser among indices analysed because a stronger yen weighed on the exporters and on negative corporate news especially after Toyota Motors was involved in recall of its cars
- ❑ Hang Seng plunged around 3% to reach its lowest level in nearly five months on fears of a tightening monetary policy and after Bank of China came out with fundraising plans and higher mortgage rates on the mainland

Global Debt

- ❑ Benchmark 10-year US Treasury bond yield rose to 3.66% on January 28 compared with 3.61% on January 21
- ❑ Bond prices fell ahead of the debt auctions scheduled during the week amid concerns that it will add supply to the market
- ❑ The Treasury auctioned \$44 bn in two-year notes on Jan 26, \$42 bn in five-year notes on Jan 27 and \$32 bn in seven-year notes on Jan 28
- ❑ Investors also remained on sidelines ahead of the outcome of the Federal Reserve's two-day meeting on interest rates, which ended on January 27
- ❑ The Fed's statement that "economic activity has continued to strengthen" since its last meeting also eased demand for Treasuries
- ❑ Further losses were capped as concerns about soaring debts and hard-hit banks led investors to seek the safety of safe-haven assets
- ❑ S&P in its recent report that it no longer considers Britain's banking system among the "most stable and low-risk."
- ❑ Bond prices were also supported as concern grew that President Barack Obama's plan to regulate banks would proceed

Global Debt

- Foreign central banks' holdings of U.S. Treasuries at the Federal Reserve fell while the agency debt the foreign banks held at the Fed rose in the week ended January 27
- Treasuries held by overseas central banks at the Fed fell by \$3.806 bn to \$2.180 trillion
- Holdings of securities issued or guaranteed by Fannie Mae and Freddie Mac rose by \$1.776 bn to \$769.27 bn
- The combined holdings of Treasuries and agency securities by foreign central banks at the Fed fell by \$2.03 bn to \$ 2.949 trillion



USA

- ❑ Wall Street benchmark indices fell in the week ended January 28 with the Dow down 0.5%, while Nasdaq ending around 1.2% lower
- ❑ Market sentiments were down mainly on worries about US President's plan to restrict big banks
- ❑ Disappointing forecasts from technology companies raised concerns about the economy thereby pulling down the markets, particularly the tech heavy Nasdaq
- ❑ Disappointing previously owned US homes sales data and a report from S&P's that said it no longer considers Britain's banking system among the "most stable and low-risk added to the losses for the market."
 - US Home sales in December fell 16.7% to a seasonally adjusted annual rate of 5.45mn, from an unchanged pace of 6.54mn in November
- ❑ Losses got cut short significantly after US Fed's kept its key interest rates unchanged and came out with a positive outlook on the US economy
 - US Fed pledged to hold rates at record lows of 0-0.25% to nurture the economic recovery and lower unemployment; said it expects to end a \$1.25 trillion program aimed at driving down mortgage rates as scheduled on March 31
 - US Fed said that the economy and the job market continue to improve, but not enough for it to consider raising interest rates soon
- ❑ Sentiments also improved in the market on signs that the Fed Reserve Chairman would win a US Senate vote for a second term

UK

- ❑ Britain's FTSE plunged around 3% for the week ended January 28 to close at its lowest in nearly three months primarily on negative global sentiments
- ❑ Market sentiments were hit on US President's plans to curb banks' risky trading practices
- ❑ Mining and energy issues pulled the market down on continued unease over the uncertain demand outlook
- ❑ The index was also pressured by an S&P's report, which said that UK was no longer among the most stable and low-risk banking systems in the world.
- ❑ Losses were reduced to certain extent as demand was seen in defensive issues
- ❑ Meanwhile, the market did not show much reaction on report that the UK economy pulled out of recession
 - UK economy pulled out of its recession by the barest of margins, as fourth-quarter GDP rose only 0.1% from the prior quarter; year on year, UK GDP was at -3.2%, an improvement from -5.1% in the third quarter
- ❑ Among other developments during the week,
 - British FM said that he is cautious about the economic outlook; said there is lot of uncertainty around

