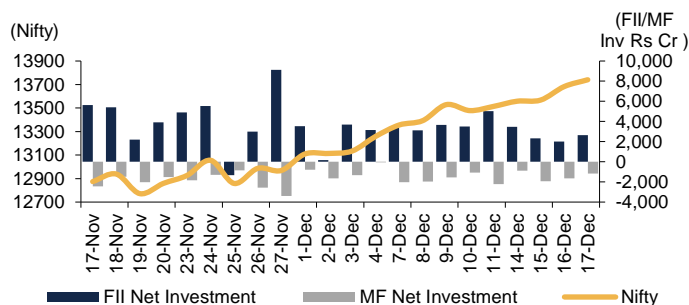


Indian equity benchmark indices' returns

Broad Indices	Dec 18	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	46,961	1.87	20.89	13.00
Nifty 50	13,761	1.83	19.61	12.59
Nifty 500	11,355	1.64	18.78	15.11
S&P BSE 100	13,888	1.79	19.24	13.20
S&P BSE Midcap	17,801	1.60	18.30	20.37
S&P BSE Smallcap	17,769	1.23	16.14	32.73

FII and mutual fund investment vs. Nifty



Sectoral Indices	Dec 18	% chg week	% chg 3 Mth	% chg Year
S&P BSE CD	29,653	5.37	23.14	20.45
S&P BSE CG	18,607	4.70	33.57	8.68
S&P BSE Realty Index	2,395	3.69	33.65	7.68
S&P BSE IT	23,227	2.47	17.00	49.72
S&P BSE Healthcare	21,475	2.13	5.25	59.71
S&P BSE Metal	11,371	1.89	31.50	13.44
S&P BSE Power	2,079	0.66	21.71	10.08
S&P BSE Bankex	35,194	0.48	40.57	-4.28
S&P BSE Auto	20,738	-0.18	12.43	14.67
S&P BSE Oil & Gas	14,397	-0.26	9.38	-2.63
S&P BSE FMCG	12,577	-0.85	11.42	9.61

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Dec 18	Previous Week	1 month ago
Call Rate	2.20%	2.00%	2.90%
10 Yr G-Sec [^]	5.97%	5.95%	5.88%

[^]5.77% 2030 paper [^]Weighted Average Yield

Currencies vs INR

Currency	Dec 18	Week ago	3 months ago	1 year ago
USD	73.56	73.65	73.46	70.98
GBP	99.31	97.76	95.39	92.98
Euro	90.11	89.32	87.08	78.96
Yen*	71.03	70.73	70.40	64.89

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Bulls dominated the Indian equities for the seventh consecutive week. S&P BSE Sensex and Nifty 50 rose nearly 2% each.
- Positive global cues including hopes of stimulus support from the United States (US) government and reports of a possible roll-out of a Covid-19 vaccine boosted the market.
- On the domestic front, the market was buoyed by a rally in consumer durables, capital goods, realty and information technology (IT) counters.
- Shares of Bajaj Finance emerged the top gainer on the Nifty 50, rising 8.4% on week to settle at Rs 5252.5 per share as investors remained optimistic about the company's bullish business outlook.
- Sentiments were also aided after S&P Global Ratings raised India's growth projection for the current fiscal.
- However, some gains were chipped off due to intermittent profit booking in fast-moving consumer goods (FMCG), oil & gas and auto stocks.
- Shares of Maruti Suzuki India emerged the biggest laggard on the Nifty 50, declining 2.2% on week to settle at Rs 7559.75 per share impacted by the weakness surrounding auto stocks.

