



Abhishek Saraf, CFA

Research Analyst
(+91) 22 7180 4221
abhishek.saraf@db.com

Abhay Laijawala

Research Analyst
(+91) 22 7180 4031
abhay.laijawala@db.com

The Marketscope

Global headwinds and domestic uncertainties prevail in Nov'16

November'16 was a perfect storm for India, as rising US bond yields, a strengthening USD, and EM risk aversion, coupled with an unprecedented demonetization drive in India, led to a significant decline in Indian assets. MSCI India was down 5.3% during the month – underperforming MSCI EM/Asia by ~300bps. While equity markets underperformed MSCI EM/Asia for a fourth month, INR performed better than many EM currencies. INR depreciated by 2.4% in the month while other EM currencies such as TRY, MXN, BRL, and IDR depreciated by 4%-10%.

Sectors relatively immune to demonetization were clear outperformers

The sectoral performance during the month was clearly driven by the market's assessment of the likely impact of the demonetization drive. Sectors with a global orientation or that saw significant cash inflows after demonetization were outperformers. Accordingly, **BSE Metals, BSE Power, BSE IT, BSE Oil & Gas** and **BSE Healthcare** were the outperforming sectors. On the other hand, given the disruptive ramifications of demonetization for (i) consumption sentiment, (ii) the operations of businesses with a meaningful reliance on cash transactions, (iii) the wealth effect and (iv) expectations of further follow-up action on unaccounted wealth, **BSE Realty, BSE Consumer Durables** and **BSE Auto** were the biggest underperforming sectors, with the respective indices declining by 18%/13%/9% during the month.

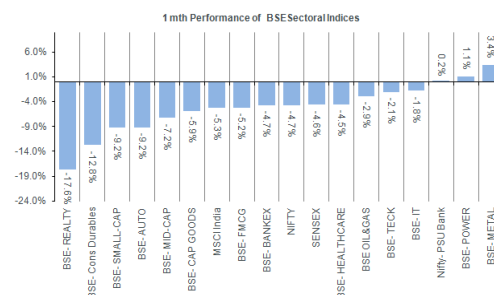
Tale of two investors: 8-year-high selling by FIIs matched by record DII buying

The flows of domestic and foreign investors touched multi-year records, albeit in different directions. Driven by hardening US bond yields and generic risk aversion towards EMs, foreign institutional investors [FIIs] were net sellers of Indian equities at US\$2.6bn – the highest monthly outflows since the global financial crisis eight years ago. However, **sharp FII outflows were matched by equally robust inflows from domestic institutional investors [DIIs]**, which net bought US\$2.7bn – the highest since at least 2007 and most likely the highest ever monthly inflows. The sharp surge in DII inflows could be attributable to (i) strong inflows into mutual funds in the preceding months, (ii) a likely continuation of strong inflows into MFs in Nov'16, (iii) lower valuations for stocks hit by demonetization, (iv) a sharp surge in buying by insurance companies (at US\$687mn) after eight months of net outflows/anemic inflows.

Sharp deterioration in earnings revisions driven by likely impact of demonetization

The earnings revision ratio for Deutsche Bank-covered companies was negatively skewed, with earnings cuts significantly outnumbering raises for both FY17 and FY18. Our analysts cut FY17 earnings estimates for 63 companies, while raising them for only 15 companies. Similarly, for FY18 the cut:raise ratio stood at 62:18. The aggregate earnings estimates for the Deutsche Bank universe for FY17/FY18 were revised down by 3.6%/2.0% as many of our companies underwent earnings revisions post-demonetization. Our Sensex EPS estimates also moved down by 3.8%/2.0% for FY17/FY18 over the month, while changes in consensus EPS stood at -3.0%/-2.0%. A bottom-up aggregate of our analyst estimates suggests Sensex EPS growth of 10.6%/22% for FY17/18. Deutsche Bank analysts raised their target prices for 22 companies, while trimming target prices for 49 companies.

Nov'16 performance of sectoral indices (%)



Source: Deutsche Bank, Bloomberg Finance L.P.

Sensex Metrics

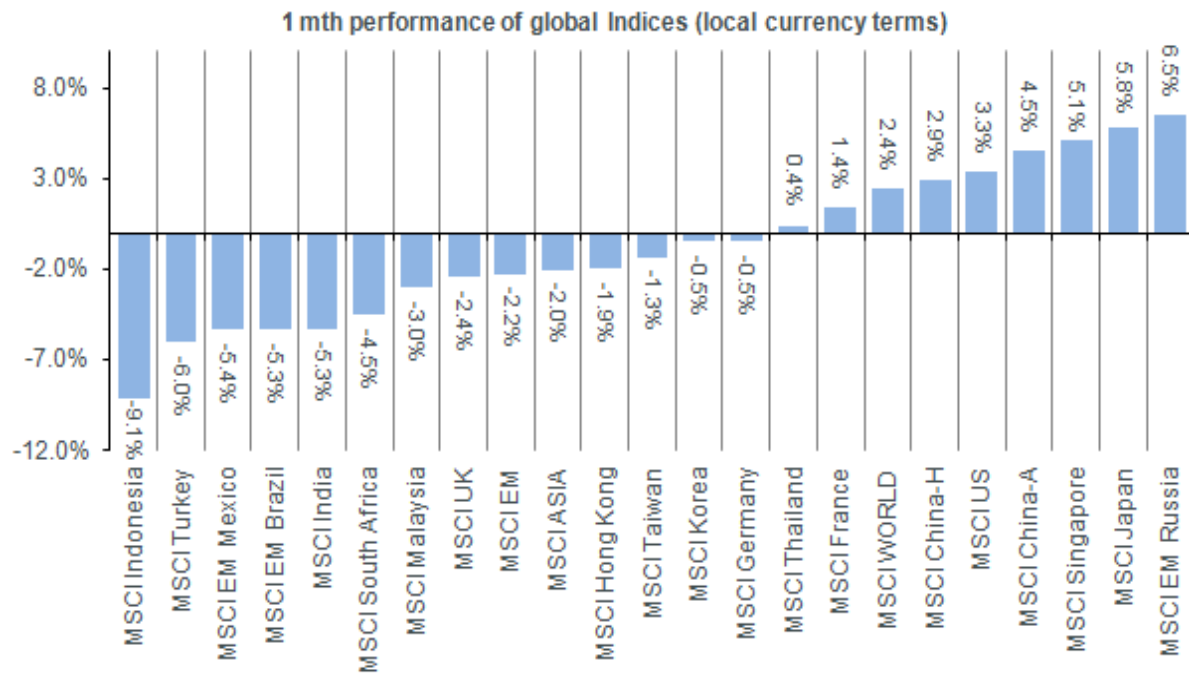
Sensex	FY16	FY17E	FY18E
P/E	19.2	18.0	14.8
EPS	1,321	1,461	1,783
EPS Growth (%)	-0.7	10.6	22.0
P/BV	2.7	2.5	2.3
RoE (%)	14.7	14.7	16.2

Source: Deutsche Bank, Bloomberg Finance L.P.



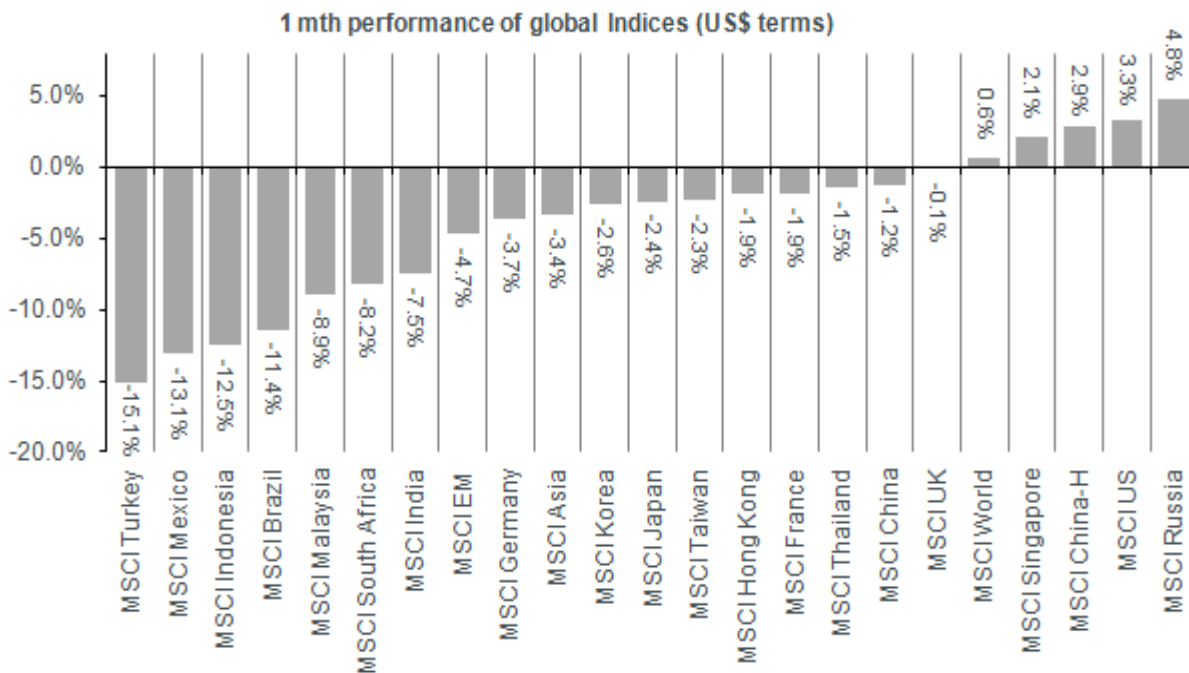
Monthly performance

Figure 1: 1M performance of global indices in local currency – November 2016



Source: Deutsche Bank, Bloomberg Finance L.P

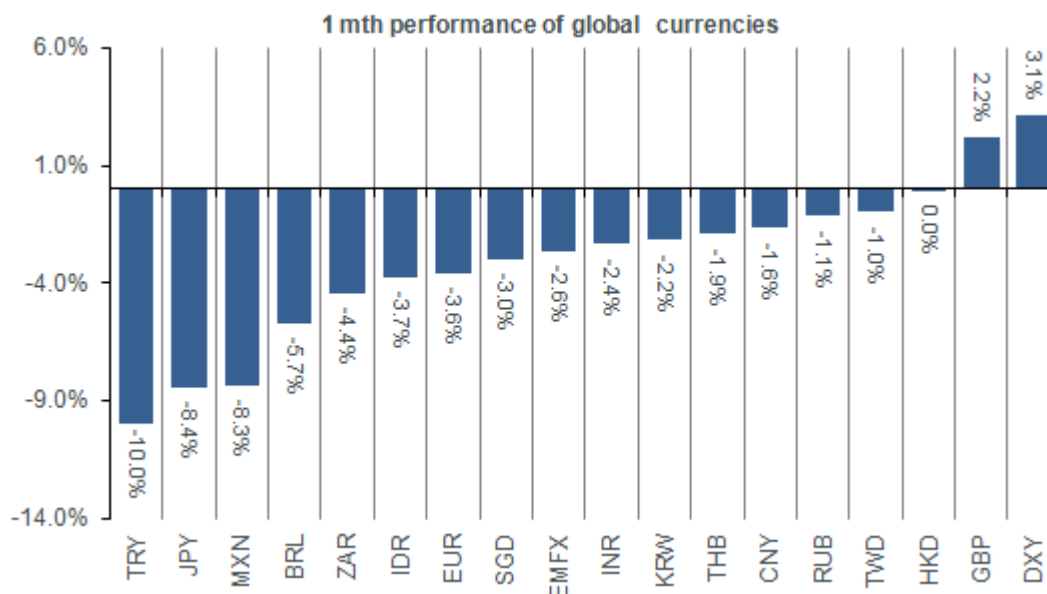
Figure 2: 1M performance of global indices in US\$ – November 2016