ASIA

- ❑ **Singapore's Straits Times** fell 2.6% for the week ended January 29 mainly on fears of monetary tightening by China to tighten liquidity and uncertainty over US President's bank revamp plans
- ❑ Doubts about the strength of global recovery also weighed on the market
- ❑ Losses were cut short to certain extent after market rose tracking gains on Wall Street which rose after the US Fed gave a better outlook on the US recovery
- ❑ **Japan's Nikkei** with around 3.7% fall was the biggest loser among indices analysed as a stronger yen weighed on the exporters heavy benchmark
- ❑ Negative corporate news such as Toyota Motors suspending sales of eight cars involved in a recall and weak quarterly earnings from companies such as Advantest and Google added to the losses in the market
- ❑ Investor sentiment also remained cautious during the week, with the market awaiting a Federal Reserve policy announcement, US President's State of the Union address and also closely watching China's steps to rein in credit.
- ❑ Further losses to the benchmark were capped on upbeat reports on profits from index majors Honda Motor and Sony Corp
- ❑ Meanwhile, the market showed little reaction to the Bank of Japan's (BoJ) decision to stick to its cautious view on the economy, and also maintained its key interest rate at 0.1%

ASIA

- Further a sharp rise in exports could not inject positive sentiments in the market,
 - Japan's exports in December rose 12.1% from a year earlier to 5.4 trillion yen - the first growth in 15 months; imports in December slipped 5.5% year-on-year to 4.9 trillion yen
- Among other developments during the week,
 - S&P warned to cut Japan's rating unless it produced a credible plan to rein in its soaring debt and lift growth in an economy plagued by persistent deflation
- **Hong Kong's Hang Seng** plunged around 3% to reach its lowest level in nearly five months in the week ended January 29
- Market fell after a government-directed clampdown on lending in China reignited fears of a tightening monetary policy
- Investors' sentiments were hurt on Bank of China's fundraising plans and higher mortgage rates on the mainland
 - Bank of China plans to sell up to 40bn yuan in bonds to replenish its capital and meet government standards following a record surge in lending last year amid Beijing's stimulus measures
- Profit warning from Foxconn stoked fears over corporate earnings in the tech sector
- Losses were cut to some extent as investors picked up Chinese banks after their recent sell-off

Emerging Markets

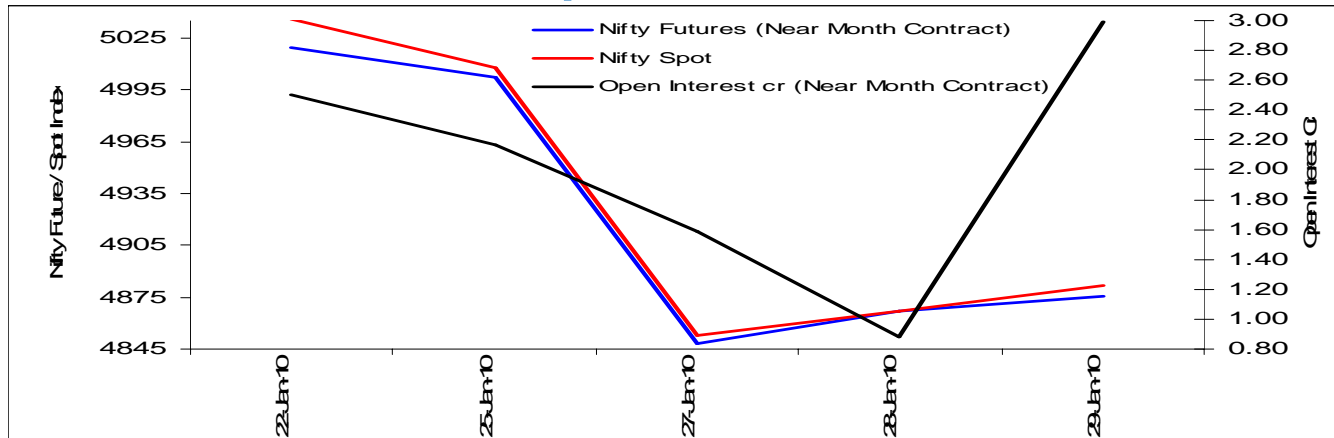
- Net private capital flows to emerging economies should rebound to \$720 bn this year, the Institute of International Finance said, nudging its estimate higher compared with several months ago to reflect increased confidence.
- According to IIF Managing Director "We are starting to see what could be a substantial multi-year upswing in international capital flows to many emerging markets".
- This may be in response to their sound policy management, solid economic prospects, and significant returns relative to investments in mature economies.
- In October, the IIF forecasted that 2010 capital flows would reach \$672 bn.
- At the same time, IIF officials cautioned against so-called hot money flowing too quickly into emerging economies such as Brazil.
- This country in October imposed a 2% tax on some inflows it saw as causing a disruptive surge in capital, and a sharp appreciation of the Brazilian real against the US dollar in turn.
- The IIF, which comprises 38 banks of leading industrialized countries, expects capital flows of \$798 bn in 2011.
- For 2009, it estimates that capital flows to emerging markets totalled \$435 bn, down from \$667 billion in 2008.