2. Debt

- Government bond prices moved in a tight range and settled flat. The yield of the 10 year benchmark 5.77% 2030 paper settled at 5.96% on December 18, steady compared to a week ago on December 11. The yield of the 10 year 5.85% 2030 paper settled at 5.91% on December 18 compared to 5.89% on December 11.
- Sentiment received a boost after data showed that domestic retail inflation had eased to 6.93% on year in November compared with 7.61% previous month.
- Prices remained range bound mid-week ahead of the RBI's special open market operation, which involved purchase and sale of securities for a total notified Rs 10,000 crore each, and the US Federal Reserve (Fed)'s interest rate decision.
- Prices dipped further towards the end of the week as sentiment was dented by the lack of more announcements regarding open market operations from the RBI.
- Prices also fell slightly, ahead of the outcome of the weekly debt auction.

3. Forex

- The rupee strengthened against the greenback on the back of foreign fund inflows into the local financial market and intermittent gains in local equities.
- Decline in the US dollar index also benefitted the local unit. The US dollar index fell after the US Fed said that it would continue to support the US economy through adequate monetary stimulus.
- Sporadic dollar demand from state-owned banks and concerns that coronavirus related restrictions could derail global economic recovery, prevented the rupee from rising further.

International equity benchmark indices' returns

Indices	Dec 18	% chg week	% chg 3 Mth	% chg Year
DJIA*	30,303	0.86	8.61	7.31
Nasdaq Composite*	12,765	3.13	17.00	44.60
FTSE 100*	6,551	0.07	8.28	-13.12
Nikkei 225	26,763	0.42	14.57	11.82
Straits Times	2,849	0.97	14.06	-11.23
Hang Seng	26,499	-0.03	8.35	-4.97
Shanghai Comp	3,395	1.43	1.70	12.52

*As of Dec 17

International debt market indicators

Indicators	Dec 18	Dec 11
US 10-Year*	0.93	0.89
UK 10-Year*	0.27	0.17
German 10-Year*	-0.58	-0.63
Japan 10-Year	0.01	0.01
3-M USD Libor*	0.24%	0.22%
6-M USD Libor*	0.26%	0.25%
1-Y USD Libor*	0.33%	0.34%

*As of Dec 17

Commodities

Commodity	Dec 18	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	51.50	3.06	18.94	-22.09
Indian gold (Rs per 10 gm)	49939.00	1.95	-3.25	31.57
Indian Silver (Rs per Kg)	66431.00	6.78	1.49	50.35

*As of Dec 17

Source: Respective commodity exchanges, MCX

B. International

1. Equity

- Global equities ended mostly in the green on hopes over a new US stimulus package.
- US stocks advanced buoyed by increased expectations over a new stimulus package and buying in technology stocks.
- Further rally was prevented on concerns about mounting Covid-19 infection rates.
- The US Fed kept the target range for the federal funds rate at 0-0.25% and signalled that it planned to continue its asset purchase programme until the economy showed substantial progress towards the central bank's goals of maximum employment and price stability.
- US retail sales tumbled by 1.1% in November following a revised 0.1% dip in October.
- Britain's FTSE index rose as gains on the back of strong economic data were reduced by a sell-off in exporters' stocks following a stronger pound.
- Asian equities posted mixed performance. Japan's Nikkei index rose 0.4% on tracking robust domestic economic data and expectation for further US economic stimulus measures.
- Some gains were cut short on worries over a rise in new Covid-19 cases in the country.
- Bank of Japan's Tankan survey showed that the headline index for big manufacturers' sentiment improved to -10 in December from -27 in September. Big non-manufacturers' sentiment also recovered to -5 in December from -12 in September.
- Japan industrial production grew a seasonally adjusted 4% month-on-month in October compared with the initial estimate of 3.8% growth.
- Hong Kong's Hang Seng index ended flat as earlier losses due to worries about rising Covid-19 cases were set off by gains in technology and healthcare stocks and optimism over swift recovery in the Chinese economy.
- China's Shanghai Composite rose 1.4% on hopes of quick economic recovery following upbeat factory data and a liquidity infusion by the country's central bank.
- China industrial production grew 7% year-on-year in November, after rising 6.9% in October.
- China retail sales rose 5% year-on-year in November compared with 4.3% a month ago.

