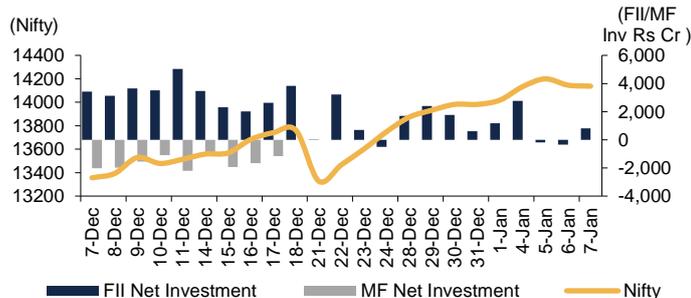


## Indian equity benchmark indices' returns

Broad Indices	Jan 8	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	48,783	1.91	21.40	19.51
Nifty 50	14,347	2.35	21.23	19.31
Nifty 500	11,926	3.03	22.79	21.79
S&P BSE 100	14,554	2.85	22.09	20.27
S&P BSE Midcap	19,139	5.36	29.08	28.67
S&P BSE Smallcap	18,909	3.55	25.97	36.29

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Jan 8	% chg week	% chg 3 Mth	% chg Year
S&P BSE Metal	12,658	9.06	54.05	23.15
S&P BSE IT	25,836	5.58	18.16	64.62
S&P BSE CG	19,919	5.13	46.14	18.25
S&P BSE Auto	21,998	4.82	18.95	23.42
S&P BSE Oil & Gas	14,732	4.19	21.87	2.47
S&P BSE Realty Index	2,584	3.32	49.61	14.02
S&P BSE Power	2,139	3.02	31.20	11.02
S&P BSE CD	31,191	2.74	26.99	27.71
S&P BSE Bankex	36,659	2.40	39.54	2.48
S&P BSE Healthcare	22,286	1.97	8.66	65.88
S&P BSE FMCG	12,595	-0.79	12.86	11.14

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Jan 8	Previous Week	1 month ago
Call Rate	3.15%	3.40%	3.00%
10 Yr G-Sec <sup>^</sup>	5.90%	5.90%	5.94%

<sup>\*</sup>5.77% 2030 paper <sup>^</sup>Weighted Average Yield

## Currencies vs INR

Currency	Jan 8	Week ago	3 months ago	1 year ago
USD	73.24	73.11	73.23	71.70
GBP	99.62	99.85	94.96	94.08
Euro	89.65	89.21	86.14	79.80
Yen <sup>*</sup>	70.53	70.74	69.12	66.01

<sup>\*</sup>exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equities continued to rise for the second consecutive week. S&P BSE Sensex and Nifty 50 rose around 2% and 2.4%, respectively.
- Market gained earlier following the government's decision to give emergency use approvals to two coronavirus vaccines.
- Positive global cues including the UK government's announcement to roll out a new \$6.2 billion support package, and the Democrats taking control of the Congress also boosted the sentiments.
- A rally in metal, information technology (IT), capital goods and auto counters propped up the market further.
- Shares of Hindalco Industries emerged the top gainer on the Nifty 50, rising 12.5% on week to settle at Rs 268.2 per share, aided by bullish investor sentiment for metal stocks.
- However, some gains were chipped off from the market on concerns about a spike in coronavirus cases across the globe.
- A sell-off in fast moving consumer goods (FMCG) stocks also weighed on the market to a certain extent.
- Shares of ITC emerged the biggest laggard on the Nifty 50, falling 5.8% on week to settle at Rs 201.5 per share as investors booked profits after the government prepared a bill to raise the legal age for sale of cigarettes and tobacco products to 21 years from 18 years.