Indian Futures and Options Market Review

Nifty Futures –

- ❑ The week saw the near month contract changing from January 28, 2010 to February 25, 2010 on January 29.
- ❑ The Nifty near month contract (expiry February 25) ended the week under review at a 6.40 point discount to the spot index on January 29, 2010.
- ❑ Over the week, the spot index fell 3.06% to finish at 4882 points as worries of monetary tightening earlier in the week had triggered heavy selling in rate-sensitive sectors.
- ❑ The Nifty near-month contract fell by 144 points or 2.87% over this period to end at 4876 points.
- ❑ The open interest in the near-month contract rose from 2.50 cr to around 3 cr as on January 29.
- ❑ The other Nifty future contracts, viz., March contract ended at 4876 points (down 156 points over the week) while the April contract ended at 4886 points.
- ❑ Overall Nifty futures saw a weekly trading volume of Rs. 102180 cr arising out of 42 lakh contracts with an open interest of around 309 lakhs.

Indian Futures and Options Market Review



Nifty Options

- ❑ Nifty 5000 call witnessed the highest open interest of 74 lakhs on January 29, while Nifty 4800 call recorded the highest increase in open interest of 19 lakhs over the week.
- ❑ Nifty 4900 call garnered the highest number of contracts over the week at over 16 lakhs.
- ❑ For put options, Nifty 5000 put continued to witness the highest open interest of 67 lakhs on January 29 while Nifty 4600 put recorded the highest increase in open interest of 7.76 lakhs over the week.
- ❑ Nifty 4900 put recorded the highest number of contracts at 15.16 lakhs.
- ❑ Overall, Nifty options saw 101 lakh contracts getting traded at a notional value of Rs. 251170 cr during the week.

Indian Futures and Options Market Review

Stock Futures and Options

- NSE witnessed 40 lakh contracts in stock futures valued at Rs. 132987 cr while stock options saw volumes of 3.18 lakh contracts valued at Rs.10823 cr during the week.

NSE F&O Turnover

- Overall turnover on NSE's derivatives segment stood at 5.09 lakh cr (192 lakh contracts) for the week ended January 29, 2010 vs. 4.32 lakh cr (155 lakh contracts) for the previous week.
- Meanwhile Put Call ratio fell to 0.88 on January 29 from 0.98 on January 22.

Week Ended January 29, 2009	Turnover Rs. Cr.	% to Total
Index Futures	114,122	22.40
Index Options	251,471	49.37
Stock Futures	132,987	26.11
Stock Options	10,823	2.12
Total	509,403	100
Put Call Ratio	0.88(Jan 29)	0.98(Jan 22)

Indian Futures and Options Market Review

FII Segment

- ❑ On January 28, (last available SEBI data), foreign institutional investors' open interest stood at Rs. 66786 cr (25 lakh contracts).
- ❑ The details of FII derivatives trades for the period January 22 –28, 2010 are as follows: -

