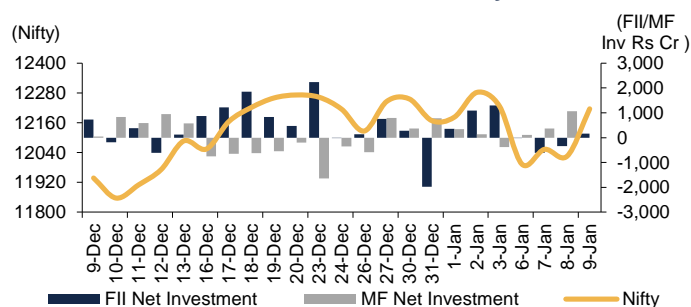


Indian equity benchmark indices' returns

Broad Indices	Jan 10	% chg week	% chg 3 Mon	% chg Year
S&P BSE Sensex	41,600	0.33	9.82	15.21
Nifty 50	12,257	0.25	9.10	13.26
Nifty 500	9,978	0.37	9.49	9.42
S&P BSE 100	12,335	0.27	9.07	11.03
S&P BSE Midcap	15,159	0.29	10.26	-0.25
S&P BSE Smallcap	14,148	1.13	11.19	-3.29

FII and mutual fund investment vs. Nifty



Sectoral Indices	Jan 10	% chg week	% chg 3 Mon	% chg Year
S&P BSE Realty Index	2,374	3.67	26.42	27.62
S&P BSE CD	24,859	1.04	-3.03	18.49
S&P BSE FMCG	11,514	0.73	0.98	-3.20
S&P BSE Auto	18,442	0.71	11.80	-8.40
S&P BSE Bankex	36,598	0.21	15.50	18.31
S&P BSE Power	1,953	0.07	1.97	-1.43
S&P BSE Healthcare	13,579	-0.02	12.32	-3.26
S&P BSE IT	15,760	-0.11	3.67	11.75
S&P BSE CG	17,254	-0.45	-4.09	-6.25
S&P BSE Metal	10,550	-0.46	24.17	-5.24
S&P BSE Oil & Gas	14,621	-1.31	-0.40	11.02

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Jan 10	Previous Week	1 month ago
Call Rate	4.95%	4.90%	4.95%
10 Yr G-Sec*	6.59%	6.51%	6.71%
3-M USD Libor^	1.85%	1.87%	1.89%
6-M USD Libor^	1.88%	1.89%	1.88%
1-Y USD Libor^	1.97%	1.96%	1.94%

*6.45% 2029 paper ^As of Jan 9

Currencies vs INR

Currency	Jan 10	Week ago	3 months ago	1 year ago
USD	70.94	71.80	71.07	70.39
GBP	92.73	93.88	87.11	88.75
Euro	78.67	79.93	78.40	79.69
Yen*	64.75	66.44	66.19	64.34

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equities reversed the two-week negative trend. S&P BSE Sensex and Nifty 50 rose 0.3% each.
- Sentiments were dented earlier on fears that rising crude prices amid geopolitical tensions in Middle-east could widen domestic current account deficit and fiscal deficit. As a result, shares of oil & gas firms were hit the most, with S&P BSE Oil & Gas (biggest sectoral decliner) dipping 1.3%.
- Selling pressure in metal and capital goods firms weighed on the market further. S&P BSE Metal and S&P BSE Capital Goods fell 0.5% each. Shares of Yes Bank were the biggest laggard on the Nifty 50, falling 4.99% to settle at Rs 44.75 per share as investors were concerned over possible corporate governance lapses at the lender.
- However, losses were recouped as tensions between US and Iran eased, and on reports that the US President Donald Trump could sign the Phase-1 of trade deal with China next week. Shares of Ultratech Cement emerged the biggest gainer on hopes that the company will benefit from the Centre's push towards infrastructure creation – the stock rose 5.3% to settle at Rs 4444.6.
- More gains were seen as investors lapped up realty and consumer durables shares. S&P BSE Realty (topmost sectoral gainer) and S&P BSE Consumer Durables rose 3.7% and 1%, respectively.

2. Debt

- The interbank call money rate settled at 4.95% on January 10, compared with 4.90% on January 3.
- Government bond prices ended lower. Yield on the 10-year benchmark 6.45% 2029 paper settled at 6.59% on January 10, compared with 6.51% on January 3.
- Bonds began the week on a dim note, as weakness in the rupee against the greenback dented the sentiment.
- A rise in crude oil prices due to fears of escalation of tensions between the US and Iran put prices under more pressure.
- Supply from the state-development bonds and weekly gilt auctions, coupled with uncertainty over the Centre's fiscal situation, triggered additional gilt selling.
- Uncertainty over the timing and quantum of future special open market operations by the central bank, contributed to further price declines.
- Crude oil prices, which cooled towards the end of the week on signs of de-escalation of the US-Iran conflict, helped bonds recover some losses.

3. Forex

- The rupee erased early losses to end higher.
- The local currency began the week under pressure, tracking elevated crude oil prices amid tensions between the US and Iran.
- Later in the week, the rupee recouped some losses aided by exporters' dollar sales, and as crude oil prices cooled on signs of de-escalation of conflict.

