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Major News impacting Markets

Jaitley sees banks recovering Rs 70,000-cr bad loans by March-end

India's Finance Minister Arun Jaitley said on Thursday commercial banks were likely to recover Rs 70,000 crore (\$9.95 billion) of bad loans by the end of March, helped by resolution of 12 large cases.

Some of the big cases such as Bhushan Power and Steel Ltd and Essar Steel India Ltd are in advanced stages of resolution, and are likely to be resolved in this financial year, Jaitley said in a blog post on Facebook.

Lenders have so far recovered Rs 8,000 crore from the resolution of 66 cases, he added.

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HDFC MF surpasses ICICI Prudential to become India's top asset manager

HDFC Mutual Fund has piped ICICI Prudential MF to become the country's largest asset management company after a gap of over two years.

As of December-end, HDFC MF manages assets to the tune of Rs 3.35 trillion, while those of ICICI Prudential MF stood at Rs 3.08 trillion, as per the latest data available with Association of Mutual funds in India (Amfi).

The assets under management (AUM) of HDFC MF have grown over 9 per cent in October-December quarter from the previous three-month period, however, ICICI Prudential MF's AUM slipped by 0.6 per cent during the period under review.

HDFC MF was the largest asset manager since October 2011 and it held the numero uno position till March 2016, when ICICI Prudential MF had overtaken the top spot.

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Govt to stop use of gift route by e-commerce firms to skirt import duties

Concerned over misuse of gift route to import goods, the government is considering several steps including a limit of Rs 5,000 to a particular Aadhaar account, or removal of the duty exemptions on such gifts, an official said.

The issue was deliberated in detail during a meeting of a standing group of secretaries on e-commerce in September 2018. The 18-member group is headed by the secretary in the Department of Industrial Policy and Promotion.

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Rahul has come a long way since 2014, but is a national win close at hand?

The first question: could Rahul Gandhi affirm that he is a serious politician? It is a marker of how trivial Mr. Gandhi's political journey has been that this was considered a serious criticism. Nevertheless, a year later, the fair answer must be a resounding yes. Three points.

First, Mr. Gandhi has posited that he is seriously engaged in politics as a full time vocation. The mysterious disappearances and holidays which vexed even his supporters are a thing of the past. Mr. Gandhi has finally accepted that in the age of social media, true privacy is a luxury no politician can afford. Faced with the Modi-Shah duo perennially politically engaged, Mr. Gandhi has acknowledged that he simply can't engage with politics on his own conveniences. The masses no longer find the old Nehru-Gandhi family persona mystique alluring but consider it deeply offensive in an era where everyone from Bollywood superstars to cricketing gods are a mere tweet away.

Second, Mr. Gandhi is permanently engaged in issues he considers important instead of considering them ephemeral flirtations. Three issues immediately come to mind: the Goods and Services Tax (GST), the Rafale deal, and rural distress. One may not agree with all his policy prescriptions—more on this in a bit—but there is little doubt that he has built sustained pressure and managed a task which appeared hitherto impossible: forcing the prime minister on the back foot. A man who appeared perennially on the offensive has not only been forced to offer the straight bat but often to tweak his policies in response to sustained criticism—GST stands out as a stark example.

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Global Equities: 2018 Review, 2019 Outlook

We went into the year feeling reasonably sanguine about the earnings outlook and the economic growth outlook.

Instead what happened is, a number of both economic and political risks really reared their heads.

As an investor, what you have to do is just understand what are the predominant risks that are really going to impact sentiment and impact corporate earnings and ensure that you're not too skewed in your exposure to those.

As a long-term investor, you really do need to have a set of investment beliefs that anchor you in terms of how you're going to evaluate what are good opportunities to invest in and what don't have the right risk/return framework.

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The WTI Crude Oil Price In 2019

Oil has suffered a relentless drive down over the past few weeks and months.

Trend lines and conventional statistical tools are not useful in predicting volatile instruments like oil prices.

Simple price levels and Fibonacci diagrams are far better tools, and provide us with ample context with which to frame current price action.

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The Bear Market Hook

Many bears seem quite confident lately from an anecdotal perspective, which may invite a continuation of the recent upward correction. That said, there is not much confirmation of said confidence in data that can be quantified.

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Apple's Crumble in China Will Be Hard to Turn Over

Apple's AAPL 0.11% woes in China, which have caused the company to cut its quarterly sales forecast for the first time in 15 years, may have come as a shock. In truth, we should have seen it coming.

That isn't because investors ought to have identified Apple as a potential victim of the U.S.-China trade fight. There may be some Chinese consumers who have spurned its phones for patriotic reasons in recent months, but the evidence for a widespread Apple boycott is thin.