Week Ended January 28, 2009	Buy		Sell		Buy %		Sell %	
	No. of contracts	Amt in Rs Cr	No. of contracts	Amt in Rs Cr	No. of contracts	Amt in Rs Cr	No. of contracts	Amt in Rs Cr
Index Futures	1059833	26564	1086186	27318	33.91	31.48	34.90	32.51
Index Options	1200983	29731	1243179	30986	38.43	35.24	39.95	36.87
Stock Futures	857211	27892	780705	25657	27.43	33.06	25.09	30.53
Stock Options	7128	189	2082	68	0.23	0.22	0.07	0.08
Total	3125155	84376	3112152	84029	100.00	100.00	100.00	100.00

The Week Ahead

Day	Event
Monday, Feb 1	<ul style="list-style-type: none"> ▣ US Personal Income/ Spending, December ▣ US Construction Spending, December ▣ Institute for Supply Management (ISM) Manufacturing Index, January ▣ Euro-Zone Purchasing Manager Index Manufacturing, January ▣ UK Purchasing Manager Index Manufacturing, January ▣ India trade data, December
Tuesday, Feb 2	<ul style="list-style-type: none"> ▣ US Auto Sales data, January ▣ US Johnson Redbook Retail Sales Index ▣ US Pending Home Sales Index, December ▣ UK Purchasing Manager Index Construction, January ▣ Euro-Zone Producer Price Index, December
Wednesday, Feb 3	<ul style="list-style-type: none"> ▣ ADP Employment Report, January ▣ US Crude Inventories, week ended January 29 ▣ Institute for Supply Management (ISM) Services Index, January ▣ UK Purchasing Manager Index Services January ▣ UK Nationwide Consumer Confidence, January ▣ Euro-Zone Purchasing Manager Index Services, January ▣ Euro-Zone Retail Sales, December
Thursday, Feb 4	<ul style="list-style-type: none"> ▣ US Productivity and Costs data - Prel, Q4 ▣ US Factory Orders data, December ▣ US Initial Jobless Claims, week ended January 30 ▣ Bank of England Interest Rate Decision ▣ Bank of England Asset Purchase Target ▣ European Central Bank Interest Rate Decision ▣ India Primary Articles Inflation for week ended January 23
Friday, Feb 5	<ul style="list-style-type: none"> ▣ US Unemployment rate, January ▣ US Nonfarm payrolls, January ▣ US Consumer Credit data, December ▣ UK Producer Price Index, January ▣ UK Halifax House Prices, January ▣ Japan Leading Index, December ▣ India Forex Data, Week ended January 22

Week Ahead 01st Feb to 5th Feb 10

Indian Debt Market Outlook

- Next week, the G-Sec markets are expected to take cues from G-Sec and T-bill cut-offs and any specific announcement from policy makers.
- The liquidity in the system is expected to remain comfortable. Next week, the money market outflows of around Rs.19,288 cr (in form of G-Sec, T-bill and SDLs auctions) are scheduled as against the money market inflows of around Rs.12,000 cr.
- Corporate bond market is expected to take cues from G-sec market and primary issuances.

Indian Debt Markets

Particulars	22-Jan-10	29-Jan-10	Change (bps)
10 year Gsec yield (%)	7.55	7.58	0.03
Scheme	Maturity (years)		Change
G-sec Fund	8.69	7.15	-1.54
Income fund	5.95	5.15	-0.8
Short Term Fund	1.38	1.23	-0.15
MIP	2.94	2.44	-0.5
Liquid Schemes	Maturity (days)		Change
Floating Rate Fund	29.96	36.18	6.22
Money Managers Fund	104.17	109.97	5.8
Liquidity Fund	48.95	48.56	-0.39
Medium Term Fund	101.29	116.97	15.68
Treasury Plan	44.43	35.95	-8.48
Cash Plan	0.03	0.03	0

- Maturities of duration funds were reduced post monetary policy review and ahead of budget announcement.
- The movement in the maturities in the liquid schemes reflects the movement in cash levels in the portfolio.