2. Commodity

- Crude oil prices rose in the week due to unexpected fall in the US crude oil supply and optimism about progress toward a US fiscal stimulus deal, which could boost energy demand.
- Indian gold prices ended higher in this week due rising safe haven demand owing to economic growth.
- Indian silver prices rose this week due to lack of demand from coin-makers.

C. News summary

1. Domestic

- According to the minutes of the December monetary policy committee (MPC) meeting, the RBI is likely to maintain its accommodative monetary policy stance but a faster-than-expected recovery in growth is limiting the scope for further rate cuts.
- India's retail inflation decelerated to a three-month low of 6.93% in November compared with 7.61% in October, as vegetable prices eased significantly.
- The wholesale price-based inflation rose to a 9-month high of 1.55% in November compared with 1.48% in October 2020 and 0.58% in November last year, as manufactured products turned costlier.
- India's exports dipped 8.74% to \$23.52 bn in November while imports too declined by 13.32% to \$33.39 bn, resulting in a trade deficit of \$9.87 bn.
- S&P Global Ratings raised India's growth projection for the current fiscal to -7.7% from -9% estimated earlier on rising demand and falling COVID infection rates.
- CRISIL projected a slower contraction of 7.7% for the Indian economy in the current fiscal, compared to its earlier forecast of 9% contraction on the back of "faster-than-expected" recovery in the second quarter, but calls for more fiscal measures to sustain it.
- The Cabinet approved the modalities of the next round of spectrum auction to be held in March.
- RBI said that borrowers opting for resolution of COVID-related stressed loans are not required to submit any specific plans.
- SEBI decided to tweak norms pertaining to 25% minimum public shareholding for companies which undergo corporate insolvency resolution and seek relisting following the process.

2. International

- The US Federal Reserve kept the target range for the federal funds rate at 0-0.25% and signalled that it plans to continue its asset purchase program until the economy shows substantial progress towards the central bank's goals of maximum employment and price stability.
- Bank of England left its bond-buying programme at 895 bn pounds, and also kept its benchmark interest rate at a historic low of 0.1%.
- Bank of Japan's (BoJ) board voted 8-1 to retain the interest rate at -0.1% on current accounts that financial institutions maintain at the central bank; the bank will continue to purchase necessary amount of Japanese government bonds without setting an upper limit so that 10-year Japanese government bond yields will remain at around 0%.

Disclaimer - Produced by SBM Bank India Limited based on information available at the time of publishing. We believe that the information in this report is correct and any opinion, conclusions or recommendations are reasonably held or made as at the time of its compilation, but no warranty is made as to accuracy, reliability or completeness. SBM Bank India Limited does not accept liability to any person for loss or damage arising from the use of this report. The report has been prepared without taking into account of the objectives, financial situation or needs of any particular individual or financial institution or corporate. For this reason any individual or financial institution or corporate should before action on the information in this report, consider the appropriateness of the information having regard to the individual's objectives, financial situation and needs and if necessary seek appropriate professional advice.

D. Week ahead

Day	Events
Monday, December 21, 2020	<ul style="list-style-type: none"> • US Chicago Fed National Activity Index, November 2020 • Eurozone Consumer Confidence, December 2020 • People's Bank of China Interest Rate Decision
Tuesday, December 22, 2020	<ul style="list-style-type: none"> • US GDP, Q3 2020 • US Existing Home Sales, November 2020 • UK GDP, Q3 2020
Wednesday, December 23, 2020	<ul style="list-style-type: none"> • US Personal Income & Spending, November 2020 • US University of Michigan Consumer Sentiment Index (Final), December 2020 • US New Home Sales, November 2020 • Bank of Japan Monetary Policy Meeting Minutes
Thursday, December 24, 2020	<ul style="list-style-type: none"> • US Durable Goods Orders, November 2020 • Japan Unemployment Rate, November 2020 • Japan Retail Sales, November 2020



**ATTRACTIVE INTEREST RATES ON OUR
TERM DEPOSITS**

[Know More](#)