Source: Deutsche Bank, Bloomberg Finance L.P

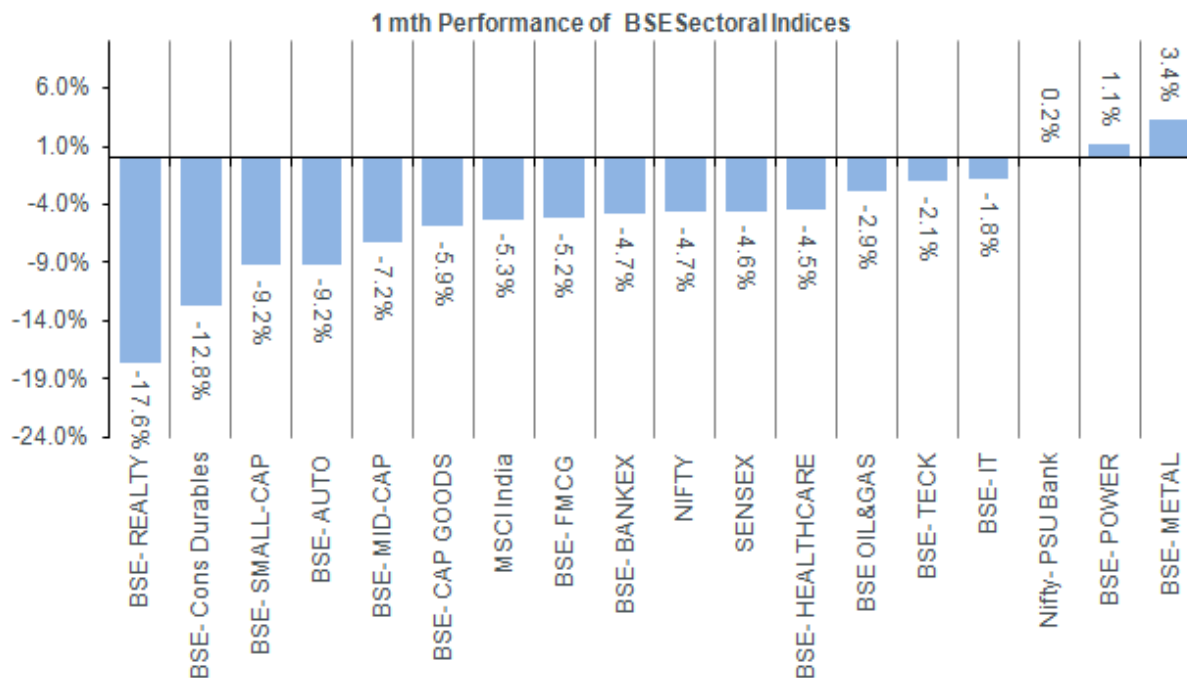


Figure 3: 1M performance of key currencies – November 2016



Source: Deutsche Bank, Bloomberg Finance L.P.
Following denote respective currencies: EUR: Euro; RUB: Russian rouble; GBP: Great Britain pound; CNY: Chinese yuan; TWD: Taiwanese dollar; HKD: Hong Kong dollar; JPY: Japanese yen; SGD: Singapore dollar; MXN: Mexican peso; KRW: Korean won; THB: Thai baht; INR: Indian rupee; TRY: Turkish lira; BRL: Brazilian lira; ZAR: South African rand; IDR: Indonesian rupiah; DXY: Dollar Index; EMFX: MSCI EM Currency Index

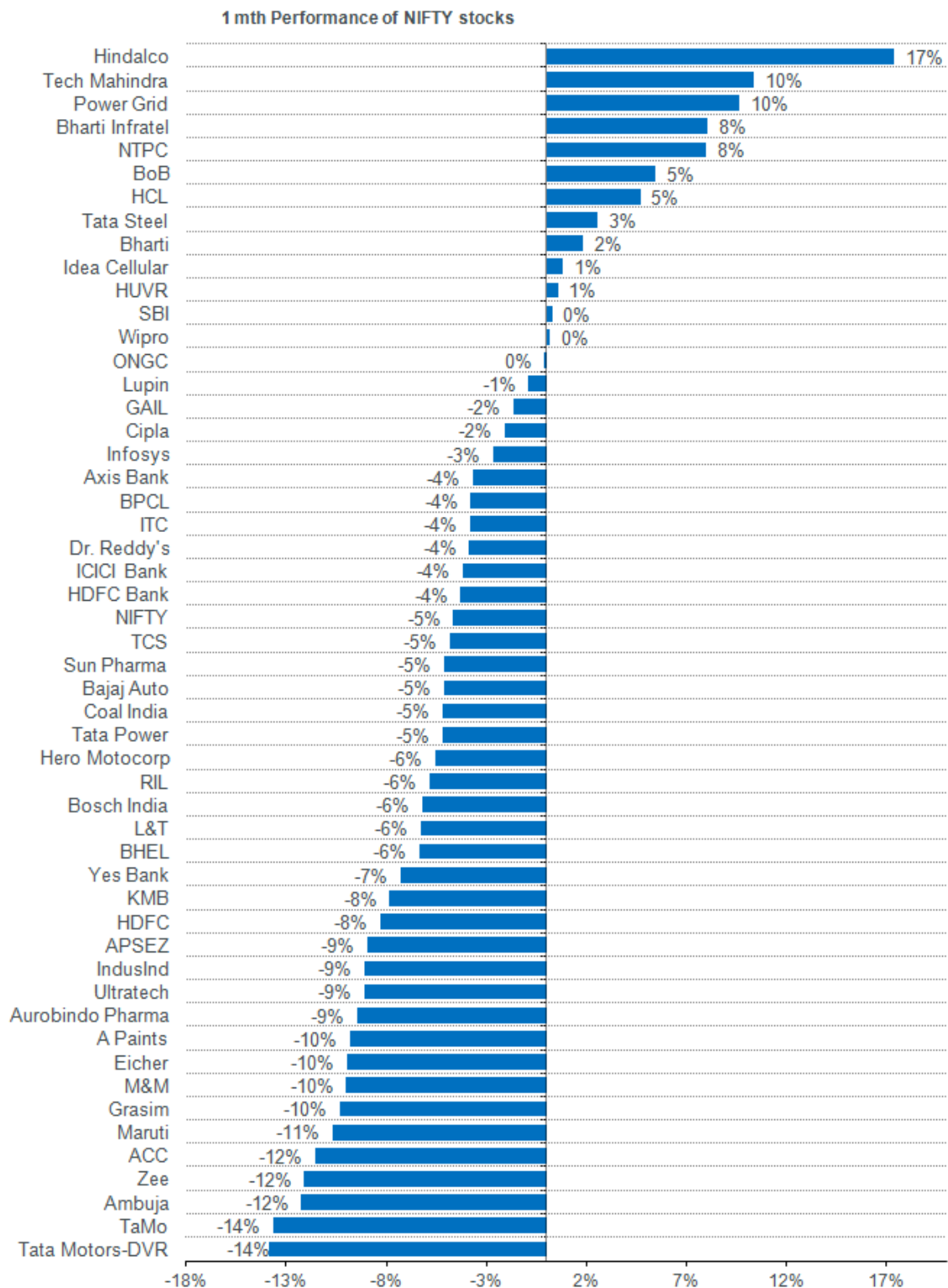
Figure 4: 1M performance of sectoral indices – November 2016



Source: Deutsche Bank, Bloomberg Finance L.P.



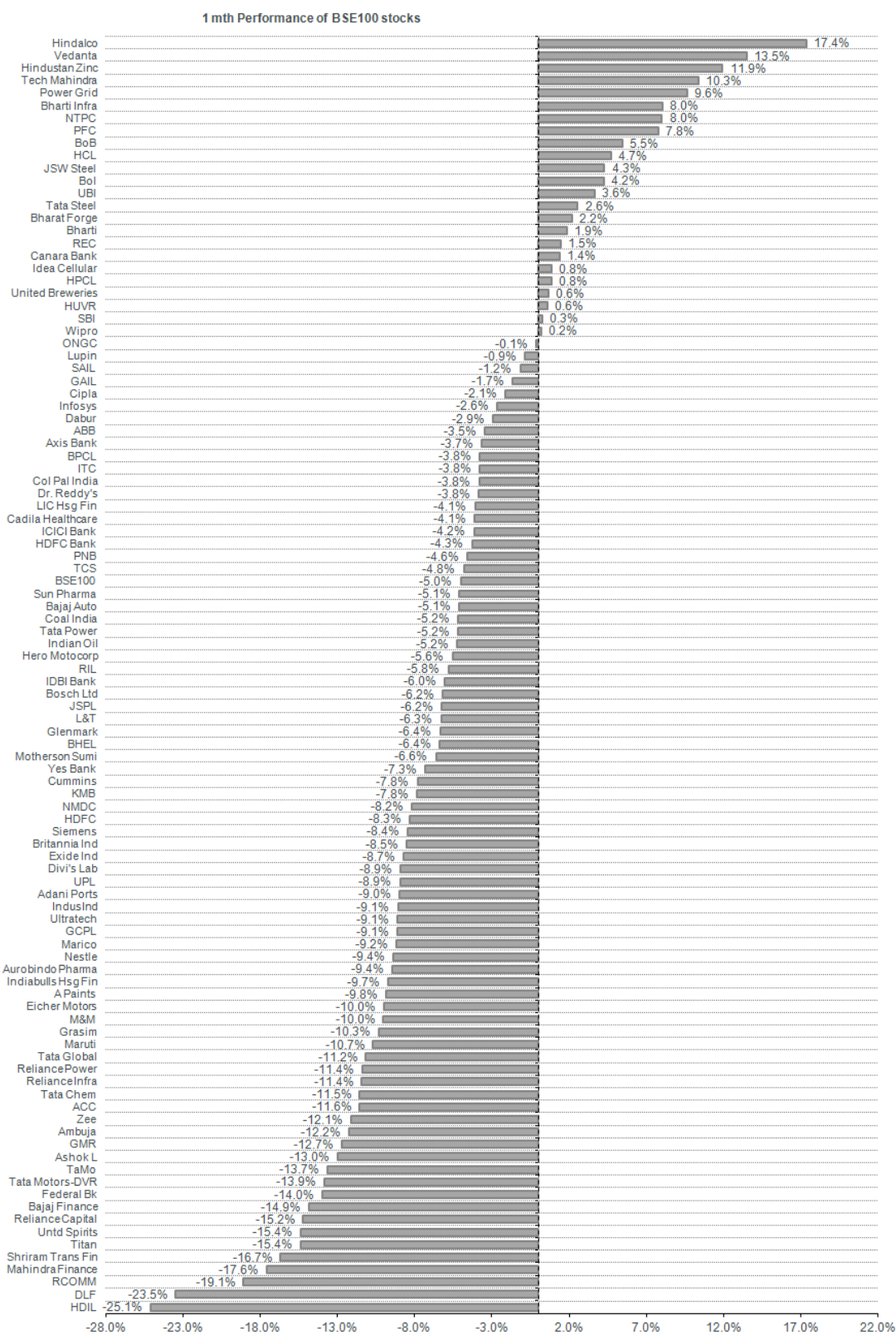
Figure 5: 1M performance of NIFTY constituents – November 2016



Source: Deutsche Bank, Bloomberg Finance L.P



Figure 6: 1M performance of BSE100 constituents – November 2016



Source: Deutsche Bank, Bloomberg Finance LP



Revisions to earnings, target prices and recommendations

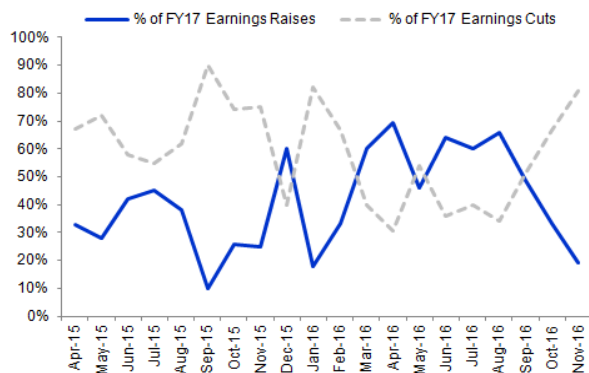
Figure 7: Revisions to earnings of stocks in Deutsche Bank universe in November 2016