#### 2. Debt

- Government bond prices ended off the highs to settle nearly flat. The yield on the 10-year benchmark 5.77% 2030 paper settled at 5.89% on January 8 compared with 5.90% on January 1.
- The yield on the 10-year 5.85% 2030 paper settled at 5.87% on January 8 compared with 5.88% on January 1.
- Bonds began the week on a bright note, aided by foreign banks' gilt purchases amid expectations of more buyback announcements from the banking regulator.
- The RBI's decision to buy the 10-year benchmark paper as a part of the special open-market operation, scheduled for January 14, also provided positive cues to prices.
- Bonds gave up gains towards the end of the week, weighed by rising crude oil prices and US benchmark Treasury yields.

#### 3. Forex

- The rupee ended weaker against the US dollar after experiencing some volatility.
- The local currency fell tracking midweek declines in other Asian currencies, amid concerns about more potential Covid-19-induced lockdowns.
- Foreign fund inflows into the local financial market helped the rupee recoup some losses.
- Weakness in the US dollar ahead of the outcome of the election in the US state of Georgia also benefitted the rupee.
- Increasing likelihood that the US would announce more fiscal stimulus measures also buoyed investor risk appetite, thereby providing the rupee some support.

## International equity benchmark indices' returns

Indices	Jan 8	% chg week	% chg 3 Mth	% chg Year
DJIA*	31,041	1.42	7.99	9.67
Nasdaq Composite*	13,067	1.39	43.14	14.98
FTSE 100*	6,857	6.14	-9.48	15.32
Nikkei 225	28,139	2.53	21.26	19.00
Straits Times	2,993	5.25	-7.79	17.70
Hang Seng	27,878	2.38	-0.75	15.23
Shanghai Comp	3,570	2.79	16.41	10.94

\*As of Jan 7

## International debt market indicators

Indicators	Jan 8	Dec 31
US 10-Year*	1.07	0.92
UK 10-Year*	0.29	0.20
German 10-Year*	-0.55	-0.58
Japan 10-Year	0.04	0.02 <sup>^</sup>
3-M USD Libor*	0.22%	0.24%
6-M USD Libor*	0.25%	0.26%
1-Y USD Libor*	0.33%	0.34%

\*As of Jan 7 ^Data as of Dec 30

## Commodities

Commodity	Jan 8	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	54.38	4.98	29.51	-20.35
Indian gold (Rs per 10 gm)	50256.00	0.43	0.15	23.50
Indian Silver (Rs per Kg)	67467.00	0.75	12.42	41.29

\*As of Jan 7

Source: Respective commodity exchanges, MCX

## B. International

### 1. Equity

- Prospects of further US stimulus measures after the Democrats took control of the Congress buoyed global equities.
- US stocks advanced on optimism over additional pandemic aid following the Democrats control of the Congress.
- Intermittent bargain buying by investors and some upbeat domestic economic data brought in more gains into the market.
- US Institute for Supply Management (ISM) manufacturing index rose to 60.7 in December compared to 57.5 in November while services index rose to 57.2 in December from 55.9 in November.
- US factory orders rose by 1% in November after advancing by an upwardly revised 1.3% in October.
- Some gains were cut short due to rising coronavirus cases globally and fear of regulatory scrutiny of technology firms.
- Britain's FTSE index surged 6% on optimism around the Covid-19 vaccine rollouts and after the local government announced plans to support businesses struggling under the third lockdown.
- Strong buying in banking and energy stocks also supported the market.
- Asian equities posted robust performance. Japan's Nikkei index rose 2.5% on expectations of more fiscal stimulus measures from the US government.
- However, gains were trimmed after the domestic government declared a state of emergency to deal with rising coronavirus cases.
- Japan Jibun Bank final manufacturing PMI rose to 50.0 in December from 49.0 in November while services PMI edged down to 47.7 in December from 47.8 in November.
- Hong Kong's Hang Seng index rose 2.4% on prospects of more US stimulus measures after Democrats took control of Congress, and on tracking positive Chinese factory activity data.
- China's Shanghai Composite surged nearly 3% on hopes of more measures to counter the Covid-19 pandemic's impact on the economy.
- China Caixin/Markit manufacturing PMI came in at 53.0 in December compared with 54.9 in November while services PMI came in at 56.3 in December compared to 57.8 in November.