International equity benchmark indices' returns

Indices	Jan 10	% chg week	% chg 3 mon	% chg Year
DJIA*	28,957	1.12	9.91	20.64
Nasdaq Composite*	9,203	2.02	16.44	31.74
FTSE 100*	7,598	-0.32	6.02	9.44
Nikkei 225	23,851	0.82	10.64	18.28
Straits Times	3,256	0.53	5.39	2.28
Hang Seng	28,638	0.66	11.40	7.98
Shanghai Comp	3,092	0.28	4.90	21.98

*As of Jan 9

International debt market indicators

Indicators	Jan 10	Jan 3
US 10-Year*	1.86	1.79
UK 10-Year*	0.82	0.74
German 10-Year*	-0.18	-0.28
Japan 10-Year	0.00	-0.01

*As of Jan 9

Commodities

Commodity	Jan 10	% chg week	% chg 3 mon	% chg Year
Brent Crude Oil (\$ per barrel)*	65.37	-4.71	10.61	5.98
Gold (\$ per troy ounce)*	1550.75	0.13	3.74	20.04
Silver (\$ per ounce)*	17.91	-1.65	0.90	14.04
Indian gold (Rs per 10 gm)	39607	-0.85	3.25	23.32
Indian Silver (Rs per Kg)	46155	-2.44	0.94	18.41

*As of Jan 9

Source: Respective commodity exchanges, LBMA, MCX

B. International

1. Equity

- Global equities largely ended in the green as earlier worries about a possible escalation in US-Iran tensions subsided.
- US stocks ended at fresh record highs led by gains in shares of some market heavyweights and optimism regarding US-China trade deal.
- More gains were seen the US President's comments eased worries about a possible escalation of conflict with Iran.
- Earlier in the week, markets were down following US air strike on Iran, an unexpected contraction in the domestic manufacturing activity and decline in shares of oil and healthcare firms.
- US ISM manufacturing index slid to 47.2 in December from 48.1 in November.
- US ADP said private sector employment surged up by 202,000 jobs in December after climbing by a substantially upwardly revised 124,000 jobs in November.
- Britain's FTSE posted modest losses on intermittent simmering Middle East tensions and reports of Britain's preparations for a no-deal Brexit.
- Losses were cut short due to a rally in oil and tobacco shares and relief regarding no escalation in Middle East tensions.
- Asian equities ended positively. Japan's Nikkei index rose nearly 1% on tracking gains on the Wall Street amid easing tensions between the US and Iran.
- The benchmark was affected earlier following an air strike by the US on Iran.
- Hong Kong's Hang Seng index advanced 0.7% due to upbeat Chinese economic data and waning Middle East tensions.
- Sentiments dented earlier on US-Iran tensions.
- China's Shanghai Composite rose moderately in the week as earlier losses on the back of US-Iran tensions were erased by hopes of further policy support by Beijing and as worries over Middle East tensions eased.
- China's consumer price index rose 4.5% in December from a year earlier, same as that in November.
- China's producer price index fell 0.5% in December from a year earlier, compared with a 1.4% drop in November.

2. Commodity

- Crude oil prices declined this week on easing supply concerns after President Donald Trump's comments calmed down potential war worries with Iran.
- Indian gold prices declined in this week due to subdued demand from jewelers.
- Indian silver prices dropped this week owing to reduced off-take from industrial units and coin traders.

C. News summary

1. Domestic

- India's index of industrial production (IIP) recorded a growth of 1.8% in November mainly on account of improvement in the manufacturing sector; the IIP growth in November 2018 was 0.2%.
- According to government data, India's GDP growth is seen dipping to an 11-year low of 5% in the current fiscal, mainly due to poor showing by manufacturing and construction sectors.
- Government data on national income shows that India's per-capita monthly income is estimated to have risen by 6.8% to Rs 11,254 during 2019-20.
- World Bank expected the Indian economy to grow 5% in current fiscal but sees it to recover to 5.8% in the next fiscal.
- India IHS Markit services Purchasing Managers' Index (PMI) improved to 53.3 in December compared to 52.7 in November.
- Cabinet approved a proposal to divest equity shares of six public sector undertaking (PSUs), including MMTC.
- Cabinet approved a proposal to provide Rs 5559 cr viability gap funding for building a 1,656 km gas grid in the Northeast region at a cost of Rs 9256 cr.
- RBI permitted banks to offer foreign exchange quotes to users at all times, out of their Indian books, either by a domestic sales team or through their overseas branches.
- SEBI came out with guidelines for entities for operating as investment advisers in International Financial Services Centre (IFSC), under which such advisers need to have a net worth of at least \$1.5 mn.

2. International

- US ADP said private sector employment surged up by 202,000 jobs in December after climbing by a substantially upwardly revised 124,000 jobs in November.
- US ISM manufacturing index slid to 47.2 in December from 48.1 in November, while non-manufacturing index climbed to 55.0 in December after dipping to 53.9 in November.
- Eurozone inflation rose to 1.3% in December, as expected, from 1% in November.
- Eurozone retail sales rebounded at a faster than expected rate of 1% on month in November, in contrast to a 0.3% drop logged in September and October.
- China's consumer price index rose 4.5% in December from a year earlier, same as that in November.

D. Week ahead

Day	Events
Monday, January 13, 2020	<ul style="list-style-type: none"> UK Trade Balance, November UK Industrial Production, November Japan's Trade Balance, November
Tuesday, January 14, 2020	<ul style="list-style-type: none"> US Monthly Budget Statement, December China's Trade Balance, December Japan's Eco Watchers Survey: Outlook & Current, December
Wednesday, January 15, 2020	<ul style="list-style-type: none"> US Empire State Manufacturing Index, January US Crude Oil Inventories, January 11 Eurozone Trade Balance, November Eurozone Industrial Production, November UK Consumer Price Index, December UK Producer Price Index, December
Thursday, January 16, 2020	<ul style="list-style-type: none"> US Retail Sales, December US Import & Export Prices, December US NAHB Housing Market Index, January US Business Inventories, November US Initial Jobless Claims, January 10 China GDP, Q4 2019 China Industrial Production, December
Friday, January 17, 2020	<ul style="list-style-type: none"> US Housing Starts & Building Permits, December US Industrial Production & Capacity Utilization, December US Michigan Consumer Sentiment Index, January Eurozone Consumer Price Index, December

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