Change in FY17 PAT				Change in FY18 PAT			
Company	From	TO	% change	Company	From	TO	% change
Steel Authority of India	11,068	-5,783	-152.3%	Steel Authority of India	7,321	-869	-111.9%
State Bank of India	1,31,808	74,288	-43.6%	Ambuja Cements	16,047	11,714	-27.0%
Ambuja Cements	13,267	9,282	-30.0%	BHEL	19,625	15,897	-19.0%
Titan	8,890	6,712	-24.5%	Shree Cement	19,107	15,785	-17.4%
Gujarat Gas	4,639	3,658	-21.2%	TVS Motor	7,581	6,352	-16.2%
Shree Cement	17,975	14,774	-17.8%	ACC	8,523	7,240	-15.1%
JSW Steel	34,212	28,329	-17.2%	Bharat Forge	8,780	7,536	-14.2%
Tata Steel	21,451	18,115	-15.5%	DLF	10,811	9,289	-14.1%
Tata Motors	1,71,855	1,45,615	-15.3%	Reliance Communications	3,343	2,887	-13.6%
Gujarat Pipavav Port	3,013	2,598	-13.8%	GSK Consumer	7,894	6,840	-13.4%
Thermax Limited	2,789	2,405	-13.7%	Thermax Limited	3,044	2,647	-13.0%
ACC	6,824	5,893	-13.6%	Bajaj Corp	3,157	2,761	-12.5%
Bank of India	3,575	3,100	-13.3%	Ultratech Cement	38,776	34,051	-12.2%
BHEL	10,232	8,939	-12.6%	Nestle India	13,044	11,502	-11.8%
Union Bank of India	9,714	8,490	-12.6%	Hero Motocorp	40,916	36,319	-11.2%
Ashok Leyland	14,709	12,924	-12.1%	Titan	11,274	10,032	-11.0%
Reliance Communications	3,283	2,893	-11.9%	Maruti Suzuki	88,608	79,111	-10.7%
TVS Motor	6,247	5,534	-11.4%	Gujarat Pipavav Port	3,079	2,751	-10.7%
Nestle India	10,758	9,558	-11.2%	Mahindra & Mahindra	46,130	41,245	-10.6%
Bharat Forge	7,114	6,323	-11.1%	Zee Entertainment	17,267	15,454	-10.5%
Shriram Transport Finance	15,702	13,958	-11.1%	Ashok Leyland	16,911	15,159	-10.4%
Zee Entertainment	14,851	13,246	-10.8%	United Spirits	7,059	6,335	-10.3%
United Spirits	4,895	4,366	-10.8%	Eicher Motors	22,925	20,640	-10.0%
Bajaj Corp	2,758	2,475	-10.3%	Gujarat Gas	5,704	5,191	-9.0%
Grasim	31,995	28,839	-9.9%	Emami	8,187	7,457	-8.9%
Mahindra Finance	7,672	6,923	-9.8%	Johnson Controls Hitachi AC India	1,310	1,193	-8.9%
Ultratech Cement	31,411	28,402	-9.6%	Apollo Tyres	10,960	9,991	-8.8%
Asian Paints	19,669	17,919	-8.9%	Asian Paints	24,160	22,076	-8.6%
Jubilant Foodworks	1,446	1,318	-8.9%	Grasim	40,093	36,676	-8.5%
Max Financials	5,888	5,388	-8.5%	Bajaj Auto	47,525	43,479	-8.5%
Mahindra & Mahindra	36,181	33,111	-8.5%	Max Financials	6,766	6,191	-8.5%
Hero Motocorp	36,794	33,725	-8.3%	Union Bank of India	12,764	11,791	-7.6%
Emami	6,530	5,999	-8.1%	Ramco Cements	7,785	7,193	-7.6%
DLF	9,188	8,460	-7.9%	Jubilant Foodworks	1,885	1,742	-7.6%
Johnson Controls Hitachi AC India	922	850	-7.8%	Tata Motors	1,99,410	1,84,544	-7.5%
Apollo Tyres	9,799	9,050	-7.6%	State Bank of India	2,06,947	1,91,795	-7.3%
Volta	4,347	4,082	-6.1%	ITC Ltd	1,29,181	1,21,203	-6.2%
ITC Ltd	1,15,360	1,08,323	-6.1%	Exide Industries	8,345	7,844	-6.0%
Marico	8,848	8,332	-5.8%	Chambal Fertilisers	5,034	4,737	-5.9%
Maruti Suzuki	75,798	71,574	-5.6%	Marico	10,539	9,934	-5.7%
Bajaj Finance	17,220	16,279	-5.5%	CESC Ltd	9,238	8,721	-5.6%
Ramco Cements	6,498	6,146	-5.4%	Tata Steel	28,428	26,863	-5.5%
CESC Ltd	5,521	5,239	-5.1%	Dabur	15,663	14,883	-5.0%
Dabur	13,731	13,067	-4.8%	Whirlpool India	3,954	3,768	-4.7%
Chambal Fertilisers	4,521	4,322	-4.4%	Mahindra Finance	10,154	9,693	-4.5%
Hindustan Unilever	45,236	43,282	-4.3%	Britannia Industries	11,116	10,629	-4.4%
Eicher Motors	17,385	16,643	-4.3%	Hindustan Unilever	52,706	50,421	-4.3%
HDFC	76,089	72,942	-4.1%	Shriram Transport Finance	20,208	19,496	-3.5%
Britannia Industries	9,387	9,000	-4.1%	Bajaj Finance	22,463	21,819	-2.9%
Whirlpool India	3,189	3,064	-3.9%	Godrej Consumer	15,115	14,757	-2.4%
Bajaj Auto	41,265	39,659	-3.9%	IOC	1,75,236	1,71,327	-2.2%
LIC Housing Finance	19,829	19,108	-3.6%	HDFC Bank	1,78,070	1,74,381	-2.1%
Exide Industries	7,415	7,194	-3.0%	ICI Bank	1,28,258	1,25,627	-2.1%
Godrej Consumer	13,172	12,845	-2.5%	HPCL	56,142	55,035	-2.0%
IOC	1,64,101	1,60,769	-2.0%	JSW Steel	37,650	36,947	-1.9%
HPCL	55,133	54,145	-1.8%	HDFC	84,413	82,882	-1.8%
HDFC Bank	1,48,073	1,45,619	-1.7%	Colgate Palmolive India	7,027	6,927	-1.4%
Colgate Palmolive India	6,456	6,369	-1.4%	Volta	4,808	4,750	-1.2%
Coal India	1,34,861	1,33,357	-1.1%	Oil India	30,145	29,785	-1.2%
Oil India	22,140	21,955	-0.8%	Coal India	1,48,827	1,47,256	-1.1%
Castrol India	7,064	7,023	-0.6%	LIC Housing Finance	23,582	23,340	-1.0%
Hindustan Zinc	76,824	76,399	-0.6%	Castrol India	7,991	7,915	-0.9%
Larsen & Toubro	55,019	54,776	-0.4%	Rural Electrification Corp	62,191	62,415	0.4%
Tata Power	14,245	14,287	0.3%	GAIL	45,551	45,758	0.5%
NTPC	1,03,073	1,03,380	0.3%	Hindalco	32,747	33,040	0.9%
BPCL	92,039	92,600	0.6%	Reliance Power	17,075	17,228	0.9%
ICI Bank	1,07,389	1,08,830	1.3%	Larsen & Toubro	56,652	57,263	1.1%
Power Finance Corp	64,403	65,291	1.4%	Motherhood Sumi	21,609	21,862	1.2%
Motherhood Sumi	17,143	17,385	1.4%	Hindustan Zinc	96,135	97,481	1.4%
Axis Bank	50,927	51,934	2.0%	Power Finance Corp	68,833	69,845	1.5%
Rural Electrification Corp	59,800	61,279	2.5%	Tata Power	18,931	19,337	2.1%
Vedanta Ltd	41,028	42,193	2.8%	BPCL	1,01,457	1,03,799	2.3%
Hindalco	25,148	26,680	6.1%	Axis Bank	83,739	86,222	3.0%
GAIL	37,613	40,501	7.7%	Vedanta Ltd	65,240	67,275	3.1%
Bank of Baroda	24,604	26,641	8.3%	NTPC	1,22,001	1,26,118	3.4%
Petronet LNG	12,630	14,303	13.2%	Bank of India	13,104	13,796	5.3%
NMDC	28,973	34,936	20.6%	NMDC	35,276	37,416	6.1%
PNB	9,380	13,867	47.8%	Petronet LNG	16,766	18,264	8.9%
				Bank of Baroda	36,874	41,348	12.1%
				PNB	23,154	30,853	33.3%

Source: Deutsche Bank estimates

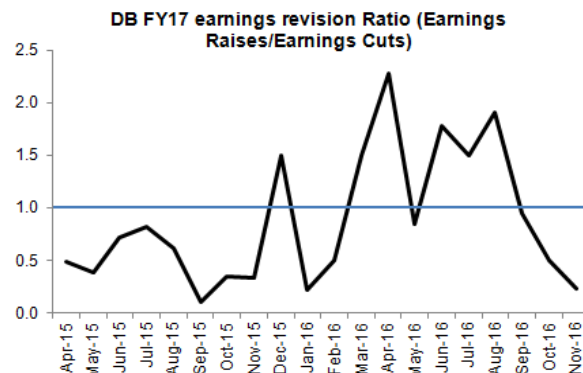


Figure 8: Trend of FY17E earnings revisions



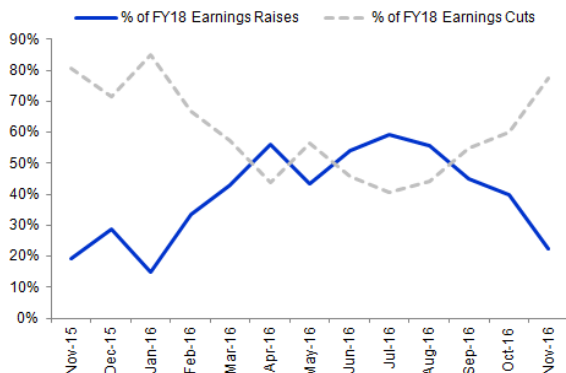
Source: Deutsche Bank estimates

Figure 9: FY17E earnings revision ratio



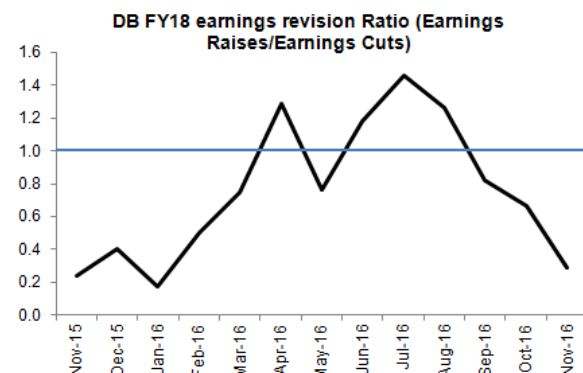
Source: Deutsche Bank estimates

Figure 10: Trend of FY18E earnings revisions



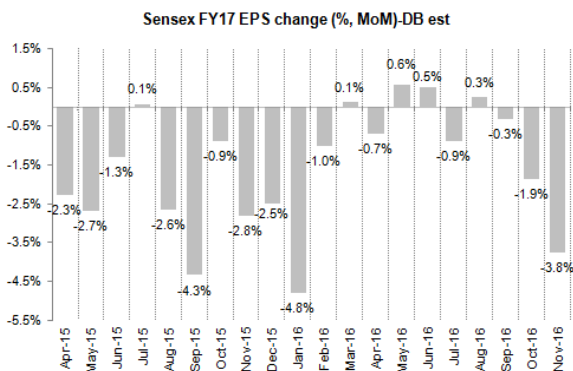
Source: Deutsche Bank estimates

Figure 11: FY18E earnings revision ratio



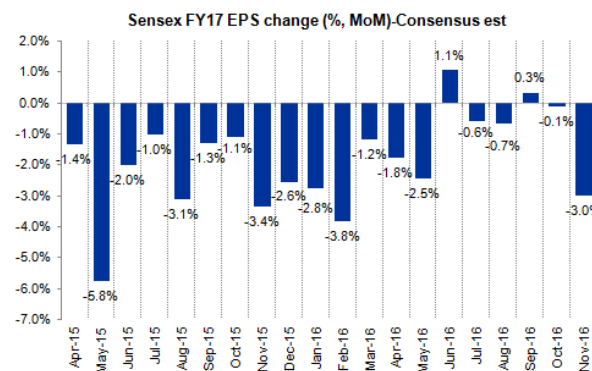
Source: Deutsche Bank estimates

Figure 12: Trend in monthly revision of FY17 Sensex EPS (DB est)