### 2. Commodity

- Crude oil prices ended higher in the first week of 2021 after Saudi Arabia decided to make additional, voluntary oil output cuts of 1 million barrels per day (bpd) in February and March.
- Indian gold prices ended higher in this week due to strong demand from local jewelers and firm global trend.
- Indian silver prices rose this week due to increased offtake by industrial units and coin-makers.

## C. News summary

### 1. Domestic

- Goods and Services Tax (GST) collection rose an all-time high in December at Rs 1.15 lakh cr compared with Rs 1.05 lakh cr in November as economic activity extended its momentum and a sustained drive against tax evasion yielded results.
- India IHS Markit manufacturing purchasing managers' index (PMI) was at 56.4 in December from November's 56.3 while services PMI fell to 52.3 in December from 53.7 in November.
- India's exports shrank 0.8% in December to \$26.89 bn while imports rose 7.6% to \$42.6 bn, resulting in a trade deficit of \$15.71 bn.
- World Bank said India's economy is estimated to contract by 9.6% in the current fiscal, reflecting a sharp drop in household spending and private investment, and the growth is expected to recover to 5.4% in the fiscal year 2022.
- Government retained the interest rates on small savings schemes for the quarter starting from January 1, 2021.
- The department of telecommunications (DoT) said that the government will conduct an auction for radiowaves worth Rs 3.92 lakh cr from March 1.
- RBI said legal entity identifier (LEI) will be mandatory for all fund transfers worth Rs 50 cr and above with effect from April 1, 2021. It introduced the LEI in a phased manner in the over-the-counter derivative and non-derivative markets as well as for large corporate borrowers.
- SEBI proposed to create a liberalised framework for entry of new market infrastructure intermediaries (MIIs).

### 2. International

- The US non-farm payroll employment fell by 140,000 jobs in December after climbing by an upwardly revised 336,000 jobs in November; the report said the unemployment rate came in at 6.7% in December, unchanged from November.
- US ADP said private sector employment fell by 123,000 jobs in December after jumping by a downwardly revised 304,000 jobs in November.
- US Institute for Supply Management (ISM) manufacturing index climbed to 60.7 in December compared to 57.5 in November while services index rose to 57.2 in December from 55.9 in November.
- Eurozone's harmonized consumer price index fell 0.3% year-on-year in December, the same as in November.
- UK offers a 4.6 bn pound support package for businesses to soften an expected recession caused by a surge in COVID-19 cases.

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## D. Week ahead

Day	Events
Monday, January 11, 2021	<ul style="list-style-type: none"> <li>• Eurozone Sentix Investor Confidence, January 2021</li> <li>• China Consumer Prices, December 2020</li> </ul>
Tuesday, January 12, 2021	<ul style="list-style-type: none"> <li>• India Consumer Inflation, December 2020</li> <li>• India Industrial Production, November 2020</li> </ul>
Wednesday, January 13, 2021	<ul style="list-style-type: none"> <li>• US Consumer Prices, December 2020</li> </ul>
Thursday, January 14, 2021	<ul style="list-style-type: none"> <li>• US Retail Sales, December 2020</li> <li>• US Import &amp; Export Prices, December 2020</li> <li>• China Trade Balance, December 2020</li> </ul>
Friday, January 15, 2021	<ul style="list-style-type: none"> <li>• US Industrial Production, December 2020</li> <li>• US Business Inventories, November 2020</li> <li>• US University of Michigan Consumer Sentiment, January 2021</li> <li>• UK GDP, November 2020</li> <li>• UK Goods Trade Balance, November 2020</li> <li>• UK Industrial Production, November 2020</li> <li>• China GDP, Q4 2020</li> </ul>



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