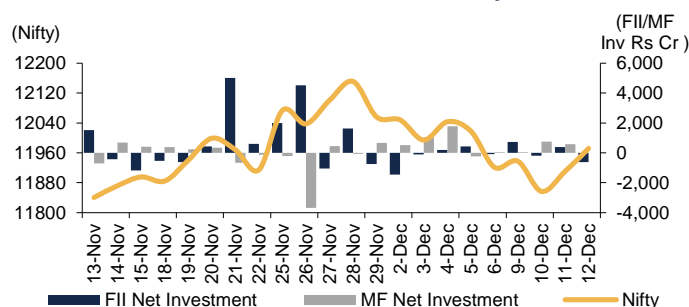


## Indian equity benchmark indices' returns

Broad Indices	Dec 13	% chg week	% chg 3 Mon	% chg Year
S&P BSE Sensex	41,010	1.40	9.70	14.14
Nifty 50	12,087	1.39	9.13	12.00
Nifty 500	9,784	1.18	8.10	7.78
S&P BSE 100	12,142	1.40	8.38	9.76
S&P BSE Midcap	14,830	1.11	8.52	-2.20
S&P BSE Smallcap	13,333	-0.05	2.46	-8.04

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Dec 13	% chg week	% chg 3 Mon	% chg Year
S&P BSE Metal	9,789	3.74	7.64	-15.92
S&P BSE Auto	18,088	3.40	9.35	-13.26
S&P BSE Bankex	36,496	2.08	15.20	21.89
S&P BSE Realty Index	2,204	1.58	7.02	20.41
S&P BSE Oil & Gas	14,879	1.56	9.09	12.86
S&P BSE Power	1,889	1.29	-2.81	-1.52
S&P BSE CG	17,006	0.67	-2.39	-8.71
S&P BSE CD	25,071	0.38	6.29	19.42
S&P BSE Healthcare	13,376	0.21	2.71	-3.46
S&P BSE FMCG	11,513	-0.45	5.78	-2.00
S&P BSE IT	15,006	-1.12	-6.03	2.76

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Dec 13	Previous Week	1 month ago
Call Rate	5.20%	4.90%	5.00%
10 Yr G-Sec*	6.79%	6.67%	6.53%
3-M USD Libor^	1.89%	1.89%	1.91%
6-M USD Libor^	1.89%	1.89%	1.92%
1-Y USD Libor^	1.93%	1.92%	1.99%

\*6.45% 2029 paper ^As of Dec 12

## Currencies vs INR

Currency	Dec 13	Week ago	3 months ago	1 year ago
USD	70.81	71.19	70.92	71.68
GBP	94.84	93.53	88.32	90.71
Euro	79.19	79.01	78.72	81.58
Yen*	64.59	65.71	65.77	63.20

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equities recouped the previous week's losses, with the S&P BSE Sensex and the Nifty 50 rising 1.4% apiece
- The market received a boost from positive global cues in the form of renewed optimism over the US-China trade deal and the ruling Conservative Party emerged victorious in the UK elections
- A rally in metal, auto and banking shares buoyed the benchmarks. The S&P BSE Metal index was the topmost sectoral gainer, rising 3.7%, followed by the S&P BSE Auto and the S&P BSE Bankex, which rose 3.4% and 2.0%, respectively.
- Tata motors and Tata steel were the biggest individual stock gainers on the Nifty 50, up 9% and 6% in the week respectively.
- However, a pullback in the information technology pack post the rupee strengthening chipped off some gains in the indices. In fact, the S&P BSE IT saw the biggest sectoral decline, falling ~1%
- Yes Bank was the biggest loser on the Nifty 50, down nearly 17% on funding worries.