Source: Deutsche Bank estimates, Bloomberg Finance LP

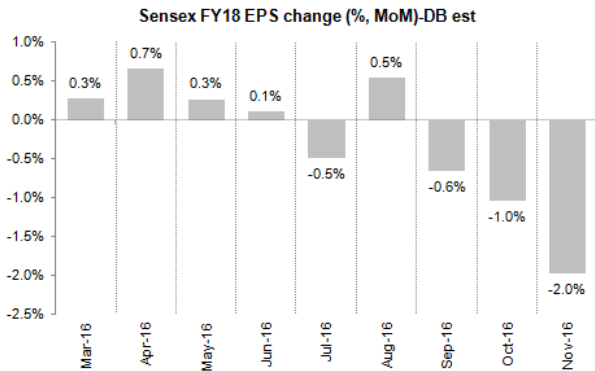
Figure 13: Trend in monthly revision of FY17 Sensex EPS (consensus est)



Source: Deutsche Bank, Bloomberg Finance LP

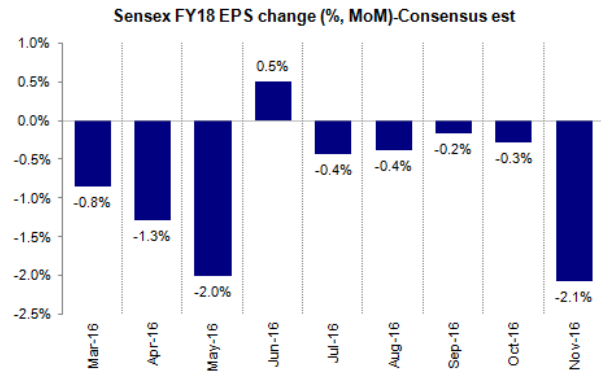


Figure 14: Trend in monthly revision of FY18 Sensex EPS (DB est)



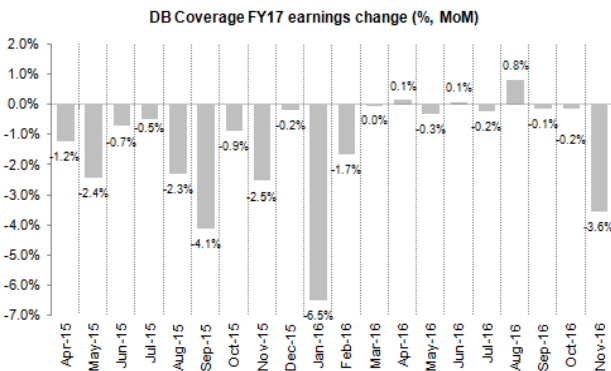
Source: Deutsche Bank estimates, Bloomberg Finance LP

Figure 15: Trend in monthly revision of FY18 Sensex EPS (Consensus est)



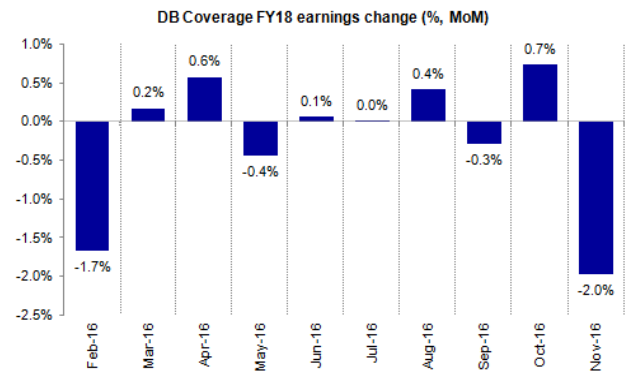
Source: Deutsche Bank, Bloomberg Finance LP

Figure 16: Trend in monthly revision of FY17 PAT for DB coverage companies



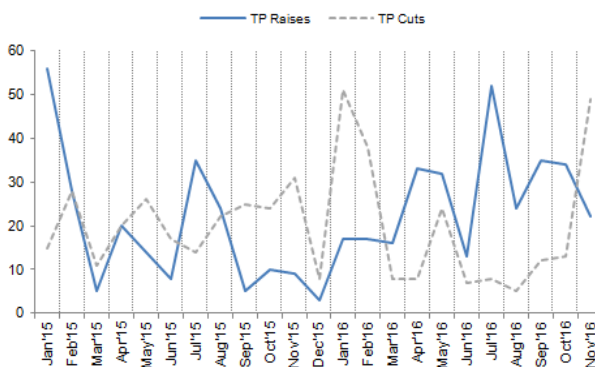
Source: Deutsche Bank estimates

Figure 17: Trend in monthly revision of FY18 PAT for DB coverage companies



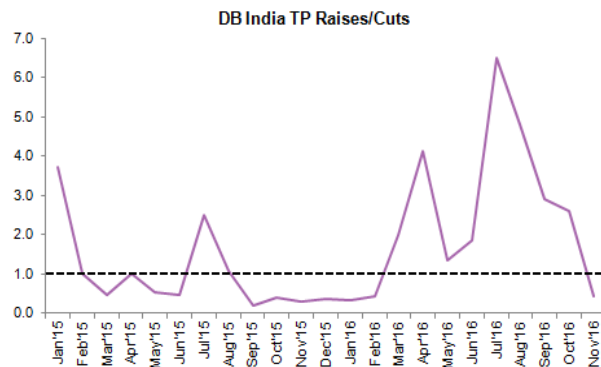
Source: Deutsche Bank estimates

Figure 18: Trend in TP raises and cuts at DB India



Source: Deutsche Bank

Figure 19: TP revision ratio



Source: Deutsche Bank



Figure 20: Revisions to target prices of stocks in Deutsche Bank universe in November 2016

Target Price Raises

Ticker	Company	From	To	% change
PNBK.BO	Punjab National Bank	90	135	50.0
BOB.BO	Bank Of Baroda	160	215	34.4
PLNG.BO	Petronet LNG Limited	365	415	13.7
MAXI.BO	Max Financial Services	490	555	13.3
BOI.BO	Bank Of India	80	90	12.5
THMX.BO	Thermax	640	720	12.5
VDAN.BO	Vedanta Limited	221	247	11.8
RURL.BO	Rural Electrification Corp	130	145	11.5
BHEL.BO	BHEL	180	200	11.1
GAIL.BO	GAIL	350	380	8.6
NTPC.BO	NTPC Limited	185	200	8.1
PWFC.BO	Power Finance Corp	140	150	7.1
RPOL.BO	Reliance Power	42	45	7.1
SBI.BO	State Bank Of India	295	315	6.8
ICBK.BO	ICICI Bank Ltd	300	320	6.7
BFRG.BO	Bharat Forge	725	770	6.2
HZNC.BO	Hindustan Zinc	266	281	5.6
CESC.BO	CESC Ltd	775	810	4.5
HALC.BO	Hindalco Industries	201	210	4.5
LART.BO	Larsen & Toubro	1,325	1,380	4.2
BPCL.BO	BPCL	690	710	2.9
NMDC.BO	NMDC	89	91	2.2

Target Price Cuts

Ticker	Company	From	To	% change
SAIL.BO	Steel Authority Of India	31	24	-22.6
SRTR.BO	Shriram Transport Finance	1,390	1,100	-20.9
HROM.BO	Hero Motocorp Ltd	4,000	3,300	-17.5
TITN.BO	Titan Company	420	350	-16.7
MRTI.BO	Maruti Suzuki Limited	6,700	5,650	-15.7
ABUJ.BO	Ambuja Cements Ltd	264	223	-15.5
DLF.BO	DLF	150	130	-13.3
GLSM.NS	GSK Consumer	7,500	6,500	-13.3
RLCM.BO	RCOMM	65	57	-12.3
NEST.BO	Nestle India	7,500	6,600	-12.0
ASOK.BO	Ashok Leyland	110	98	-10.9
UNSP.BO	United Spirits	2,800	2,500	-10.7
ZEE.BO	Zee Entertainment	560	500	-10.7
MAHM.BO	Mahindra & Mahindra	1,600	1,430	-10.6
APLO.BO	Apollo Tyres	240	215	-10.4
BACO.BO	Bejaj Corp	550	500	-9.1
EICH.NS	Eicher Motors	22,000	20,000	-9.1
GGAS.BO	Gujarat Gas	770	700	-9.1
ACC.BO	ACC	1,470	1,340	-8.8
EMAM.NS	Emami	1,200	1,100	-8.3
ASPN.BO	Asian Paints	980	900	-8.2
SHCM.BO	Shree Cement	19,150	17,600	-8.1
GRAS.BO	Grasim Industries	1,110	1,025	-7.7
ULTC.BO	Ultratech Cement	4,175	3,865	-7.4
JSTL.BO	JSW Steel	2,120	1,965	-7.3
TVSM.BO	Tvs Motor	280	260	-7.1
LICH.BO	LIC Hsg Fin	580	540	-6.9
JCHA.NS	Johnson Controls-Hitachi	1,320	1,230	-6.8
JUBI.BO	Jubilant Foodworks	1,500	1,400	-6.7
MMFS.BO	Mahindra Finance	300	280	-6.7
MRCO.BO	Merico	305	285	-6.6
ITC.BO	ITC Ltd	310	290	-6.5
BJFN.NS	Bejaj Finance	800	750	-6.3
WHIR.BO	Whirlpool India	1,170	1,100	-6.0
HLL.BO	Hindustan Unilever	890	840	-5.6
EXID.NS	Exide Industries	180	170	-5.6
BAJA.NS	Bejaj Auto	2,500	2,400	-4.0
BRIT.NS	Britannia Industries	3,200	3,075	-3.9
GPPL.NS	Gujarat Pipavav Port	186	179	-3.8
HDFC.BO	HDFC Ltd	1,550	1,500	-3.2
VOLT.BO	Voltas	310	300	-3.2
BJFS.NS	Bejaj Finserv	3,040	2,950	-3.0
IOC.BO	IOCL	350	340	-2.9
TRCE.NS	Ramco Cement	580	564	-2.8
GOCF.BO	Godrej Consumer	1,650	1,610	-2.4
HPCL.BO	HPCL	500	490	-2.0
DABU.BO	Dabur	300	295	-1.7
CAST.NS	Castrol India	485	480	-1.0
TISC.BO	Tata Steel	392	391	-0.3

Source: Deutsche Bank

Figure 21: Changes to recommendations for stocks in Deutsche Bank universe in November 2016

Recommendation Upgrades

Ticker	Company	From	To
BOB.BO	Bank Of Baroda	Hold	Buy
COLG.NS	Colgate-Palmolive India	Sell	Hold
PNBK.BO	Punjab National Bank	Sell	Hold
RPOL.BO	Reliance Power	Sell	Hold

Recommendation Downgrades

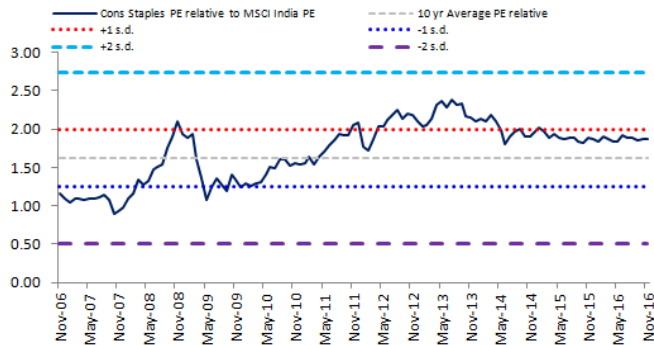
Ticker	Company	From	To
ZEE.BO	Zee Entertainment	Buy	Hold

Source: Deutsche Bank



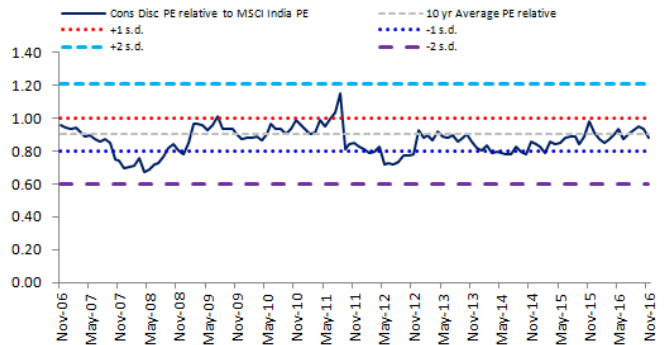
MSCI India sector P/E relative to MSCI India P/E