Fund Performance

As on 29th Jan 2010

Equity Funds

DIVERSIFIED EQUITY FUNDS - Performance as on 29.01.2010							
Scheme Name	Absolute			Compound Annualized			
	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
Reliance Growth - Growth	-2.26%	9.67%	19.61%	107.28%	14.26%	30.09%	29.69%
BSE100	-5.39%	3.68%	9.38%	85.39%	6.47%	20.30%	12.37%
Reliance Vision - Growth	-4.79%	6.41%	15.78%	86.65%	8.72%	23.82%	24.81%
BSE100	-5.39%	3.68%	9.38%	85.39%	6.47%	20.30%	12.37%
Reliance NRI Equity Fund - Growth	-4.54%	4.86%	14.24%	100.13%	9.50%	25.21%	25.87%
BSE200	-5.01%	4.44%	10.93%	90.16%	6.54%	19.39%	20.44%
Reliance Equity Opportunities Fund- Growth	-3.43%	13.00%	30.50%	120.16%	8.26%	N.A	23.82%
BSE100	-5.39%	3.68%	9.38%	85.39%	6.47%	20.30%	20.87%
Reliance Regular Savings Fund-Equity Option	-1.72%	10.82%	20.57%	116.72%	18.97%	N.A	24.00%
BSE 100	-5.39%	3.68%	9.38%	85.39%	6.47%	20.30%	20.44%
Reliance Tax Saver (ELSS) Fund	-1.47%	10.50%	18.23%	87.56%	5.53%	N.A	14.08%
BSE 100	-5.39%	3.68%	9.38%	85.39%	6.47%	20.30%	17.27%
Reliance Equity Fund	-4.31%	3.13%	6.56%	64.26%	7.06%	N.A	10.19%
S&P CNX Nifty	-5.90%	2.77%	8.17%	72.88%	5.78%	19.42%	9.73%
Reliance Long Term Equity Fund	-1.21%	9.01%	20.01%	87.84%	8.58%	N.A	9.45%
BSE 200	-5.01%	4.44%	10.93%	90.16%	6.54%	19.39%	7.42%
Reliance Regular Savings Fund-Balanced Option	-2.95%	6.06%	11.39%	83.42%	16.94%	N.A	14.44%
Crisil Balanced Fund Index	-4.01%	2.13%	5.74%	47.17%	7.63%	14.99%	15.28%

Returns are of the Growth Option. Returns for less than 1 year are absolute and for above 1 year are calculated on compounded annualised basis. Returns assumed that all payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV.

"Past performance may or may not be sustained in future"

Equity Sector Funds

DIVERSIFIED EQUITY FUNDS - Performance as on 29.01.2010					
Scheme Name	Absolute		Compound Annualized		
	6 months	1 Year	3 Years	5 Years	Since Inception
Reliance Banking Fund - Growth	20.40%	98.27%	23.39%	25.10%	34.78%
Bankex	18.17	95.62	12.94	21.05	29.20
Reliance Diversified Power Fund - Growth	12.65%	94.24%	26.33%	43.47%	42.17%
India Power	4.99	53.19	14.43	24.84	22.84
Reliance Pharma Fund - Growth	50.54%	139.51%	27.25%	27.36%	29.11%
BSE-HC	25.83%	74.71%	7.67%	12.22%	14.26%
Reliance Media & Ent. Fund - Growth	28.01%	85.87%	1.15%	20.00%	19.28%
S&P CNX Media & Entertainment Index	35.27	113.90	-5.99	15.51	14.54

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"Past performance may or may not be sustained in future"

