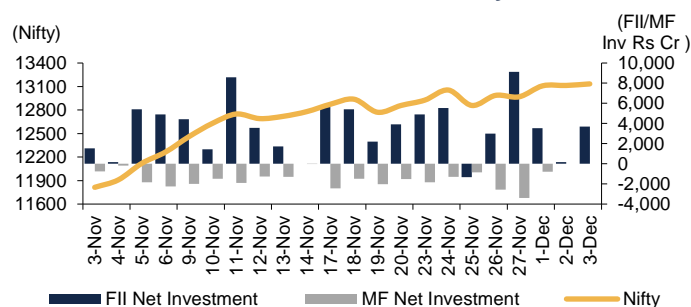


Indian equity benchmark indices' returns

Broad Indices	Dec 4	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	45,080	2.11	17.53	10.35
Nifty 50	13,259	2.23	16.98	10.09
Nifty 500	10,979	2.42	17.07	12.23
S&P BSE 100	13,387	2.58	16.95	10.49
S&P BSE Midcap	17,389	2.80	17.36	16.68
S&P BSE Smallcap	17,317	2.62	18.59	28.73

FII and mutual fund investment vs. Nifty



Sectoral Indices	Dec 4	% chg week	% chg 3 Mth	% chg Year
S&P BSE Realty Index	2,239	8.60	29.29	2.05
S&P BSE Metal	11,039	8.03	23.88	13.79
S&P BSE Oil & Gas	14,019	5.79	8.37	-6.23
S&P BSE CD	28,272	4.53	21.02	12.73
S&P BSE Auto	21,020	4.43	16.45	17.27
S&P BSE Power	2,084	4.25	22.86	9.79
S&P BSE Healthcare	20,977	3.24	11.97	54.69
S&P BSE CG	17,571	3.23	25.61	3.74
S&P BSE IT	22,265	2.91	22.81	48.04
S&P BSE FMCG	11,960	2.00	5.07	2.80
S&P BSE Bankex	34,360	1.41	31.48	-5.66

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Dec 4	Previous Week	1 month ago
Call Rate	1.50%	3.40%	3.40%
10 Yr G-Sec^A	5.90%	5.91%	5.88%

*5.77% 2030 paper ^Weighted Average Yield

Currencies vs INR

Currency	Dec 4	Week ago	3 months ago	1 year ago
USD	73.79	74.03	73.14	71.52
GBP	99.51	98.85	97.23	93.35
Euro	89.79	88.15	86.63	79.19
Yen*	70.97	71.12	68.89	65.86

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equity indices rose for the fifth consecutive week. S&P BSE Sensex and Nifty 50 rose around 2% each.
- Market rose after Reserve Bank of India (RBI) decided to keep interest rate unchanged at 4%, maintained its accommodative stance and did upward revision to its domestic growth forecast to -7.5% from -9.5% for the fiscal 2021.
- Better-than-expected domestic GDP data and good auto sales numbers also boosted the sentiments.
- Globally, optimism about developments of the covid-19 vaccine and hopes of additional US stimulus package also augured well for the local indices.
- A rally in realty, metal, oil and gas and consumer durable counters brought in more gains into the market. S&P BSE Realty (top sectoral gainer), S&P BSE Metal, S&P BSE Oil & Gas and S&P BSE Consumer Durables indices rose 8.6%, 8.0%, 5.8% and 4.5%, respectively.
- Shares of GAIL emerged as the top gainer on the Nifty 50, rising ~17% on week to settle at Rs 119.8 per share after oil regulator Petroleum and Natural Gas Regulatory Board (PNGRB) simplifies gas pipeline tariff structure.
- Further gains were however capped owing to intermittent profit booking and caution ahead of the US monthly jobs data.
- Shares of HDFC Bank was the top laggard on the Nifty 50, declining 3.8% on week to settle at Rs 1385.6 per share after the RBI ordered the bank to halt its digital launches and new credit cards.

2. Debt

- Government bond prices ended slightly higher. Yield on the 10-year benchmark 5.77% 2030 paper settled at 5.90% on December 4, compared with 5.91% on November 27
- Yield of the 10-year 5.85% 2030 paper settled at 5.82%, compared with 5.83%
- Gilts were down earlier as investors exercised caution ahead of the RBI's monetary policy decision
- However, sentiments strengthened later in the week after the MPC kept the repo rate unchanged, keeping aside the near-term pressure on inflation
- The MPC decided to continue with the accommodative stance as long as necessary to prop up economic growth.

3. Forex

- The rupee ended higher against the dollar mainly due to a rally in the domestic equities and strong inflows by foreign institutional investors (FIIs)
- Positive developments pertaining to Covid-19 vaccines and improved domestic macroeconomic data gave the local unit support
- The RBI's decision to keep interest rate unchanged at 4% also aided the Indian currency.

International equity benchmark indices' returns

Indices	Dec 4	% chg week	% chg 3 Mth	% chg Year
DJIA*	29,970	0.20	5.93	8.39
Nasdaq Composite*	12,377	1.40	8.02	44.48
FTSE 100*	6,490	1.93	10.93	-9.71
Nikkei 225	26,751	0.40	15.28	15.63
Straits Times	2,840	-0.56	13.16	-10.12
Hang Seng	26,836	-0.22	8.67	2.97
Shanghai Comp	3,445	1.06	2.66	19.68

*As of Dec 3

International debt market indicators

Indicators	Dec 4	Nov 27
US 10-Year*	0.92	0.88
UK 10-Year*	0.33	0.29
German 10-Year*	-0.56	-0.59
Japan 10-Year	0.02	0.02
3-M USD Libor*	0.23%	0.22%
6-M USD Libor*	0.26%	0.26%
1-Y USD Libor*	0.34%	0.33%