Figure 22: MSCI Cons Staples P/E relative to MSCI India



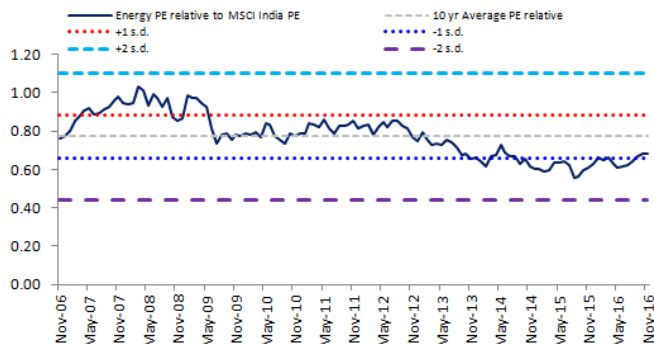
Source: Deutsche Bank, Bloomberg Finance LP

Figure 23: MSCI Cons Disc P/E relative to MSCI India



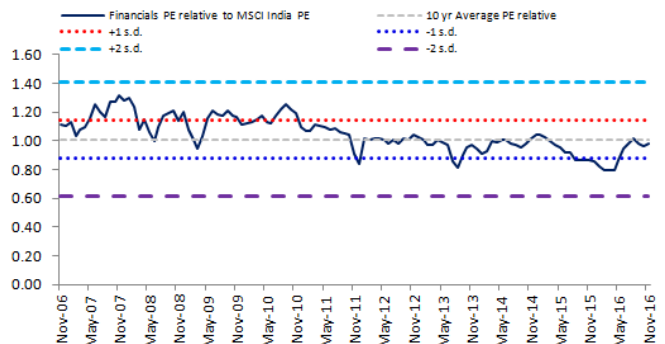
Source: Deutsche Bank, Bloomberg Finance L.P.

Figure 24: MSCI Energy P/E relative to MSCI India



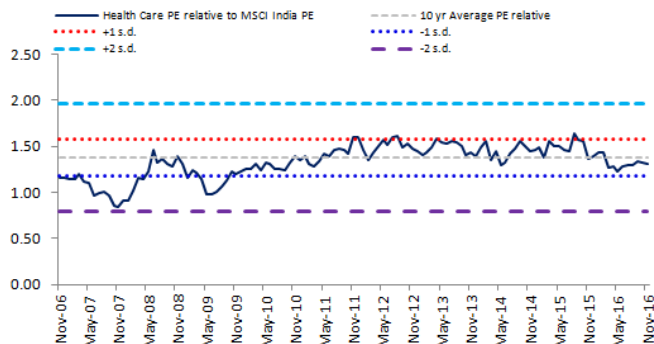
Source: Deutsche Bank, Bloomberg Finance LP

Figure 25: MSCI Financials P/E relative to MSCI India



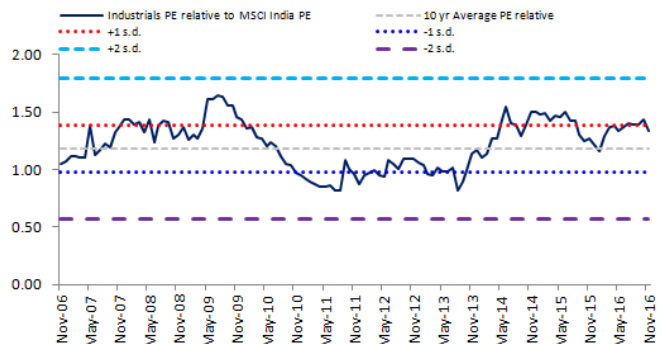
Source: Deutsche Bank, Bloomberg Finance LP

Figure 26: MSCI Healthcare P/E relative to MSCI India



Source: Deutsche Bank, Bloomberg Finance LP

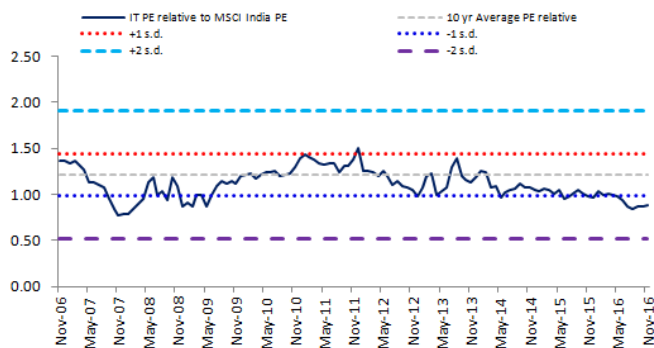
Figure 27: MSCI Industrials P/E relative to MSCI India



Source: Deutsche Bank, Bloomberg Finance LP

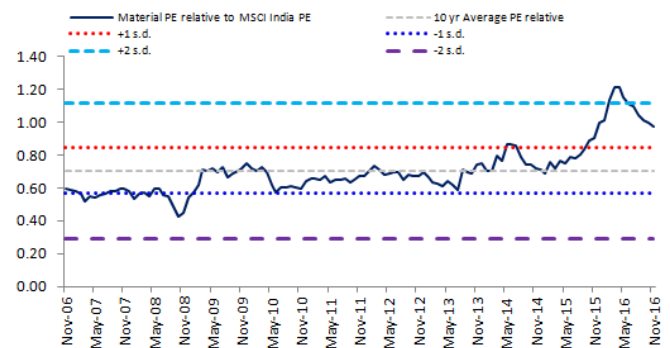


Figure 28: MSCI IT Services P/E relative to MSCI India



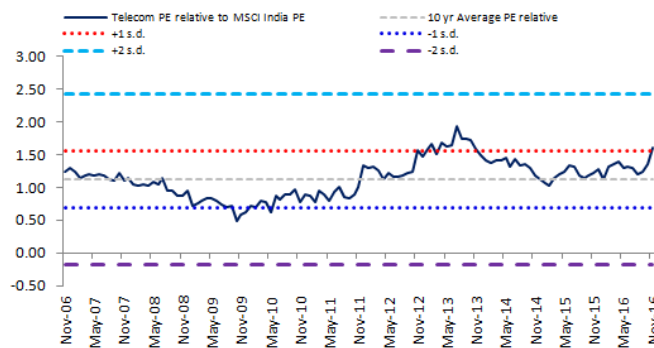
Source: Deutsche Bank, Bloomberg Finance LP

Figure 29: MSCI Materials P/E relative to MSCI India



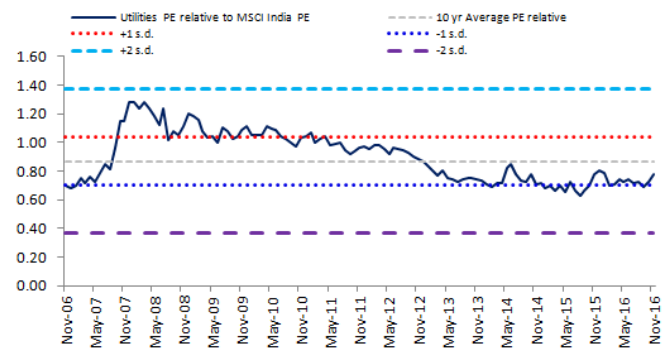
Source: Deutsche Bank, Bloomberg Finance LP

Figure 30: MSCI Telecoms P/E relative to MSCI India



Source: Deutsche Bank, Bloomberg Finance LP

Figure 31: MSCI Utilities P/E relative to MSCI India



Source: Deutsche Bank, Bloomberg Finance LP



Flows

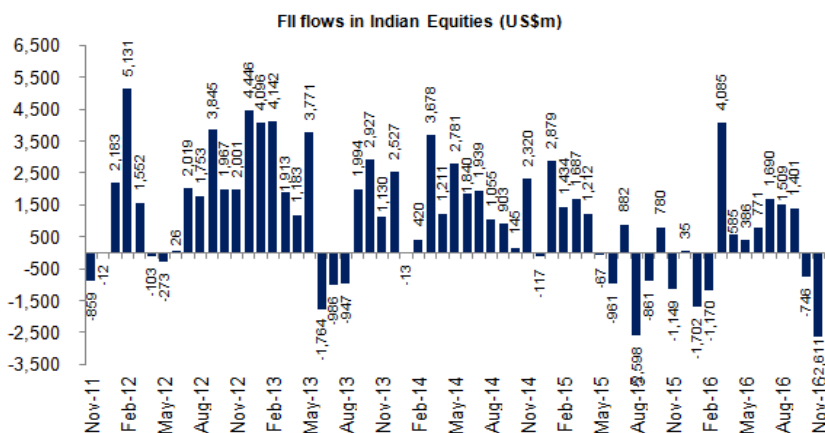
Figure 32: Monthly net FII flows (US\$m) in Asian EM equities

	India	Indonesia	Philippines	S Korea	Taiwan	Thailand	Vietnam
Jan-13	4,096	587	667	(1,732)	660	499	123
Feb-13	4,142	1,161	146	1,763	1,076	(583)	(0)
Mar-13	1,913	189	193	(1,885)	-896	208	56
May-13	1,183	74	284	(2,590)	1,084	(681)	13
May-13	3,771	(32)	448	907	2,158	(168)	61
Jun-13	(1,764)	(2,035)	(241)	(4,498)	-3,945	(1,799)	(73)
Jul-13	(986)	(253)	129	853	2,757	17	(15)
Aug-13	-947	-521	-425	1,958	-1,524	-1,260	-37
Sep-13	1,994	-27	-70	7,137	4,210	300	26
Oct-13	2,927	-174	-174	4,732	2,777	38	48
Nov-13	1,130	-336	-115	-201	-783	-1,515	17
Dec-13	2,527	-433	-173	-1,587	1,612	-1,261	2,527
Jan-14	-13	198	-107	-1,142	804	-416	76
Feb-14	420	659	72	-530	-361	-653	43
Mar-14	3,678	1,272	428	-1,044	2,532	440	-79
May-14	1,211	765	364	2,837	3,103	492	75
May-14	2,781	707	209	1,720	1,283	-1,097	99
Jun-14	1,840	230	47	1,040	2,906	-13	70
Jul-14	1,939	1,125	1	4,028	1,114	427	-6
Aug-14	1,055	-112	298	1,712	1,604	75	-14
Sep-14	903	-616	11	-536	-1,808	657	-40
Oct-14	145	-261	-540	-2,004	19	-497	-51
Nov-14	2,320	434	601	1,554	3,300	337	-40
Dec-14	-117	-634	-128	-1,964	-1,306	-843	4
Jan-15	2,879	19	529	-1,033	2,246	-128	5
Feb-15	1,434	830	372	1,166	3,199	-213	50
Mar-15	1,687	-413	13	2,487	-1,114	84	-43
May-15	1,212	448	-203	3,966	3,512	7	76
May-15	-67	-264	-201	1,748	1,158	94	53
Jun-15	-961	-307	-258	-971	-2,619	-311	50
Jul-15	882	10	-193	-1,695	-1,464	-773	24
Aug-15	-2,598	-709	-380	-3,626	-1,661	-1,248	-12
Sep-15	-861	-498	-706	-1,611	-18	-584	-40
Oct-15	780	-350	-67	9	2,117	5	51
Nov-15	-1,149	-243	-168	-1,464	-1,085	-403	-25
Dec-15	35	-102	-86	-2,601	-822	-902	-89
Jan-16	-1,702	-165	-43	-2,327	-1,703	-219	-58
Feb-16	-1,170	303	-85	-43	1,563	13	-11
Mar-16	4,085	178	204	3,128	5,122	749	22
Apr-16	585	22	-34	1,826	727	-159	-70
May-16	386	-17	287	85	-2,081	131	33
Jun-16	771	664	312	680	2,617	522	5
Jul-16	1,690	905	418	3,677	5,384	1,266	54
Aug-16	1,463	985	-34	1,062	2,402	988	-82
Sep-16	1,401	-250	-273	1,325	230	493	-123
Oct-16	-746	-716	-94	-320	-63	-310	4
Nov-16	-2,611	-1,460	-383	-647	-3,244	-1,660	-68