Debt Funds

Performance as on 29.01.2010								
Scheme Name	Absolute				Compound Annualized			
	1 Week	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	Since Inception
Reliance FRF - G	0.08%	0.36%	1.11%	2.30%	5.52%	7.70%	7.11%	6.95%
Crisil Liquid Fund Index	0.05%	0.24%	0.69%	1.38%	4.31%	6.82%	6.25%	6.10%
Reliance Income Fund - Retail - G	-0.02%	0.57%	1.58%	1.07%	3.56%	9.80%	8.06%	9.76%
Crisil Composite Bond Fund Index	0.11%	0.64%	1.78%	1.82%	4.61%	6.64%	5.69%	N.A
Reliance Money Manager Fund - Retail- G	0.08%	0.39%	1.14%	2.36%	5.48%	N.A	N.A	7.70%
Crisil Liquid Fund Index	0.05%	0.24%	0.69%	1.38%	4.31%	6.82%	6.25%	6.84%
Reliance MIP - G	-0.37%	-0.16%	3.26%	8.44%	26.16%	12.59%	13.69%	12.03%
Crisil MIP Blended Index	-0.46%	-0.44%	1.90%	2.79%	13.62%	7.36%	8.30%	6.98%
Reliance MTF- Retail - G	0.09%	0.40%	1.16%	2.35%	5.44%	6.85%	5.91%	7.04%
CRISIL Short-Term Bond Fund Index	0.06%	0.52%	1.39%	2.12%	6.22%	8.05%	6.84%	N.A
Reliance Short Term Fund - G	0.08%	0.53%	1.59%	2.68%	8.76%	10.17%	8.72%	7.97%
Crisil Liquid Fund Index	0.05%	0.24%	0.69%	1.38%	4.31%	6.82%	6.25%	5.68%
Reliance NRI Income Fund - G	0.04%	0.17%	0.40%	0.20%	0.47%	1.97%	3.36%	3.37%
Crisil Composite Bond Fund Index	0.11%	0.64%	1.78%	1.82%	4.61%	6.64%	5.69%	5.87%
Reliance Regular Savings Fund-Debt Option	0.12%	0.62%	2.09%	4.04%	8.08%	5.94%	N.A	4.89%
Crisil Composite Bond Fund Index	0.11%	0.64%	1.78%	1.82%	4.61%	6.64%	5.69%	5.60%

Returns are of the Growth Option. Returns for less than 1 year are absolute and for above 1 year are calculated on compounded annualised basis. Returns assumed that all payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV. Index Returns are as on 06th Jan 2010

"Past performance may or may not be sustained in future"

Debt Funds

Performance as on 29.01.2010									
Scheme Name	Absolute					Compound Annualized			
	1 Day	3 Days	1 Week	1 Month	6 Months	1 Year	3 Years	5 Years	Since Inception
Reliance Liquid Fund - Cash Plan - G	0.01%	0.02%	0.05%	0.22%	1.22%	2.35%	4.92%	5.14%	5.05%
<i>Index</i>									
Crisil Liquid Fund Index	N.A	0.01%	0.05%	0.24%	1.38%	4.31%	6.82%	6.25%	N.A
Reliance Liquid Fund - TP - Retail - G	0.01%	0.03%	0.07%	0.31%	2.12%	5.02%	7.14%	6.54%	6.83%
<i>Index</i>									
Crisil Liquid Fund Index	N.A	0.01%	0.05%	0.24%	1.38%	4.31%	6.82%	6.25%	N.A
Reliance Liquidity Fund - G	0.01%	0.03%	0.08%	0.34%	2.15%	5.13%	7.51%	N.A	7.16%
<i>Index</i>									
Crisil Liquid Fund Index	N.A	0.01%	0.05%	0.24%	1.38%	4.31%	6.82%	6.25%	6.38%

Returns are of the Growth Option. Returns for less than 1 year are absolute and for above 1 year are calculated on compounded annualised basis. Returns assumed that all payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV. Index Returns are as on 06th Jan 2010

"Past performance may or may not be sustained in future"