The simpler and more convincing reason for the sales slump is that China's economy is weakening, creating a poor backdrop for Apple to sell its pricey phones into an already saturated market. Smartphone shipments in China have been falling for six straight quarters, according to data firm IDC.

As Chinese consumer confidence weakens, it's natural that they would turn away from expensive iPhones and toward cheaper models. Apple's smartphones sell for an average of nearly \$900 in China, whereas those from local rivals like Huawei and Xiaomi sell for less than \$300 each. These companies have been chipping away Apple's market share.

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Modi govt considers farm-relief package and ends up spooking bond traders

Prime Minister Narendra Modi's party, which recently met with electoral losses in key states, is said to be preparing to unveil a farm-relief package ahead of general elections due by May. The prospect of substantial aid for farmers at a time when the nation's tax and asset sales collections are lagging estimates is stoking fears that India may miss its fiscal deficit target.

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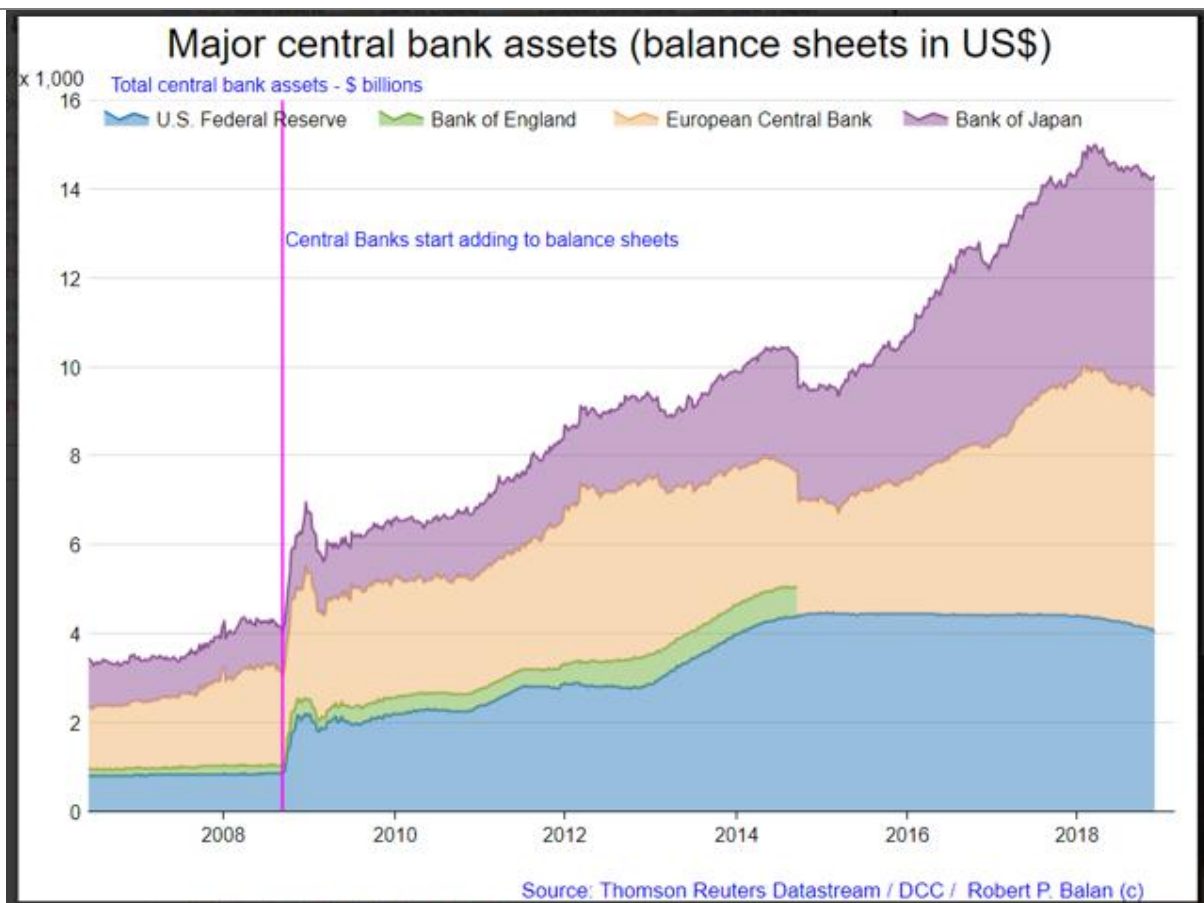
2019 Will Be An Echo Of 2016 Due To Central Bank Policy

World central banks are tightening monetary conditions at the macro level.

This last happened in 2015 and caused a global slowdown twelve months later.