Source: Deutsche Bank, Bloomberg Finance LP

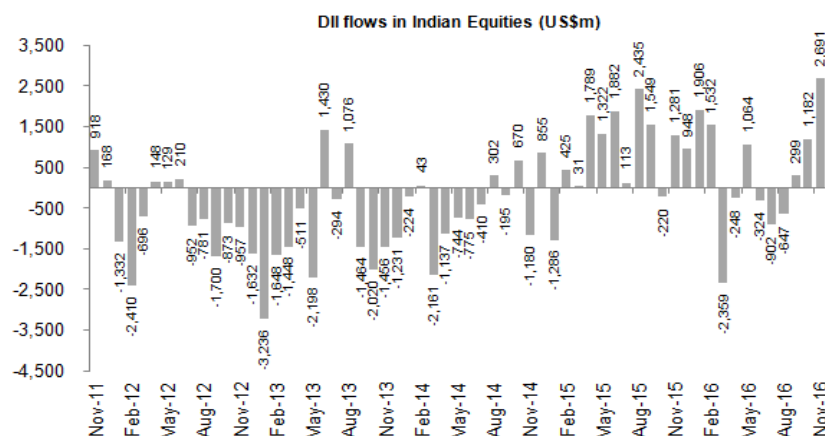


Figure 33: Monthly FII flows into Indian equities (US\$m)



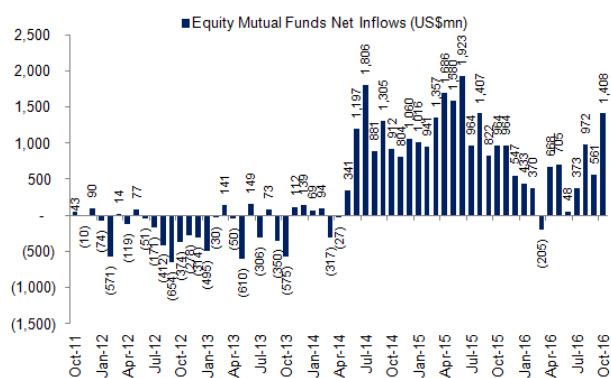
Source: Deutsche Bank, Bloomberg Finance LP

Figure 34: Monthly DII flows into Indian equities (US\$m)



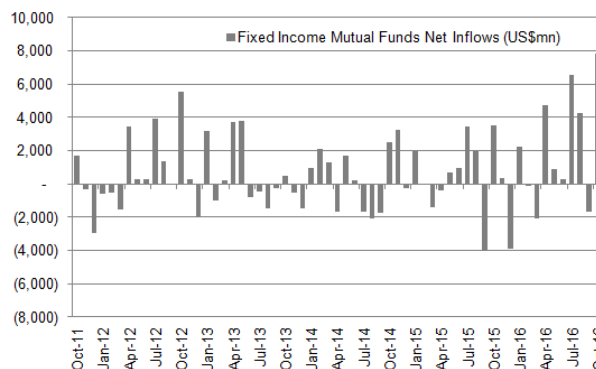
Source: Deutsche Bank, Bloomberg Finance LP

Figure 35: Net monthly flows into equity MFs



Source: Deutsche Bank, AMFI

Figure 36: Net monthly flows into fixed income MFs

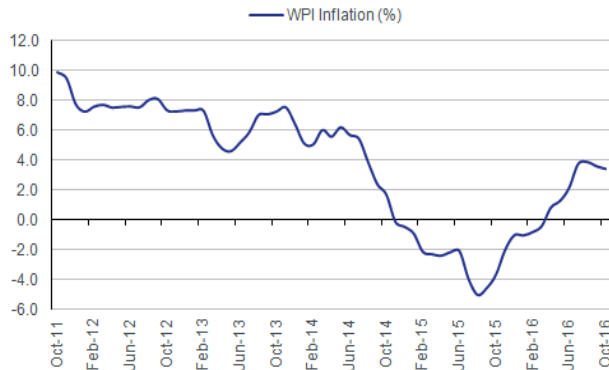


Source: Deutsche Bank, AMFI



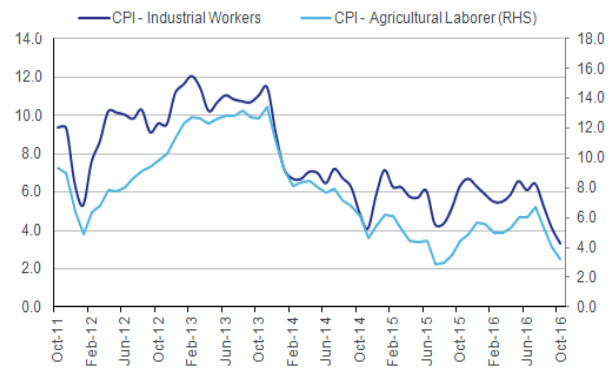
Movement of important macro indicators

Figure 37: WPI Inflation



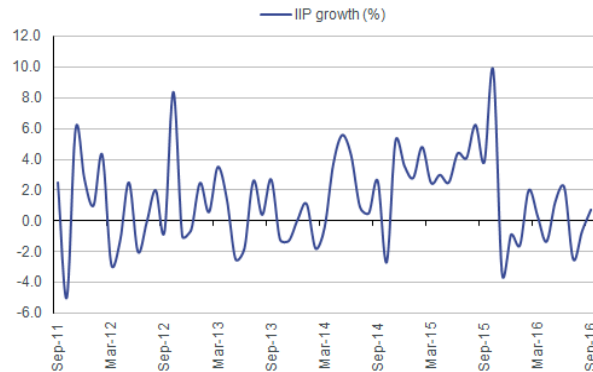
Source: Deutsche Bank, Bloomberg Finance LP

Figure 38: CPI Inflation



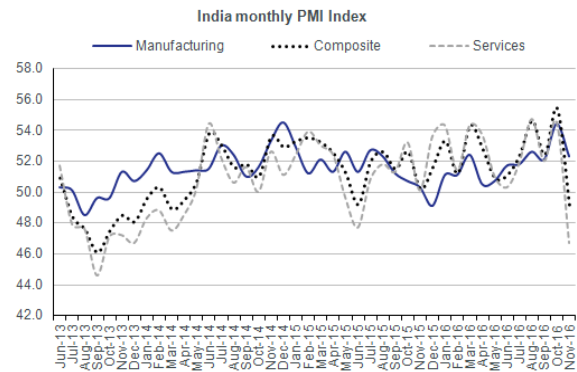
Source: Deutsche Bank, Bloomberg Finance LP

Figure 39: IIP growth



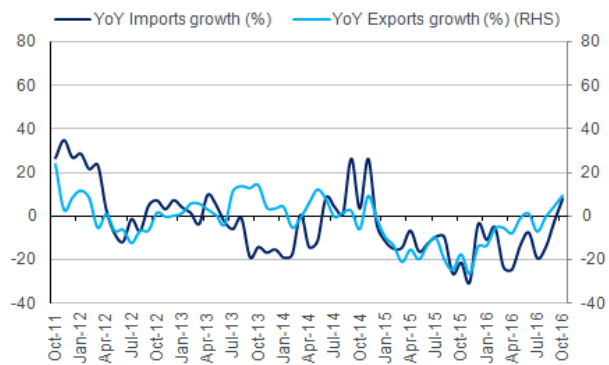
Source: Deutsche Bank, Bloomberg Finance LP

Figure 40: India monthly PMI indices



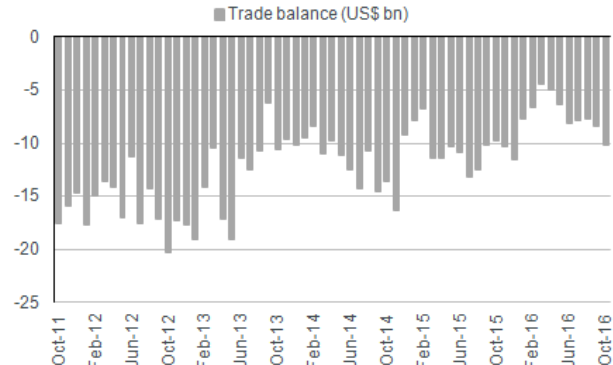
Source: Deutsche Bank, Bloomberg Finance LP

Figure 41: Import and export growth



Source: Deutsche Bank, Bloomberg Finance LP

Figure 42: Monthly trade balance (US\$bn)

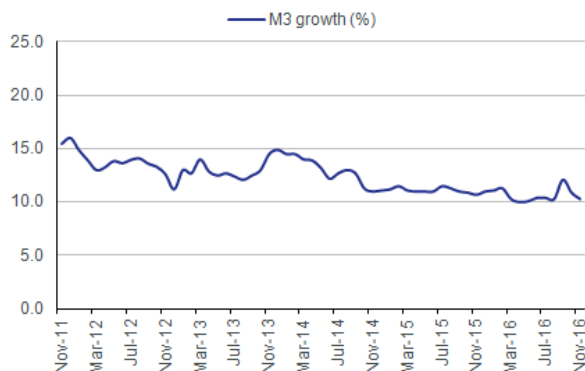


Source: Deutsche Bank, Bloomberg Finance LP



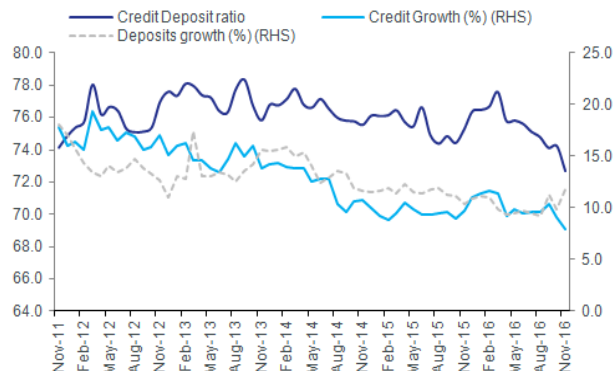
Money, credit, liquidity and rates

Figure 43: M3 growth (%)



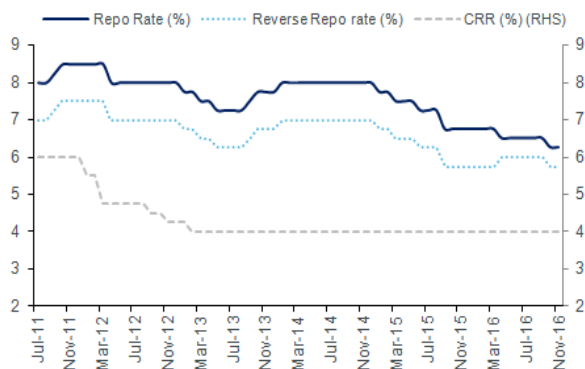
Source: Deutsche Bank, Bloomberg Finance LP

Figure 44: Credit and deposits growth (%)



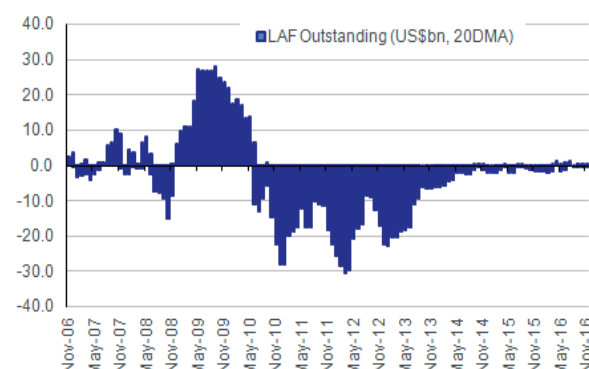
Source: Deutsche Bank, Bloomberg Finance LP

Figure 45: Policy rates (%)



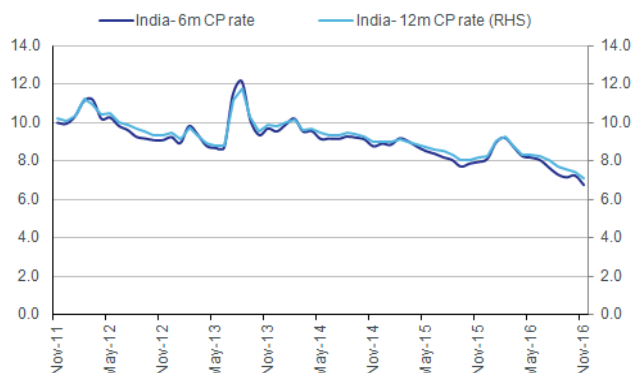
Source: Deutsche Bank, Bloomberg Finance LP