Investment Objectives

- ❑ **Reliance Floating Rate Fund (An Open-ended Liquid Scheme):** The primary investment objective of the scheme is to generate regular income through investment in a portfolio comprising substantially of Floating Rate Debt Securities (including floating rate securitised debt, Money Market Instruments and Fixed Rate Debt Instruments swapped for floating rate returns). The scheme shall also invest in Fixed Rate Debt Securities (including fixed rate securitised debt, Money Market Instruments and Fixed Rate Debt Instruments swapped for fixed returns).
- ❑ **Reliance Gilt Securities Fund (An Open-ended Govt. Securities Scheme):** The primary investment objective of the scheme is to generate optimal credit risk-free returns by investing in a portfolio of securities issued and guaranteed by the Central Government and State Government.
- ❑ **Reliance Income Fund (An Open-ended Income Scheme):** The primary investment objective of the scheme is to generate optimal returns consistent with moderate level of risk. This income may be complemented by capital appreciation of the portfolio. Accordingly, investments shall predominantly be made in Debt & Money Market Instruments.
- ❑ **Reliance Money Manager Fund (Open ended income scheme):** The investment objective of the Scheme is to generate optimal returns consistent with moderate levels of risk and liquidity by investing in debt securities and money market securities.
- ❑ **Reliance Monthly Income Plan (An Open-ended Fund-Monthly Income is not assured & is subject to the availability of distributable surplus):** The primary investment objective of the scheme is to generate regular income in order to make regular dividend payments to unitholders and the secondary objective is growth of capital.

Investment Objectives

- ❑ **Reliance Medium Term Fund (An Open-ended Income Scheme with no assured returns):** The primary investment objective of the scheme is to generate regular income in order to make regular dividend payments to unitholders and the secondary objective is growth of capital.
- ❑ **Reliance Short Term Fund (An Open-ended Income Scheme):** The primary investment objective of the scheme is to generate stable returns for investors with a short term investment horizon by investing in fixed income securities of a short term maturity.
- ❑ **Reliance NRI Income Fund (An Open-ended Income Scheme):** The primary investment objective of the scheme is to generate optimal returns consistent with moderate levels of risk. This income may be complemented by capital appreciation of the portfolio. Accordingly, investments shall predominantly be made in Debt Instruments.
- ❑ **Reliance Liquid Fund (An Open-ended Liquid Scheme):** The primary investment objective of the scheme is to generate optimal returns consistent with moderate levels of risk and high liquidity. Accordingly, investments shall predominantly be made in Debt and Money Market Instruments.
- ❑ **Reliance Liquidity Fund (An Open-ended liquid scheme):** The investment objective of the scheme is to generate optimal returns consistent with moderate levels of risk and high liquidity. Accordingly, investments shall predominantly be made in Debt and Money Market Instruments.

Investment Objectives

- ❑ **Reliance Growth Fund (An Open-ended Equity Growth Scheme):** The primary investment objective of the scheme is to achieve long term growth of capital by investing in equity and equity related securities through a research based investment approach.
- ❑ **Reliance Vision Fund (An Open-ended Equity Growth Scheme):** The primary investment objective of the scheme is to achieve long-term growth of capital by investment in equity and equity related securities through a research based investment approach.
- ❑ **Reliance Equity Opportunities Fund (An Open-ended Diversified Equity Scheme):** The primary investment objective of the scheme is to seek to generate capital appreciation & provide long-term growth opportunities by investing in a portfolio constituted of equity securities & equity related securities and the secondary objective is to generate consistent returns by investing in debt and money market securities.
- ❑ **Reliance Tax Saver (ELSS) Fund (An Open-ended Equity Linked Savings Scheme):** The primary objective of the scheme is to generate long-term capital appreciation from a portfolio that is invested predominantly in equity and equity related instruments.
- ❑ **Reliance Banking Fund (An Open-ended Banking Sector Scheme):** The primary investment objective of the scheme is to generate continuous returns by actively investing in equity and equity related or fixed income securities of Banks.
- ❑ **Reliance Pharma Fund (An Open-ended Pharma Sector Scheme):** The primary investment objective of the scheme is to seek to generate consistent returns by investing in equity and equity related securities or fixed income securities of Pharma and other associated companies.
- ❑ **Reliance Media & Entertainment Fund (An Open-ended Media & Entertainment Sector Scheme):** The primary investment objective of the scheme is to generate continuous returns by investing in equity and equity related or fixed income securities of Media & Entertainment and other associated companies.
- ❑ **Reliance Diversified Power Sector Fund (An Open-ended Power Sector Scheme):** The primary investment objective of the scheme is to seek to generate continuous returns by actively investing in equity and equity related or fixed income securities of Power and other associated companies.