The 2016 near-world recession was averted when world central banks resumed asset purchases.

This report will show how markets are developing the same characteristics as they developed in the 2015-2016 period when the big five global central banks last tried to tighten monetary policy. It will compare and contrast the behavior of each major asset class to the same time in 2015-2016 when central banks last attempted synchronized tightening policy.

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January 2019 Data Update 1: A Reminder That Equities Are Risky, In Case You Forgot

It is healthy, albeit painful, to be reminded that the risk in stocks is real and that there is a reason why investors earn a premium for investing in equities, as opposed to safer investments.

At its current level of 5.96%, the equity risk premium is in the top decile of historical numbers, exceeded only by the equity risk premiums in three other years, 1979, 2009 and 2011.

Viewed purely on that basis, the equity market is more undervalued than overvalued right now.

In bull markets, investors, both professional and amateur, often pay lip service to the notion of risk, but blithely ignore its relevance in both asset allocation and stock selection, convinced that every dip in stock prices is a buying opportunity and soothed by bromides that stocks always win in the long term. It is therefore healthy, albeit painful, to be reminded that the risk in stocks is real and that there is a reason why investors earn a premium for investing in equities, as opposed to safer investments, and that is the message that markets around the world delivered in the last quarter of 2018.

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Change Is In The Air - Precious Metals Supply And Demand

Gold is becoming scarcer to the market, while its price is rising. There is buying of silver metal too.

Whatever the reasons, we think the stars may be aligning.

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Peter Schiff: The Bubble Has Popped; The Economy Is Next

The rally had some Wall Street pundits feeling giddy, but in an interview on RT America, Peter Schiff said the bubble has popped and this is exactly the kind of roller-coaster ride you expect in a bear market.

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U.S. stock market set to tumble as Apple signals China pain

The announcement by Apple comes as investors are wrestled with worries that a protracted tariff dispute between Washington and Beijing is starting to hurt some of the U.S.'s biggest and most influential companies, threatening the outlook for economic expansion and a longstanding bull market that already appears in tatters.

Apple's news also follows fresh signs of Chinese economic weakness after **Beijing's official read of manufacturing for December**, released Wednesday, showed a more severe drop than one issued earlier, reflecting a fall to the weakest level since February 2016.

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Man who called Dow 20,000 says if 'we avoid a recession, we're going to have a really good' stock market

After a brutal stock selloff in December and for the year, markets could be due for a rally in 2019, says Jeremy Siegel, professor of finance at the University of Pennsylvania's Wharton School of Business.

There's one catch — the U.S. needs to avoid a recession, which some economists and the market are already pricing into expectations for this year.

On top of that, investors may need to wade through a rough first three months of the year to get to rosier times, Siegel told MarketWatch during a phone interview, reiterating comments he made earlier during a CNBC interview on Wednesday.

"My feeling is that the market is virtually positioned for a mild recession, but I just don't think that it's going to happen," Siegel said. "If we avoid a recession, we're going to have a really good market," he told CNBC.

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Fed's Kaplan calls for pause in interest-rate hikes, says open to slowing balance sheet runoff

Dallas Fed President Robert Kaplan said Thursday the selloff in financial markets has caused him to back a pause in further interest-rate hikes until the uncertainties settle down. In an interview with Bloomberg News, Kaplan said the Fed should remain on the sidelines at least for the "first couple of quarters" of the year. "We shouldn't be taking any further action until some of these uncertainties resolve themselves," he said. Kaplan said he wasn't mulling an interest-rate cut. In the interview, Kaplan also said he was open to slowing down the pace of the shrinking of the central bank's balance sheet. Many analysts say investors are worried the central bank's balance sheet reduction is removing liquidity from markets. Kaplan is not a voting member of the Fed's interest-rate committee, but he is influential as a member of the central bank's subcommittee on communications with the market.

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Sun Pharma acquires Japan's Pola Pharma

Drug major **Sun Pharma** on Thursday said it has completed acquisition of Japan-based **Pola Pharma** to strengthen its presence in dermatology segment across the globe.

The acquisition of 100% shares of Pola Pharma Inc Japan by the company's wholly owned subsidiary has been concluded, Sun Pharma said in a BSE filing.

Sun Pharma had entered into a definitive agreement to acquire Pola Pharma, which is engaged in research and development, manufacture, sale and distribution of branded, and generic products in Japan, it said in a regulatory filing dated 26 November 2018.

Pola Pharma's portfolio mainly comprises dermatology products. It has two manufacturing facilities in Saitama with capabilities to manufacture topical products and injectables, it added.

Sun Pharma had forayed into the Japanese prescription market in 2016 with the acquisition of 14 established prescription brands from Novartis.















