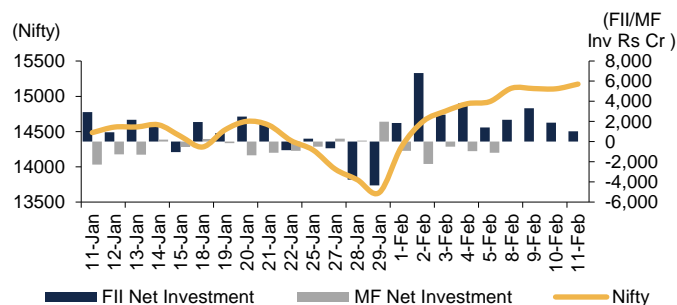


## Indian equity benchmark indices' returns

Broad Indices	Feb 12	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	51,544	1.60	18.88	24.01
Nifty 50	15,163	1.60	19.48	24.28
Nifty 500	12,509	1.86	20.94	24.62
S&P BSE 100	15,301	1.70	20.06	24.26
S&P BSE Midcap	19,911	2.56	26.49	26.11
S&P BSE Smallcap	19,622	2.75	26.87	33.20

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Feb 12	% chg week	% chg 3 Mth	% chg Year
S&P BSE Realty Index	2,793	2.92	48.23	16.58
S&P BSE CD	32,705	2.87	28.38	22.44
S&P BSE IT	25,974	1.97	20.36	60.05
S&P BSE Metal	12,543	1.75	35.71	27.40
S&P BSE Auto	24,636	1.69	31.73	38.06
S&P BSE Bankex	40,836	1.33	25.90	13.14
S&P BSE Oil & Gas	14,806	1.28	14.98	3.82
S&P BSE Power	2,251	0.95	21.30	18.65
S&P BSE CG	21,795	0.59	37.39	29.38
S&P BSE Healthcare	21,776	-0.13	11.26	52.33
S&P BSE FMCG	12,508	-2.09	8.42	7.17

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Feb 12	Previous Week	1 month ago
Call Rate	3.30%	3.00%	3.25%
10 Yr G-Sec <sup>^</sup>	5.98%	6.08%	5.93%

<sup>^</sup>5.85% 2030 paper <sup>^</sup>Weighted Average Yield

## Currencies vs INR

Currency	Feb 12	Week ago	3 months ago	1 year ago
USD	72.74	72.92	74.63	71.33
GBP	100.43	99.84	98.40	92.63
Euro	88.15	87.35	88.16	77.88
Yen*	69.35	69.03	70.86	64.86

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equities ended higher in the week with S&P BSE Sensex and Nifty 50 rising 1.6% each.
- A positive global trend, led by expectations of early rollouts of the Covid-19 vaccine and additional stimulus support in the United States (US) boosted the sentiments.
- Buying interest in realty, consumer durables, information technology (IT) and metal stocks supported the market further.
- Shares of Hindalco Industries emerged the top gainer on the Nifty 50, rising 11% on week to settle at Rs 290.8 on the Nifty 50 after reporting strong December quarter earnings numbers.
- However, some gains were trimmed due to selling in defensive counters such as fast moving consumer goods (FMCG) and healthcare.
- Shares of ITC emerged the biggest laggard on the Nifty 50, declining 7.2% on week to settle at Rs 217.45 per share as the reported earnings numbers in the December quarter failed to enthuse investors.

#### 2. Debt

- Government bond prices ended higher. The yield of the 10-year benchmark 5.85% 2030 paper settled at 5.99% on February 12 compared with 6.09% on February 5.
- Bonds gained after the RBI announced a special open market purchase of debt for a total notified Rs 20,000 crore, which was conducted on February 10. Sentiment was boosted following the outcome of the auction as the central bank purchased the notes at lower-than-expected rates.
- Some yield hardening was witnessed due to supply concerns after the RBI said it would conduct an additional bond auction apart from the scheduled weekly debt sale, wherein the papers for which bids were rejected in the previous week's bond auction would be sold, namely the 5.15% 2025 and the 5.85% 2030 papers.
- Robust demand seen for these papers in the auction supported prices.
- Prices fell in the last session following the outcome of the weekly debt auction. In the bond sale, the 2035 paper was partially devolved on primary dealerships.

#### 3. Forex

- The Indian rupee ended the week higher against the US dollar.
- Weakness in the greenback following the release of the latest US non-farm payrolls data, amid prospects of more fiscal stimulus measures in the US, aided the rupee.
- The rupee also appreciated tracking a rise in local equity indices and periodic gains in other Asian units.
- Dollar demand from state-owned banks erased some of the rupee's gains.
- Bets that the RBI would intervene to absorb foreign fund inflows into the local financial market also put the rupee under pressure.

## International equity benchmark indices' returns

Indices	Feb 12	% chg week	% chg 3 Mth	% chg Year
DJIA*	31,431	0.91	6.92	7.36
Nasdaq Composite*	14,026	1.22	19.00	45.51
FTSE 100*	6,529	0.61	2.30	-12.94
Nikkei 225	29,520	2.57	15.67	23.72
Straits Times*	2,925	0.63	7.82	-9.24
Hang Seng*	30,174	3.02	15.05	8.45
Shanghai Comp^	3,655	4.54	8.78	24.88

\*As of Feb 11 ^As of Feb 10

## International debt market indicators

Indicators	Feb 12	Feb 5
US 10-Year*	1.16	1.17
UK 10-Year*	0.47	0.49
German 10-Year*	-0.46	-0.44
Japan 10-Year	0.06	0.05
3-M USD Libor*	0.20%	0.19%
6-M USD Libor*	0.21%	0.21%
1-Y USD Libor*	0.30%	0.30%