Figure 46: LAF outstanding



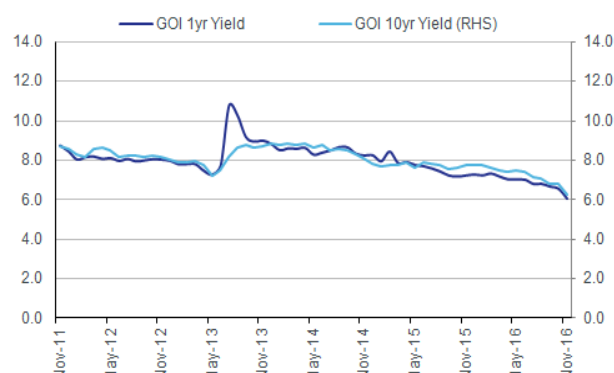
Source: Deutsche Bank, Bloomberg Finance LP

Figure 47: India 6m and 12m CP rates



Source: Deutsche Bank, Bloomberg Finance LP

Figure 48: GOI 1-year and 10-year yields

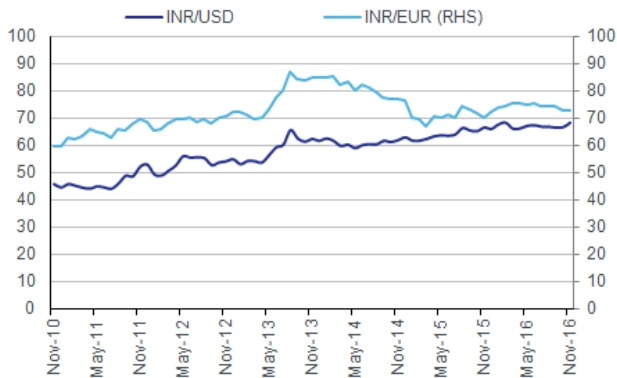


Source: Deutsche Bank, Bloomberg Finance LP



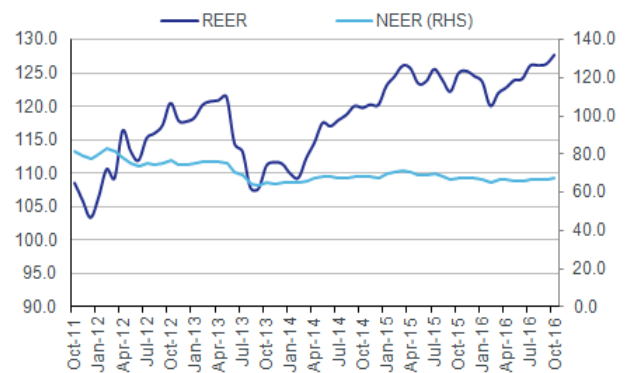
Currencies and forex

Figure 49: INR vs. USD and EUR



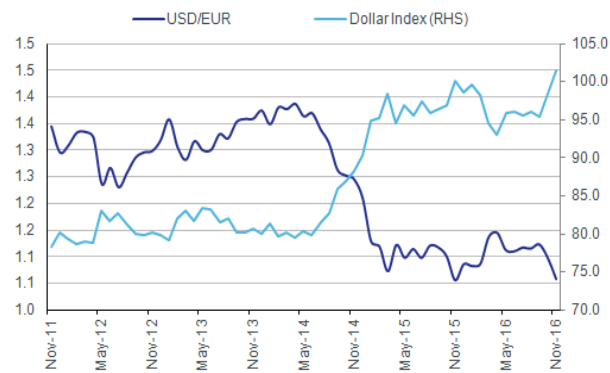
Source: Deutsche Bank, Bloomberg Finance L.P

Figure 50: INR's REER and NEER



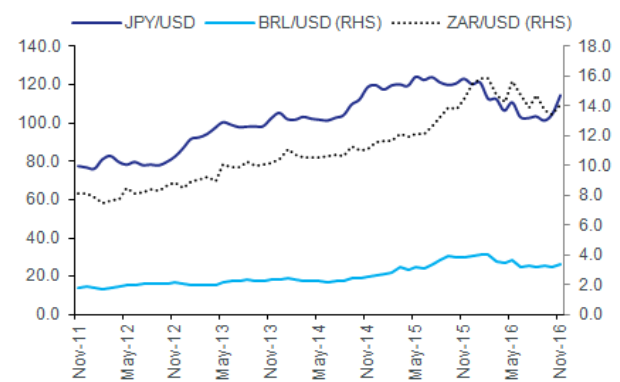
Source: Deutsche Bank, Bloomberg Finance L.P

Figure 51: USD



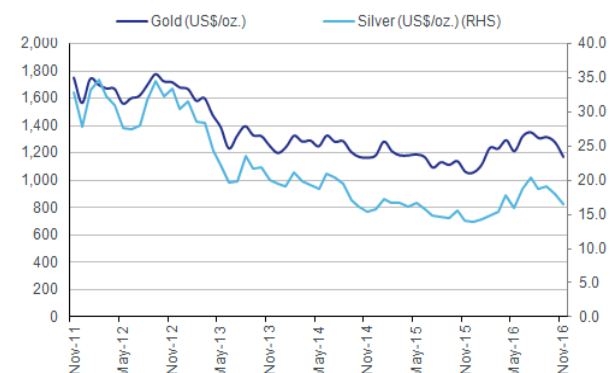
Source: Deutsche Bank, Bloomberg Finance L.P

Figure 52: Other currencies



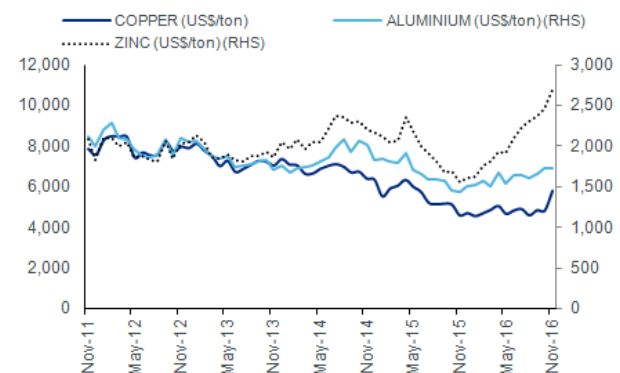
Source: Deutsche Bank, Bloomberg Finance L.P

Figure 53: Gold and silver



Source: Deutsche Bank, Bloomberg Finance L.P

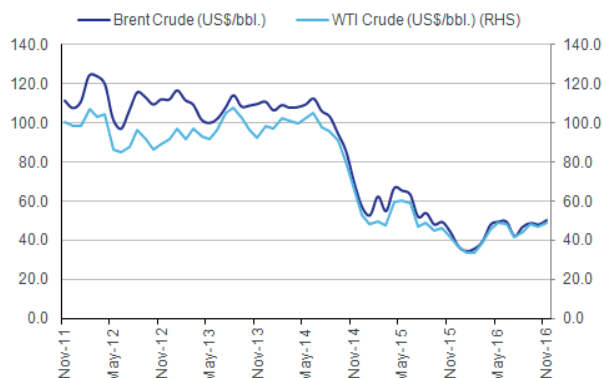
Figure 54: Industrial metals



Source: Deutsche Bank, Bloomberg Finance L.P

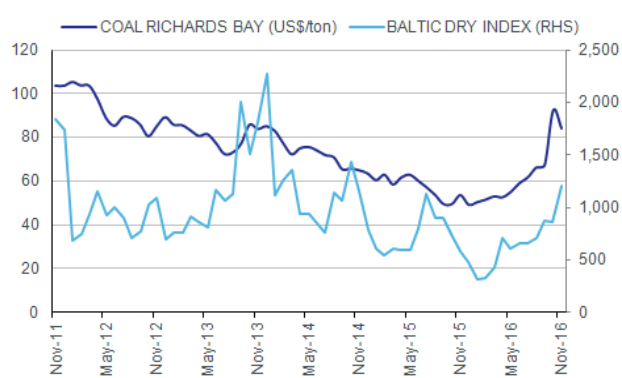


Figure 55: Crude



Source: Deutsche Bank, Bloomberg Finance LP

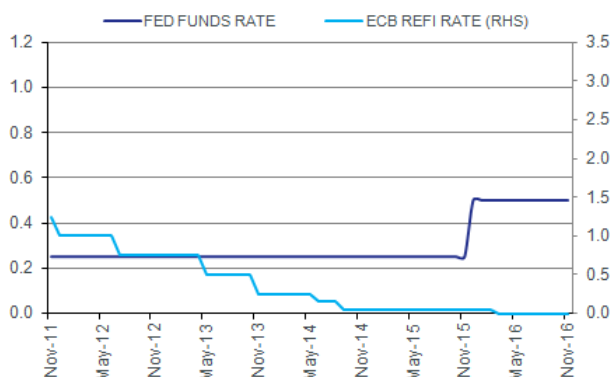
Figure 56: Richards Bay coal and Baltic Dry index



Source: Deutsche Bank, Bloomberg Finance LP

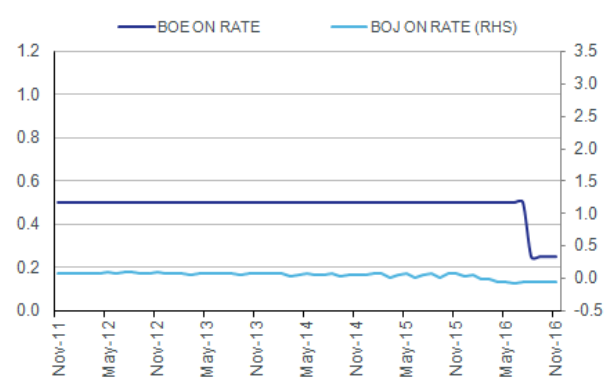
Global rates

Figure 57: Policy rates (US Fed and ECB)



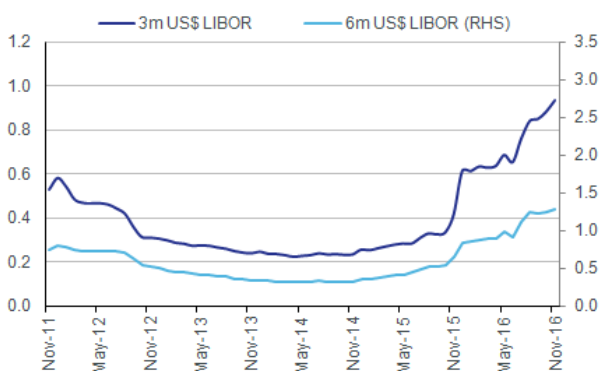
Source: Deutsche Bank, Bloomberg Finance LP

Figure 58: Policy rates (BoE and BoJ)



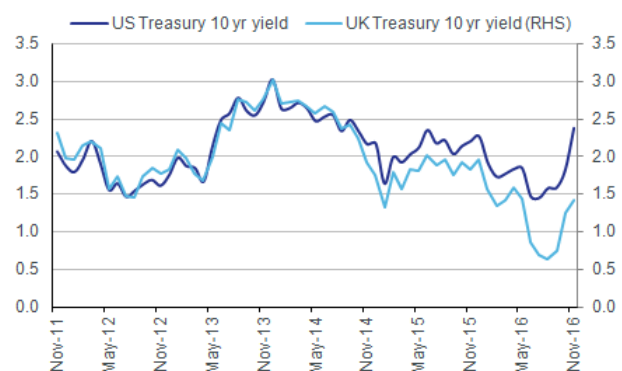
Source: Deutsche Bank, Bloomberg Finance LP

