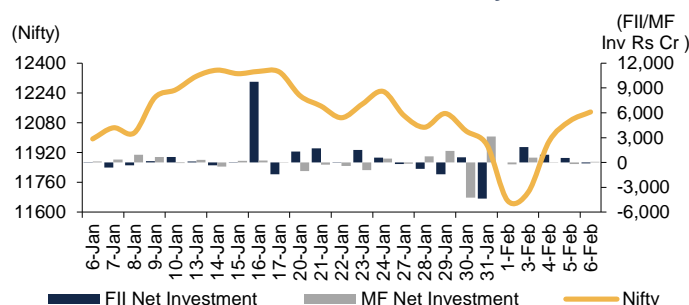


Indian equity benchmark indices' returns

Broad Indices	Feb 7	% chg week	% chg 3 Mon	% chg Year
S&P BSE Sensex	41,142	1.03	1.20	11.28
Nifty 50	12,098	1.14	0.72	9.30
Nifty 500	10,001	1.41	2.42	9.35
S&P BSE 100	12,245	1.34	1.06	8.64
S&P BSE Midcap	15,905	2.86	7.12	9.45
S&P BSE Smallcap	14,840	1.18	9.55	7.70

FII and mutual fund investment vs. Nifty



Sectoral Indices	Feb 7	% chg week	% chg 3 Mon	% chg Year
S&P BSE Metal	10,003	5.37	0.84	-5.89
S&P BSE CD	27,090	3.61	8.68	23.91
S&P BSE Oil & Gas	14,309	2.77	-7.29	3.04
S&P BSE Healthcare	14,283	2.33	7.26	1.53
S&P BSE IT	16,124	1.59	4.19	2.63
S&P BSE Bankex	35,675	1.09	3.06	16.14
S&P BSE Power	1,919	1.07	-3.12	5.69
S&P BSE Auto	18,077	-0.46	-2.09	-7.79
S&P BSE FMCG	11,586	-0.48	-5.93	-1.47
S&P BSE CG	17,100	-2.08	-7.50	-0.47
S&P BSE Realty Index	2,433	-3.68	14.72	39.06

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Feb 7	Previous Week	1 month ago
Call Rate	5.25%	4.90%	4.95%
10 Yr G-Sec*	6.44%	6.60%	6.55%
3-M USD Libor^	1.73%	1.75%	1.88%
6-M USD Libor^	1.75%	1.75%	1.88%
1-Y USD Libor^	1.84%	1.81%	1.95%

*6.45% 2029 paper ^As of Feb 6

Currencies vs INR

Currency	Feb 7	Week ago	3 months ago	1 year ago
USD	71.40	71.35	70.96	71.45
GBP	92.36	93.58	91.24	92.19
Euro	78.23	78.74	78.67	80.99
Yen*	65.03	65.52	65.03	65.05

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equities ended the week on an encouraging note. S&P BSE Sensex and Nifty 50 rose about 1% each.
- The market was buoyed by encouraging domestic manufacturing activity data and the central bank's decision to leave the policy rates unchanged and maintain its accommodative stance to improve growth in its policy review.
- More gains were seen following a decline in global crude oil prices and on tracking firm overseas markets, amid China's efforts to soothe the financial blow of the recent virus outbreak.
- Buying interest in metal and consumer durables boosted the benchmarks further. S&P BSE Metal (topmost sectoral gainer) and S&P BSE Consumer Durables jumped 5.4% and 3.6%, respectively.
- Shares of JSW Steel emerged the top gainer on the Nifty 50, rising 11.41% on week to settle at Rs 279.3 benefitting from favorable overseas cues.
- However, some gains were trimmed owing to a sell-off in realty and capital goods firms. S&P BSE Realty and S&P BSE Capital Goods lost 3.7% and 2%, respectively.
- Shares of ITC fell the most on the Nifty 50, declining 9.25% on week to settle at Rs 213.4, impacted by the budget proposal to increase excise duty on cigarettes.

2. Debt

- Government bond prices rose sharply in the week, aided by the Union Budget announcement over the past weekend and the central bank's monetary policy decision. The yield of the 10-year benchmark 6.45% 2029 paper settled at 6.44% on February 7 as against 6.60% on January 31.
- Prices advanced as the Centre maintained its gross market borrowing for the current financial year, and announced plans to list certain debt securities on global bond indices.
- Though benchmark interest rates were kept unchanged at the policy review, the central bank's interest rate setting panel kept the door open for future policy easing and announced an overhaul of its liquidity management framework to aid monetary policy transmission to end consumers.
- As per the revised framework, the daily fixed rate repo and 14-day repo will be replaced with a long-term variant, lasting up to three years.

3. Forex

- The rupee gave up earlier gains to end lower.
- Crude oil prices ticked up in the second half of the week, putting the rupee under pressure.
- Broad dollar gains ahead of the release of US non-farm payrolls data also pulled the rupee down.
- Earlier, the local unit had been supported by intermittent gains in Asian equities and the Chinese yuan.
- Exporters' dollar sales also helped the rupee advance against the greenback.