#### 2. Debt

- The RBI conducted reverse repo auctions through the week, noting the ample funds with lenders
- Overall systemic liquidity remained surplus
- The call money rate settled at 5.20% on December 13 as against 4.90% on December 6
- Government bond prices ended lower. The yield of the 10-year benchmark 7.26% 2029 paper settled at 6.79% on December 13 as against 6.67% on December 6
- Concerns of fiscal slippage dented sentiment for dated securities
- Credit rating agency S&P's warning that it may lower India's ratings if economic growth did not recover triggered more bond selling
- Anticipation that domestic inflation would accelerate in November kept bonds under pressure. After domestic market hours on December 12, data showed that inflation had accelerated to 5.54% on-year in November compared with 4.62% in October
- The quickening in inflation to a 40 month high dented hopes of policy easing by the central bank in its February review
- Value buying by market players after the US central bank indicated that it would not hike interest rates in 2020 supported gilts

#### 3. Forex

- The rupee rose sharply against US dollar aided by sporadic gains in domestic equities and dollar inflows into local financial market
- Optimism surrounding the Sino – US trade deal also augured well for the local unit
- Intermittent cooling in crude oil prices and broad dollar weakness supported the rupee's gains
- Strength in the greenback following the release of the US jobs report last week and periodic dollar demand from nationalised banks, though, limited the rupee's further appreciation

## International equity benchmark indices' returns

Indices	Dec 13	% chg week	% chg 3 mon	% chg Year
DJIA*	28,132	0.42	3.49	14.37
Nasdaq Composite*	8,717	0.70	6.38	23.29
FTSE 100*	7,273	0.47	-0.97	5.76
Nikkei 225	24,023	2.86	9.25	9.25
Straits Times	3,214	0.61	0.08	0.08
Hang Seng	27,688	4.49	1.22	1.22
Shanghai Comp	2,968	1.91	-2.47	-2.47

\*As of Dec 12

## International debt market indicators

Indicators	Dec 13	Dec 6
US 10-Year*	1.90	1.84
UK 10-Year*	0.82	0.77
German 10-Year*	-0.27	-0.29
Japan 10-Year	-0.02	-0.01

\*As of Dec 12

## Commodities

Commodity	Dec 13	% chg week	% chg 3 mon	% chg Year
Brent Crude Oil (\$ per barrel)*	64.20	-0.30	6.61	4.48
Gold (\$ per troy ounce)*	1467.80	0.56	-2.35	18.11
Silver (\$ per ounce)*	16.86	-0.50	-7.11	14.82
Indian gold (Rs per 10 gm)	37691	-0.90	0.26	20.23
Indian Silver (Rs per Kg)	43884	-0.40	-5.12	16.80

\*As of Dec 12

Source: Respective commodity exchanges, LBMA, MCX

## B. International

### 1. Equity

- Markets globally ended in the green on reports that the US and China have reached a partial trade deal. As a result, demand for the safe-haven US treasuries waned.
- US stocks were primarily buoyed by reports that the US and China have reached a deal in-principle to resolve the trade conflict, and after the US Federal Reserve (Fed) indicated that it might not increase the interest rates next year
- The Fed kept interest rates unchanged at 1.50-1.75%, and signalled to keep it steady through 2020 citing a solid economy and sticking to the sidelines in an election year
- Upbeat domestic jobs data further strengthened sentiments
- Some gains were reduced owing to fall in shares of Apple and healthcare firms
- Britain's FTSE rose 0.5% on hopes of a positive outcome of the domestic elections and a rally in shares of banks, miners and exporters
- Gains, though, were trimmed on stock-specific selling and disappointing domestic growth data
- Asian equities posted robust performance. Japan's Nikkei index jumped ~3%, mainly boosted by hopes of a US-China trade deal, and the election win for Britain's ruling Conservative Party
- Hong Kong's Hang Seng index surged 4.5% on reports that the US and China have reached a partial trade agreement
- More gains were seen owing to bargain buying in IT and consumer shares, and after the Fed signalled that it would not hike interest rates next year
- Some gains, though, were cut short, tracking disappointing Chinese exports and producer price data
- China's Shanghai Composite advanced ~2% on reports the US and China have agreed to trim existing tariffs and delay the ones that set to take effect this weekend

### 2. Commodity

- Crude oil prices ended flat as earlier gain in the prices due to fear of lower supply after OPEC and its allies agrees to cut oil output by 500000 barrels per day were offset by unexpected growth in the US crude oil supply.
- Indian gold prices declined marginally tracking global prices as demand for the safe haven asset fell on progress in US-China trade deal.
- Indian silver prices slipped this week due to decrease in demand from industrial units and coin traders.