Figure 59: 3M and 6M LIBOR rates



Source: Deutsche Bank, Bloomberg Finance LP

Figure 60: US 10YR Treasury yield



Source: Deutsche Bank, Bloomberg Finance LP



Figure 61: Companies mentioned list

Bloomberg Ticker	Company Name	Last price (INR)	Recommendation
AL IN Equity	Ashok Leyland Ltd	77	Buy
APTY IN Equity	Apollo Tyres Ltd	188	Buy
BJAUT IN Equity	Bajaj Auto Limited	2,741	Hold
BHFC IN Equity	Bharat Forge Limited	872	Hold
EXID IN Equity	Exide Industries Ltd	177	Hold
HMCL IN Equity	Hero Motocorp Ltd	3,235	Buy
MM IN Equity	Mahindra & Mahindra Ltd (M&M)	1,183	Buy
MSIL IN Equity	Maruti Suzuki Limited	5,206	Buy
MSS IN Equity	Motherson Sumi Systems Limited	313	Hold
TTMT IN Equity	Tata Motors Ltd (TaMo)	439	Hold
TVSL IN Equity	TVS Motor Company Ltd.	358	Sell
EIM IN Equity	Eicher Motors Limited	22,748	Hold
ABB IN Equity	ABB Ltd India	1,046	Sell
ADSEZ IN Equity	Adani Ports and Special Economic Zone Ltd (APSEZ)	269	Hold
BHEL IN Equity	Bharat Heavy Electricals Ltd (BHEL)	129	Buy
CCRI IN Equity	Container corporation of India Ltd (CONCOR)	1,122	Hold
KKC IN Equity	Cummins India Limited	771	Buy
GPPV IN Equity	Gujarat Pipavav Port Ltd	139	Buy
HAVL IN Equity	Havells India Ltd	337	Hold
IRB IN Equity	IRB Infrastructure Developers Ltd (IRB Infra)	188	Buy
LT IN Equity	Larsen & Toubro Ltd (L&T)	1,359	Hold
SIEM IN Equity	Siemens India Ltd	1,097	Sell
SKF IN Equity	SKF India Ltd	1,257	Buy
TMX IN Equity	Thermax Limited	823	Sell
VOLT IN Equity	Voltas Limited	304	Hold
APNT IN Equity	Asian Paints Ltd	936	Hold
BJCOR IN Equity	Bajaj Corp Ltd	364	Buy
UNSP IN Equity	United Spirits Ltd	1,937	Buy
NEST IN Equity	Nestle India Ltd	6,180	Buy
GCPL IN Equity	Godrej Consumer Products Ltd	1,472	Buy
HTHL IN Equity	Hitachi Home and Life Solutions (India) Ltd.	1,493	Hold
ITC IN Equity	ITC Ltd	232	Buy
JUBI IN Equity	Jubilant Foodworks Ltd	860	Buy
HUVR IN Equity	Hindustan Unilever Limited (HUVR)	845	Hold
DABUR IN Equity	Dabur India Ltd	285	Hold
MRCO IN Equity	Marico Ltd	255	Buy
TTAN IN Equity	Titan Company Ltd	325	Buy
WHIRL IN Equity	Whirlpool of India Ltd.	880	Buy
TGBL IN Equity	Tata Global Beverages Ltd (TGBL)	124	Buy
DITV IN Equity	Dish TV India Ltd	86	Buy
Z IN Equity	ZEE Entertainment Ltd	444	Hold
AXSB IN Equity	Axis Bank Limited	461	Hold
BJFIN IN Equity	Bajaj Finserv Ltd	3,032	Hold
BAF IN Equity	Bajaj Finance Ltd	902	Sell
BOB IN Equity	Bank of Baroda (BoB)	163	Buy
BOI IN Equity	Bank of India (BoI)	117	Sell
CBK IN Equity	Canara Bank	312	Sell
ICICIB IN Equity	ICICI Bank Ltd (ICICI)	261	Buy
IPRU IN Equity	ICICI Prudential Life Insurance Company Ltd	294	Buy
FB IN Equity	The Federal Bank Limited	68	Buy
KMB IN Equity	Kotak Mahindra Bank (KMB)	731	Hold



PNB IN Equity	Punjab National Bank (PNB)	136	Hold
SBIN IN Equity	State Bank of India (SBI)	257	Buy
UNBK IN Equity	Union Bank of India (UBI)	145	Hold
YES IN Equity	YES Bank Ltd	1,186	Buy
IIB IN Equity	IndusInd Bank Ltd	1,088	Buy
HDFC IN Equity	Housing Development Finance Corp Ltd (HDFC)	1,220	Buy
HDFCB IN Equity	HDFC Bank Ltd	1,196	Buy
IDFC IN Equity	Infrastructure Development Finance Company (IDFC)	56	Buy
LICHF IN Equity	LIC Housing Finance Limited	567	Hold
MMFS IN Equity	Mahindra & Mahindra Financial Services Ltd (MMFSL)	271	Hold
MAXF IN Equity	Max Financial Services Ltd	543	Hold
POWF IN Equity	Power Finance Corporation Ltd (PFC)	130	Buy
RCAPT IN Equity	Reliance Capital Ltd	428	Buy
RECL IN Equity	Rural Electrification Corporation Limited (REC)	133	Buy
SHTF IN Equity	Shriram Transport Finance Co Ltd (SHTF)	896	Buy
CDH IN Equity	Cadila Healthcare Limited	398	Hold
CIPLA IN Equity	Cipla Limited	573	Hold
GNP IN Equity	Glenmark Pharmaceuticals Limited	872	Buy
LPC IN Equity	Lupin Limited	1,536	Hold
DRRD IN Equity	Dr. Reddy's Laboratories Limited (Dr. Reddy's)	3,168	Sell
SUNP IN Equity	Sun Pharmaceuticals Industries (Sun Pharma)	713	Buy
TRP IN Equity	Torrent Pharmaceuticals Limited	1,336	Hold
JI IN Equity	Jain Irrigation Systems Ltd	88	Hold
CHMB IN Equity	Chambal Fertilisers and Chemicals Ltd	68	Buy
CRIN IN Equity	Coromandel International Ltd	255	Buy
TTCH IN Equity	Tata Chemicals Ltd	479	Hold
UPLL IN Equity	UPL LTD	665	Buy
ABAN IN Equity	Aban Offshore Limited	250	Hold
BPCL IN Equity	Bharat Petroleum corporation Limited (BPCL)	605	Buy
COAL IN Equity	Coal India Limited	307	Hold
CSTRL IN Equity	Castrol India Limited	398	Buy
CAIR IN Equity	Cairn India Ltd.	251	Hold
GUJGA IN Equity	Gujarat Gas Company Limited	539	Buy
GUJS IN Equity	Gujarat State Petronet Limited (GSPL)	149	Sell
GAIL IN Equity	GAIL India Limited (GAIL)	427	Sell
HPCL IN Equity	Hindustan Petroleum Corporation Limited (HPCL)	432	Buy
IGL IN Equity	Indraprastha Gas Ltd (IGL)	817	Hold
IOCL IN Equity	Indian Oil Corporation Limited (IOCL)	291	Buy
OINL IN Equity	Oil India Limited	438	Buy
ONGC IN Equity	Oil and Natural Gas Corporation Limited (ONGC)	296	Buy
PLNG IN Equity	Petronet LNG Limited	377	Buy
RIL IN Equity	Reliance Industries Ltd	993	Buy
DLFU IN Equity	DLF Limited	115	Hold
HCLT IN Equity	HCL Technologies Ltd	795	Sell
INFO IN Equity	Infosys Limited	961	Hold
JUST IN Equity	Just Dial Limited	381	Buy
INFOE IN Equity	Info Edge India Limited	876	Buy
MTCL IN Equity	MindTree Ltd.	450	Sell
TCS IN Equity	Tata Consultancy Services Ltd (TCS)	2,188	Buy
TECHM IN Equity	Tech Mahindra Ltd	462	Buy
WPRO IN Equity	Wipro Ltd	456	Hold
ACC IN Equity	ACC Ltd (ACC)	1,350	Hold
ACEM IN Equity	Ambuja Cements Ltd	210	Hold



GRASIM IN Equity	Grasim Industries Ltd	877	Buy
TRCL IN Equity	The Ramco Cements Ltd	569	Hold
SRCM IN Equity	Shree Cement Limited	14,953	Buy
UTCEM IN Equity	UltraTech Cement Limited	3,610	Buy
HNDL IN Equity	Hindalco Industries Limited	175	Buy
HZ IN Equity	Hindustan Zinc Ltd	275	Buy
JSTL IN Equity	JSW Steel Ltd	1,652	Buy
JSP IN Equity	Jindal Steel & Power Ltd	69	Sell
NMDC IN Equity	NMDC Limited	123	Hold
SAIL IN Equity	Steel Authority Of India Ltd (SAIL)	51	Sell
VEDL IN Equity	Vedanta Limited	227	Buy
TATA IN Equity	Tata Steel Ltd	414	Hold
BHARTI IN Equity	Bharti Airtel Limited	327	Buy
IDEA IN Equity	Idea Cellular Ltd	73	Buy
RCOM IN Equity	Reliance Communication Ltd	36	Hold
BHIN IN Equity	Bharti Infratel Limited	387	Hold
ADANI IN Equity	Adani Power Ltd	31	Hold
CESC IN Equity	CESC Limited	583	Buy
JSW IN Equity	JSW Energy Limited	57	Hold
NHPC IN Equity	NHPC Ltd	27	Buy
NTPC IN Equity	National Thermal Power Corporation (NTPC)	162	Buy
PWGR IN Equity	Power Grid Corp of India Ltd	185	Buy
RPWR IN Equity	Reliance Power Ltd	41	Hold
TPWR IN Equity	The Tata Power Company Ltd	73	Buy
ARBP IN Equity	Aurobindo Pharma Limited	724	Buy
BRIT IN Equity	Britannia Industries Ltd	3,066	Hold
CLGT IN Equity	Colgate-Palmolive (India) Ltd	925	Hold
HMN IN Equity	Emami Ltd	1,031	Hold
SKB IN Equity	Glaxosmithkline Consumer Healthcare Ltd	4,991	Buy
IDFCBK IN Equity	IDFC Bank Ltd	66	Sell

Source: Deutsche Bank, Last price as on 5th December, 2016



Appendix 1

Important Disclosures

*Other information available upon request

Prices are current as of the end of the previous trading session unless otherwise indicated and are sourced from local exchanges via Reuters, Bloomberg and other vendors. Other information is sourced from Deutsche Bank, subject companies, and other sources. For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at <http://gm.db.com/ger/disclosure/DisclosureDirectory.eqsr>. Aside from within this report, important conflict disclosures can also be found at <https://gm.db.com/equities> under the "Disclosures Lookup" and "Legal" tabs. Investors are strongly encouraged to review this information before investing.

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s). In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Abhishek Saraf/Abhay Laijawala

Equity rating key

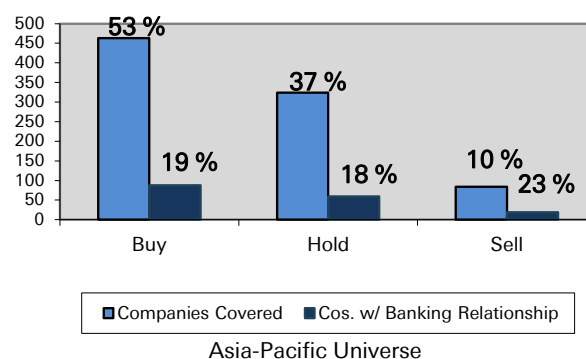
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David Folkerts-Landau

Group Chief Economist and Global Head of Research

Raj Hindocha
Global Chief Operating Officer
Research

Michael Spencer
Head of APAC Research
Global Head of Economics

Steve Pollard
Head of Americas Research
Global Head of Equity Research

Anthony Klarman
Global Head of
Debt Research

Paul Reynolds
Head of EMEA
Equity Research

Dave Clark
Head of APAC
Equity Research

Pam Finelli
Global Head of
Equity Derivatives Research

Andreas Neubauer
Head of Research - Germany

Stuart Kirk
Head of Thematic Research

International locations

Deutsche Bank AG

Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG

Große Gallusstraße 10-14
60272 Frankfurt am Main
Germany
Tel: (49) 69 910 00

Deutsche Bank AG

Filiale Hongkong
International Commerce Centre,
1 Austin Road West, Kowloon,
Hong Kong
Tel: (852) 2203 8888

Deutsche Securities Inc.

2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6770

Deutsche Bank AG London

1 Great Winchester Street
London EC2N 2EQ
United Kingdom
Tel: (44) 20 7545 8000

Deutsche Bank Securities Inc.

60 Wall Street
New York, NY 10005
United States of America
Tel: (1) 212 250 2500