International equity benchmark indices' returns

Indices	Feb 7	% chg week	% chg 3 mon	% chg Year
DJIA*	29,380	3.98	6.86	16.73
Nasdaq Composite*	9,572	4.60	13.81	31.33
FTSE 100*	7,505	3.00	1.46	5.80
Nikkei 225	23,828	2.68	2.13	14.83
Straits Times	3,181	0.88	-3.17	-0.60
Hang Seng	27,404	4.15	-1.59	-2.09
Shanghai Comp	2,876	-3.38	-3.45	9.84

*As of Feb 6

International debt market indicators

Indicators	Feb 7	Jan 31
US 10-Year*	1.64	1.51
UK 10-Year*	0.58	0.52
German 10-Year*	-0.37	-0.43
Japan 10-Year	-0.04	-0.07

*As of Feb 6

Commodities

Commodity	Feb 7	% chg week	% chg 3 mon	% chg Year
Brent Crude Oil (\$ per barrel)*	54.93	-5.55	-11.82	-10.87
Gold (\$ per troy ounce)*	1563.30	-1.32	5.33	19.34
Silver (\$ per ounce)*	17.77	-0.67	1.34	13.08
Indian gold (Rs per 10 gm)	40556	-0.34	6.22	23.27
Indian Silver (Rs per Kg)	46205	-0.38	1.87	15.93

*As of Feb 6

Source: Respective commodity exchanges, LBMA, MCX

B. International

1. Equity

- Global equities advanced on easing fears about the impact of the coronavirus outbreak on the world economy.
- US stocks jumped following a rally in technology firms, upbeat economic data, and China's move to induce stimulus measures to support the economy.
- US ADP employment report showed that non-government payrolls rose 291,000 in January, up from a revised 199,000 in December.
- US ISM manufacturing index surged up to 50.9 in January after slipping to a revised 47.8 in December, while non-manufacturing index rose to a six-month high of 55.5 in January from 54.9 in December.
- US factory goods orders surged 1.8% in December, the largest gain since August 2018; data for November was revised down to show orders tumbling 1.2%.
- Sentiments improved further on reports that China has decided to slash taxes on imports from the US.
- Markets were weak earlier owing to worries regarding China virus outbreak.
- Britain's FTSE posted 3% rise buoyed by upbeat US economic data, stimulus measures introduced by China and encouraging earnings reports of major companies.
- Gains in exporters' shares amid weakness in the pound and reports of tariff cut by China on US imports also helped in creating favourable environment for the equities.
- Asian equities saw mixed performance. Japan's Nikkei index rose 2.7% due to rally in exporters' shares following a weaker yen and easing China virus concerns amid policy support from that country.
- Market was weak earlier on worries regarding impact of coronavirus outbreak in China on global economic growth.
- Hong Kong's Hang Seng index jumped 4.2% following policy support from China to ease the economic impact of the coronavirus outbreak, and on reports that China has halved tariffs on some imported goods from the US.
- China's Shanghai Composite dipped 3.4% on concerns about the economic impact of the coronavirus outbreak.
- China's Caixin manufacturing PMI was 51.1 in January, down from 51.5 in December, while services PMI fell to 51.8 in January from 52.5 in December.

2. Commodity

- Crude oil prices declined in the week on persistent demand worries amid China virus outbreak concerns and increased US oil supply.
- Indian gold prices declined due to lower demand and weak global cues.
- Indian silver prices ended lower this week due to poor offtake from industrial units and coin traders.

C. News summary

1. Domestic

- RBI decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 5.15%.
- In the budget, the government unveiled option for taxpayers to choose between existing tax slabs and a new one. It also raised the bank depositors insurance coverage to Rs 5 lakh from Rs 1 lakh.
- Government set divestment target of Rs 2.1 lakh cr for next fiscal, compared with current fiscal's revised down figure of Rs 65000 cr.
- Government decided to get LIC listed on the markets.
- Government estimated fiscal deficit at 3.8% of GDP for FY20.
- Economic Survey said India's GDP could grow at 6-6.5% in FY 21 compared to 5% in FY 20.
- India IHS Markit manufacturing Purchasing Managers' Index (PMI) rose to 55.3 in January from 52.7 in December, its highest level in about eight years, while services PMI rose to 55.5 in January against 53.3 in December.
- Cabinet approved amendment to bring cooperative banks under regulatory control of RBI.
- SEBI proposed an additional 10% interest to all the shareholders in case of any delay in an open offer.

2. International

- US ADP employment report showed that non-government payrolls rose 291,000 in January, up from a revised 199,000 in December.
- US ISM manufacturing index surged up to 50.9 in January after slipping to a revised 47.8 in December, while non-manufacturing index rose to 55.5 in January from 54.9 in December.
- US factory goods orders surged 1.8% in December, the largest gain since August 2018; data for November was revised down to show orders tumbling 1.2%.
- Eurozone GDP advanced 1% annually in Q4 2019 following 1.2% growth in the previous quarter.
- Eurozone annual inflation is expected to be 1.4% in January 2020, up from 1.3% in December.
- China's Caixin manufacturing PMI was 51.1 in January, down from 51.5 in December, while services PMI fell to 51.8 in January from 52.5 in December. The composite PMI slowed to 51.9 in January from 52.6 in December.
- China injects 1.2 trillion yuan (\$173.81 billion) into money markets through reverse bond repurchase agreements.

D. Week ahead

Day	Events
Monday, February 10, 2020	<ul style="list-style-type: none"> ● Eurozone Sentix Investor Confidence, February 2020 ● China's Consumer & Producer Price Index, January 2020
Tuesday, February 11, 2020	<ul style="list-style-type: none"> ● UK GDP, Q4 2019 ● UK NIESR Monthly GDP Estimate (3 Months), January 2020
Wednesday, February 12, 2020	<ul style="list-style-type: none"> ● US Treasury Budget, January 2020 ● Eurozone Industrial Production, December 2019 ● Japan's Producer Price Index, January 2020 ● India's Index of Industrial Production, December 2019 ● India's Retail Price Inflation, January 2020
Thursday, February 13, 2020	<ul style="list-style-type: none"> ● US Consumer Price Index, January 2020
Friday, February 14, 2020	<ul style="list-style-type: none"> ● US Retail Sales, January 2020 ● UK Retail Sales, January 2020 ● China's Retail Sales, January 2020 ● India's Wholesale Price Index, January 2020 ● India's Trade Deficit, January 2020

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.