Investment Objectives

- ❑ **Reliance Equity Advantage Fund (An Open ended Diversified Equity Scheme):** The primary investment objective of the scheme is to seek to generate capital appreciation & provide long-term growth opportunities by investing in a portfolio predominately of equity & equity related instruments with investments generally in S & P CNX Nifty stocks and the secondary objective is to generate consistent returns by investing in debt and money market securities.
- ❑ **Reliance NRI Equity Fund (An Open-ended Diversified Equity Scheme):** The primary investment objective of the scheme is to generate optimal returns by investing in equity and equity related instruments primarily drawn from the Companies in the BSE 200 Index.
- ❑ **Reliance Regular Savings Fund (An open ended Scheme) Debt Option:** The primary investment objective of this Option is to generate optimal returns consistent with moderate level of risk. This income may be complemented by capital appreciation of the portfolio. Accordingly investments shall predominantly be made in Debt & Money Market Instruments. **Equity Option:** The primary investment objective of this Option is to seek capital appreciation and/or to generate consistent returns by actively investing in equity / equity related securities. **Balanced Option:** The primary investment objective of this Option is to generate consistent return and appreciation of capital by investing in mix of securities comprising of Equity, Equity related Instruments & Fixed income instruments.
- ❑ **Reliance Equity Fund (An open-ended Diversified Equity Scheme):** The primary investment objective of the scheme is to seek to generate capital appreciation & provide long-term growth opportunities by investing in a portfolio constituted of equity & equity related securities of top 100 companies by market capitalization & of companies which are available in the derivatives segment from time to time and the secondary objective is to generate consistent returns by investing in debt and money market securities.
- ❑ **Reliance Long Term Equity Fund(A 36 months close ended diversified equity fund with an automatic conversion into an open ended scheme on expiry of 36 months from the date of allotment):** The primary investment objective of the scheme is to seek to generate long term capital appreciation & provide long-term growth opportunities by investing in a portfolio constituted of equity & equity related securities and Derivatives and the secondary objective is to generate consistent returns by investing in debt and money market securities.

- ❑ **The Sponsor:** Reliance Capital Limited. **The Trustee:** Reliance Capital Trustee Company Limited. **The Investment Manager:** Reliance Capital Asset Management Limited. **Statutory Details:** The Sponsor, the Trustee and the Investment Manager are incorporated under the Companies Act 1956
- ❑ Mutual Funds and securities investments are subject to market risks and there is no assurance and no guarantee that the Schemes objectives will be achieved. As with investments in any securities, the NAVs of the units issued under the Scheme can go up or down depending on the factors and forces affecting the securities market. Reliance Growth Fund, Reliance Vision Fund, Reliance Equity Opportunities Fund, Reliance Tax Saver (ELSS) Fund, Reliance Banking Fund, Reliance Pharma Fund, Reliance Media & Entertainment Fund, Reliance Diversified Power Sector Fund, Reliance Equity Advantage Fund, Reliance NRI Equity Fund, Reliance Regular Savings Fund, Reliance Equity Fund, Reliance Long Term Equity Fund, Reliance Floating Rate Fund, Reliance Gilt Securities Fund, Reliance Income Fund, Reliance Money Manager Fund, Reliance Monthly Income Plan (An Open-ended Fund-Monthly Income is not assured & is subject to the availability of distributable surplus), Reliance Medium Term Fund, Reliance Short Term Fund, Reliance NRI Income Fund, Reliance Liquid Fund & Reliance Liquidity Fund are only the name of the Schemes and does not in any manner indicate either the quality of the Schemes, their future prospects or returns. Past performance of the Sponsor/AMC/Mutual Fund is not indicative of future performance of the Scheme. The NAV of the Scheme may be affected, inter alia, by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures. The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution of Rs.1 lac towards the setting up of the Mutual Fund and such other accretions and additions to the corpus. The NAV of the Scheme may be affected, inter alia, by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures. The Mutual Fund is not assuring that it will make periodical dividend distributions, though it has every intention of doing so. All dividend distributions are subject to the availability of distributable surplus in the Scheme. Please read the Scheme Information Document of the respective Schemes carefully before investing.

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Thank you