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Key International Events

Date	Time	Country	Data	Forecast	Previous
ThuJan 3	Tentative	EUR	Spanish Unemployment Change		-1.8K

	2:00pm	CHF	Manufacturing PMI		57	57.7
	2:30pm	EUR	M3 Money Supply y/y		0.038	0.039
		EUR	Private Loans y/y		0.033	0.032
	3:00pm	GBP	Construction PMI		52.9	53.4
	Tentative	EUR	Spanish 10-y Bond Auction			
	6:00pm	USD	Challenger Job Cuts y/y			0.515
	6:45pm	USD	ADP Non-Farm Employment Change		179K	179K
	7:00pm	USD	Unemployment Claims		220K	216K
	8:30pm	USD	ISM Manufacturing PMI		57.7	59.3
		USD	ISM Manufacturing Prices		57.9	60.7
	All Day	USD	Total Vehicle Sales		17.2M	17.5M
FriJan 4	5:31am	GBP	BRC Shop Price Index y/y	-		0.001
	6:00am	JPY	Final Manufacturing PMI	-	52.4	52.4
	7:15am	CNY	Caixin Services PMI	-	52.9	53.8
	12:30pm	GBP	Nationwide HPI m/m	-	0.001	0.003
	1:15pm	EUR	French Prelim CPI m/m	-	0.001	-0.002
	1:45pm	EUR	Spanish Services PMI	-	53.8	54
	2:15pm	EUR	Italian Services PMI	-	50.2	50.3
	2:20pm	EUR	French Final Services PMI	-	49.7	49.6
	2:25pm	EUR	German Final Services PMI	-	52.5	52.5
		EUR	German Unemployment Change	-	-12K	-16K
	2:30pm	EUR	Final Services PMI	-	51.4	51.4
	3:00pm	GBP	Net Lending to Individuals m/m	-	4.9B	5.0B
		GBP	Services PMI	-	50.7	50.4
		GBP	M4 Money Supply m/m	-	0.006	0.007
		GBP	Mortgage Approvals	-	66K	67K
	3:30pm	EUR	CPI Flash Estimate y/y	-	0.018	0.02
		EUR	Core CPI Flash Estimate y/y	-	0.01	0.01
		EUR	PPI m/m		-0.002	0.008
		EUR	Italian Prelim CPI m/m	-	0.001	-0.002
	7:00pm	CAD	Employment Change	-	6.8K	94.1K
		CAD	Unemployment Rate	-	0.057	0.056
		CAD	RMPI m/m			-0.024
		CAD	IPPI m/m			0.002
		USD	Average Hourly Earnings m/m	-	0.003	0.002
		USD	Non-Farm Employment Change	-	178K	155K
		USD	Unemployment Rate	-	0.037	0.037
	8:15pm	USD	Final Services PMI	-	53.5	53.4
	8:45pm	USD	Fed Chair Powell Speaks	-		
		USD	FOMC Member Bostic Speaks	-		
	9:00pm	USD	Natural Gas Storage	-		-48B
	9:30pm	USD	Crude Oil Inventories	-		0.0M

Domestic Event

Monday December 31 2018			Actual	Previous	Consensus	Forecast
05:10 PM	 IN	Infrastructure Output YoY NOV	3.5%	4.8%		4.4%
06:15 PM	 IN	External Debt Q3	\$510.4B	\$514.4B		\$ 515.8B
Wednesday January 02 2019			Actual	Previous	Consensus	Forecast
10:30 AM	 IN	Nikkei Manufacturing PMI DEC	53.2	54.0		52.1
Friday January 04 2019			Actual	Previous	Consensus	Forecast
10:30 AM	 IN	Nikkei Services PMI DEC		53.7	52.5	52.1
05:00 PM	 IN	Deposit Growth YoY 22/DEC		9.7%		
05:00 PM	 IN	Foreign Exchange Reserves 29/DEC		\$393.29B		
05:00 PM	 IN	Bank Loan Growth YoY 22/DEC		15.1%		
Friday January 11 2019			Actual	Previous	Consensus	Forecast
05:00 PM	 IN	Foreign Exchange Reserves 5/JAN				
05:30 PM	 IN	Industrial Production YoY NOV		8.1%		7.1%
05:30 PM	 IN	Manufacturing Production YoY NOV		7.9%		6.5%
Monday January 14 2019			Actual	Previous	Consensus	Forecast
12:00 PM	 IN	WPI Manufacturing YoY DEC		4.21%		5%
12:00 PM	 IN	WPI Food YoY DEC		-3.31%		5%
12:00 PM	 IN	WPI Fuel YoY DEC		16.28%		5%
12:00 PM	 IN	WPI Inflation YoY DEC				5%

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