\*As of Feb 11

## Commodities

Commodity	Feb 12	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	61.14	3.03	39.59	13.20
Indian gold (Rs per 10 gm)	47193.00	0.31	-6.62	16.62
Indian Silver (Rs per Kg)	68353.00	1.29	9.01	49.75

\*As of Feb 11

Source: Respective commodity exchanges, MCX

## B. International

### 1. Equity

- Most global equities ended in the positive territory amid hopes of further stimulus package from the US.
- US stocks advanced on optimism that US lawmakers will soon pass a Covid-19 aid package, which along with vaccine rollout would boost economic recovery.
- A rally in technology and energy stocks also buoyed the market.
- US non-farm payroll employment edged up by 49,000 jobs in January after plunging by a revised 227,000 jobs in December; the unemployment rate slid to 6.3% in January from 6.7% in December.
- US consumer price index rose by 0.3% in January after edging up by a revised 0.2% in December.
- Britain's FTSE index rose 0.6% led by gains in energy and mining stocks and expectation of additional US stimulus package.
- However, an intermittent fall in exporters' stocks following a stronger pound chipped off some gains.
- Asian equities registered strong performance. Japan's Nikkei advanced 2.6% buoyed by encouraging domestic corporate earnings and optimism about global economic recovery.
- Hong Kong's Hang Seng index surged 3% as better-than-expected Chinese producer prices and loans data boosted hopes for a swift economic recovery.
- Expectations of a US stimulus package and Beijing's latest reform measures for the stock market supported the sentiments.
- China's Shanghai Composite soared 4.5% in the holiday-curtailed week following upbeat domestic loans data and Beijing's latest reform measures for the stock market.
- Chinese banks extended a record 3.58 trillion yuan new loans in January compared to December's 1.26 trillion yuan.
- China's producer price index (PPI) rose 0.3% from a year earlier in January compared with a 0.4% decline in December, while consumer price index (CPI) fell 0.3% in January from a year earlier compared with a 0.2% rise in December.

### 2. Commodity

- Crude oil prices extended gains in the week due to output curbs from major oil producers along with unexpected fall in the US crude oil supply.
- Indian gold prices rose in this week due to increasing demand from jewelers.
- Indian silver prices rose this week due to increased offtake by industrial units and coin-makers.

## C. News summary

### 1. Domestic

- India's index of industrial production (IIP) grew 1% in December 2020 compared with a 2.1% contraction in November 2020.
- India's Consumer Price Index inflation eased to 4.06% in January 2021; the inflation growth was 4.59% in December 2020 and 7.6% in January 2020.
- Minister of State for Finance Anurag Thakur said the government is confident of achieving growth close to 11.5% or even higher in FY 2022.
- According to Finance Ministry's monthly economic review for January, measures announced in the Union budget 2021-22 along with the Atmanirbhar Bharat package would bring the Indian economy back on a strong and sustainable growth path.
- India Ratings and Research (Ind-Ra) said India's gross domestic product (GDP) growth will bounce back to 10.4% year-on-year in FY 2022, primarily driven by the base effect.
- India placed UAE on par with Mauritius and Singapore by classifying foreign portfolio investors (FPIs) from the UAE as eligible for taking up Category-I licence.
- SEBI notified easier profitability criteria for becoming a mutual fund sponsor to facilitate innovation and expansion in the sector. Under the new norms, sponsors that are not fulfilling profitability criteria at the time of making an application would also be considered eligible to sponsor a mutual fund.

### 2. International

- US trade deficit narrowed to \$66.6 bn in December from a revised \$69.0 bn in November.
- US consumer credit rose \$9.7 bn in December compared with a gain of \$13.9 bn in November
- Eurozone Sentix investor confidence index fell unexpectedly to -0.2 in February from +1.3 in the previous month.
- European lawmakers approved \$815 bn recovery package of loans and grants to help member states recover faster from the coronavirus pandemic.
- China's CPI fell 0.3% in January from a year earlier compared with a 0.2% rise in December, while PPI rose 0.3% from a year earlier in January compared with a 0.4% decline in December.
- China's bank lending increased notably in January; banks extended a record 3.58 trillion yuan new loans compared to December's 1.26 trillion yuan.

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## D. Week ahead

Day	Events
Monday, February 15, 2021	<ul style="list-style-type: none"> <li>Eurozone Trade Balance, December 2020</li> <li>Japan Industrial Production, December 2020</li> <li>India Wholesale Inflation, January 2021</li> </ul>
Tuesday, February 16, 2021	<ul style="list-style-type: none"> <li>US New York Fed Manufacturing Index, February 2021</li> <li>China Trade Balance, January 2021</li> <li>Eurozone GDP, Q4 2020</li> <li>Japan Tertiary Industry Activity, December 2020</li> </ul>
Wednesday, February 17, 2021	<ul style="list-style-type: none"> <li>US Federal Open Market Committee meeting (FOMC) Minutes</li> <li>US Industrial Production, January 2021</li> <li>US Business Inventories, December 2020</li> <li>US NAHB Housing Market Index, February 2021</li> <li>US Producer Prices, January 2021</li> <li>US Retail Sales, January 2021</li> <li>UK Consumer Prices, January 2021</li> </ul>
Thursday, February 18, 2021	<ul style="list-style-type: none"> <li>US Housing Starts / Building Permits, January 2021</li> <li>US Import / Export Prices, January 2021</li> <li>Eurozone Consumer Confidence, February 2021</li> <li>Japan Manufacturing, Services &amp; Composite PMI, February 2021</li> </ul>
Friday February 19, 2021	<ul style="list-style-type: none"> <li>US Existing Home Sales, January 2021</li> <li>US Manufacturing, Services &amp; Composite PMI, February 2021</li> <li>UK Retail Sales, January 2021</li> </ul>



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