## C. News summary

### 1. Domestic

- India's industrial production shrank by 3.8% in October after dipping 4.3% in September.
- India's retail inflation spiked to a more than 3 year high of 5.54% in November; inflation was 4.62% in October, 2.33% in November 2018.
- Asian Development Bank cut India's FY20 GDP growth forecast to 5.1% from 6.5% estimated earlier.
- Cabinet approved easier lending rules for non-banking financial companies (NBFCs); the government says it will allow public sector banks to get partial guarantees against the purchase of BBB+ rated securities of these shadow banks in addition to existing norms for AA or higher rated assets.
- RBI tightened norms for asset reconstruction companies (ARCs), restricting them from buying financial assets from their sponsor firms and lenders on a bilateral basis, however, the regulator has allowed the ARCs to participate in auctions of such assets.
- SEBI ruled that debt-oriented mutual fund schemes that have more than 10% exposure to their sponsors' group companies before October 1 will be permitted to continue with such investments till respective maturity dates.
- SEBI asked all asset management companies to publish on their websites a list of their group companies and those of their sponsor.
- SEBI asked AMFI to publish on its website a list of all group companies along with names and identifier of the respective group that are considered for calculation of group exposure by mutual fund schemes and also the sector to which each company belongs.

### 2. International

- US non-farm payrolls for November rose 266,000 in November vs 128,000 in October. Consequently, the unemployment rate in November declined to 3.5% compared with 3.6% in October.
- UK GDP was unchanged in October compared with a 0.1% decline in September
- China's exports fell 1.1% from a year earlier in November, while imports rose 0.3%, resulting in a trade surplus of \$38.73 billion, compared with \$42.81 billion surplus in October
- China's producer price index fell 1.4% on-year in November compared with a 1.6% drop in October

## D. Week ahead

Day	Events
Monday, December 16, 2019	<ul style="list-style-type: none"> <li>US Markit Manufacturing, Services &amp; Composite PMI, December</li> <li>US NAHB Housing Market Index, December</li> <li>Eurozone Markit Manufacturing, Services &amp; Composite PMI, December</li> <li>UK Markit Manufacturing &amp; Services PMI, December</li> <li>China's Industrial Production, November</li> <li>Japan Manufacturing PMI, December</li> <li>India's Wholesale Price Index Inflation, November.</li> </ul>
Tuesday, December 17, 2019	<ul style="list-style-type: none"> <li>US Industrial Production &amp; Capacity Utilization, November</li> <li>Eurozone Trade Balance, October</li> <li>UK ILO Unemployment Rate (3 months), October</li> <li>Japan's Trade Balance, November.</li> </ul>
Wednesday, December 18, 2019	<ul style="list-style-type: none"> <li>Eurozone Consumer Price Index, November</li> <li>UK Consumer Price Index, November</li> </ul>
Thursday, December 19, 2019	<ul style="list-style-type: none"> <li>US Existing Home Sales, November</li> <li>US Initial Jobless Claims, December 13</li> <li>Bank of England Monetary Policy Decision</li> <li>UK GfK Consumer Confidence, December</li> <li>UK Retail Sales, November</li> <li>Bank of Japan Monetary Policy Decision</li> </ul>
Friday, December 20, 2019	<ul style="list-style-type: none"> <li>US GDP, Q3</li> <li>Eurozone Consumer Confidence, December</li> <li>UK GDP, Q3</li> <li>People's Bank of China Monetary Policy Meet</li> <li>India's Forex Reserves, December 14</li> </ul>

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