*As of Dec 3

Commodities

Commodity	Dec 4	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	45.64	0.24	10.32	-18.65
Indian gold (Rs per 10 gm)	49153.00	0.77	-3.46	28.80
Indian Silver (Rs per Kg)	62992.00	5.00	-1.20	41.01

*As of Dec 3

Source: Respective commodity exchanges, MCX

B. International

1. Equity

- Global equities ended the week on a positive note amid hopes of Covid-19 vaccine and US stimulus package.
- US stocks jumped due to progress in development of the Covid-19 vaccine before the end of the year and upbeat domestic jobs, manufacturing data.
- US ADP said private sector employment rose by 307,000 jobs in November after climbing by an upwardly revised 404,000 jobs in October.
- US manufacturing PMI posted 56.7 in November, up from 53.4 in October while services PMI jumped to 58.4 in November from 55.9 in October. The composite PMI rose to 58.6 in November from 56.3 in October.
- US initial jobless claims fell to 712,000 in the week ended November 28 compared with an upwardly revised 787,000 during prior week.
- Some gains were reduced owing to sell-off in energy stocks and caution ahead of the domestic monthly jobs data.
- FTSE index rose nearly 2% after UK became the first country to approve its Covid-19 vaccine.
- Eurozone economic confidence index fell less-than-expected to 87.6 in November from 91.1 in the previous month.
- UK manufacturing PMI was 55.6 in November compared to 53.7 in October, while services PMI fell to 47.6 in November from 51.4 in October. The composite PMI dropped to 49.0 in November from 52.1 in October.
- Asian equities ended mixed. Japan's Nikkei index rose 0.4% due to upbeat earning reports of major companies and prospects of economic recovery on vaccine hopes.
- Hong Kong's Hang Seng index fell 0.2% in response to resurfacing tensions between the US and China and sell-off in the technology and healthcare sectors.
- China's Shanghai Composite rose nearly 1% on hopes of global economic recovery and positive domestic economic data.
- China's official manufacturing PMI rose to 52.1 in November from 51.4 in October while non-manufacturing PMI rose to 56.4 in November from 56.2 in October.
- China's Caixin/Markit manufacturing PMI rose to 54.9 in November from October's 53.6, while services PMI rose to 57.8 in November from October's 56.8. The composite PMI rose to 57.5 in November from 55.7 in October.

2. Commodity

- Crude oil prices extended gain in the week after OPEC and its allies agreed to ease deep oil output cuts from January by 500,000 barrels per day and fall in the US crude oil supply.
- Indian gold prices ended higher in this week owing to buying at lower level and tracking a positive global trend amid safe haven demand.
- Indian silver prices rose this week owing to optimism regarding rise in demand from coin-makers.

• News summary

1. Domestic

- The Monetary Policy Committee (MPC) of the Reserve Bank of India decides to keep repo rate unchanged at 4% and maintains accommodative stance for this year and next.
- RBI projected the GDP growth for Q3 FY21 at 0.1% and 0.7% for Q4 of FY21.
- The Reserve Bank of India (RBI) raises the contactless card transactions limit to Rs 5,000 from Rs 2,000. The new limit will be effective from January 1, 2021.
- RBI asks commercial and co-op banks to not give out dividends this year and retain all the profits.
- RBI will introduce risk-based internal audits in large urban co-op banks
- India IHS Markit manufacturing Purchasing Managers' Index (PMI) fell from 58.9 in October to 56.3 in November, while services PMI fell to 53.7 in November from 54.1 in October. The composite PMI dipped to 56.3 in November from 58 in October.
- Goods and Services Tax (GST) collections came in at Rs 104963 cr in November compared to Rs 105155 cr in October.
- According to government data, foreign direct investment (FDI) into India rose by 15% to \$30 bn during the first half of the current fiscal. FDI in the July-September quarter rose 140% year-on-year at \$23.4 bn.
- S&P Global Ratings retains its forecast of 9% contraction in the Indian economy for the current fiscal, saying even though there are now upside risks to growth but it will wait for more signs that COVID infections have stabilized or fallen. However, it estimates the next fiscal growth at 10%.
- SEBI came out with operational guidelines to credit physical shares in demat account of investors following re-lodged transfer request.

2. International

- US ADP said private sector employment rose by 307,000 jobs in November after climbing by an upwardly revised 404,000 jobs in October.
- US pending home sales index fell 1.1% to 128.9 in October, compared with a 2% decline in September.
- Eurozone economic confidence index fell less-than-expected to 87.6 in November from 91.1 in the previous month.
- Eurozone inflation is expected to be -0.3% in November, stable compared to October
- UK manufacturing PMI was 55.6 in November compared to 53.7 in October, while services PMI fell to 47.6 in November from 51.4 in October.

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Week ahead

Day	Events
Monday, December 7, 2020	<ul style="list-style-type: none"> • US Consumer Credit, October • Eurozone Sentix Investor Confidence, December • Japan GDP, Q3 2020
Tuesday, December 8, 2020	<ul style="list-style-type: none"> • US Non-Farm Productivity / Labor Costs Q3 2020 • Eurozone GDP, Q3 2020
Wednesday, December 9, 2020	<ul style="list-style-type: none"> • US Wholesale Inventories, October • China Consumer Prices, November • China Producer Prices, November
Thursday, December 10, 2020	<ul style="list-style-type: none"> • US Consumer Prices, November • UK GDP Estimate, October • UK Industrial Output, October • ECB Interest Rate Decision
Friday, December 11, 2020	<ul style="list-style-type: none"> • US Producer Prices, November



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