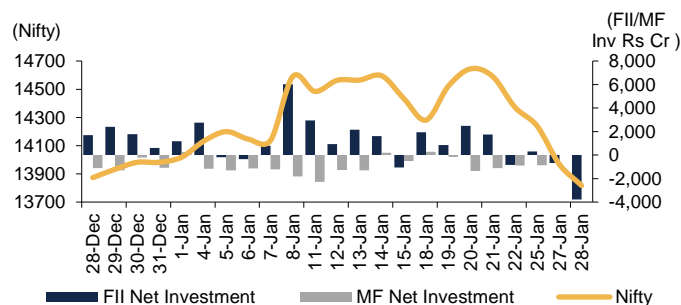


Indian equity benchmark indices' returns

| Broad Indices | Jan 29 | % chg week | % chg 3 Mth | % chg Year |
|------------------|--------|------------|-------------|------------|
| S&P BSE Sensex | 46,286 | -5.30 | 16.44 | 12.35 |
| Nifty 50 | 13,635 | -5.13 | 16.83 | 12.41 |
| Nifty 500 | 11,302 | -4.66 | 17.81 | 12.92 |
| S&P BSE 100 | 13,798 | -5.00 | 17.47 | 12.38 |
| S&P BSE Midcap | 18,082 | -3.62 | 22.08 | 14.78 |
| S&P BSE Smallcap | 17,988 | -2.36 | 20.78 | 21.21 |

FII and mutual fund investment vs. Nifty



| Sectoral Indices | Jan 29 | % chg week | % chg 3 Mth | % chg Year |
|----------------------|--------|------------|-------------|------------|
| S&P BSE Bankex | 34,663 | -2.03 | 25.39 | -1.71 |
| S&P BSE CD | 30,099 | -2.84 | 25.05 | 16.10 |
| S&P BSE CG | 19,482 | -3.07 | 37.82 | 10.44 |
| S&P BSE Healthcare | 20,629 | -3.31 | 7.13 | 44.35 |
| S&P BSE FMCG | 12,218 | -3.55 | 11.03 | 2.70 |
| S&P BSE Power | 2,005 | -4.19 | 17.03 | 3.36 |
| S&P BSE Metal | 11,031 | -4.46 | 36.46 | 11.95 |
| S&P BSE Realty Index | 2,419 | -4.61 | 37.00 | -3.74 |
| S&P BSE Oil & Gas | 13,812 | -4.83 | 15.56 | -5.20 |
| S&P BSE IT | 24,821 | -6.03 | 17.85 | 52.90 |
| S&P BSE Auto | 22,128 | -6.65 | 24.84 | 19.85 |

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

| Indicators | Jan 29 | Previous Week | 1 month ago |
|--------------------------|--------|---------------|-------------|
| Call Rate | 3.55% | 3.00% | 2.40% |
| 10 Yr G-Sec [^] | 5.95% | 5.94% | 5.93% |

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

Currencies vs INR

| Currency | Jan 29 | Week ago | 3 months ago | 1 year ago |
|----------|--------|----------|--------------|------------|
| USD | 72.95 | 72.97 | 74.10 | 71.25 |
| GBP | 100.04 | 99.68 | 96.28 | 92.72 |
| Euro | 88.33 | 88.80 | 86.94 | 78.40 |
| Yen* | 69.84 | 70.41 | 71.11 | 65.33 |

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equity indices recorded disappointing performance in the week. S&P BSE Sensex and Nifty 50 plunged about 5% each.
- Sentiments were dented earlier on reports of tension on the Indo-China border and following weaker-than-expected earnings from a market heavyweight.
- Weak global cues, including delays in the Covid-19 vaccines rollout, affected the market further.
- A sell-off in all major counters, including auto, information technology (IT), oil & gas, realty and metal, ahead of the Union Budget announcement next week also pulled down the benchmarks.
- S&P BSE Auto, S&P BSE IT, S&P BSE Oil & Gas, S&P BSE Realty and S&P BSE Metal lost around 7%, 6%, 5%, 4.6% and 4.5%, respectively.
- Shares of Maruti Suzuki India were the biggest laggard on the Nifty 50, falling 10.5% on week to settle at Rs 7206.65 per share as investors remained concerned about the company's margins after quarterly financial results for December 2020 were announced.
- Shares of Grasim Industries bucked the broad negative trend and emerged the highest gainer on the Nifty 50, rising ~5% on week to settle at Rs 1055.65 per share after announcing its foray into the paints business.

2. Debt

- Government bond prices ended on a flat note. Yield of the 10-year benchmark 5.77% 2030 paper settled at 5.95% on January 29 versus 5.94% on January 22.
- Yield of the 10-year 5.85% 2030 paper settled flat at 5.91% on January 29.
- Gilts remained range-bound during the week as investors remained on the sidelines ahead of the Union Budget announcement.
- Market players awaited the outcome of the weekly debt sale and the government's economic survey data for cues.
- In the weekly debt sale, the RBI auctioned the 4.48% 2023 paper, the 6.22% 2035 paper, the 6.67% 2050 paper, and a floating-rate bond maturing in 2033, for a total notified Rs 21,000 crore.
- An intermittent decline in US benchmark treasury yields and expectation that the central bank would continue to support the bond market via open market operations provided gilt prices some support.

3. Forex

- The rupee ended off midweek lows.
- Broad-based strength in the US dollar index, diminished investor risk appetite, and state-owned banks' dollar purchases put the rupee under pressure.
- The local unit staged a recovery, aided by foreign banks' dollar sales.

International equity benchmark indices' returns

| Indices | Jan 29 | % chg week | % chg 3 Mth | % chg Year |
|-------------------|--------|------------|-------------|------------|
| DJIA* | 30,603 | -1.27 | 15.40 | 6.55 |
| Nasdaq Composite* | 13,337 | -1.52 | 21.19 | 43.88 |
| FTSE 100* | 6,526 | -2.52 | 16.90 | -12.76 |
| Nikkei 225 | 27,663 | -3.38 | 20.41 | 18.32 |
| Straits Times | 2,903 | -2.98 | 17.59 | -8.80 |
| Hang Seng | 28,284 | -3.95 | 15.55 | 4.13 |
| Shanghai Comp | 3,483 | -3.43 | 7.22 | 17.02 |

*As of Jan 28

International debt market indicators

| Indicators | Jan 29 | Jan 22 |
|-----------------|--------|--------|
| US 10-Year* | 1.01 | 1.09 |
| UK 10-Year* | 0.27 | 0.30 |
| German 10-Year* | -0.55 | -0.52 |
| Japan 10-Year | 0.04 | 0.04 |
| 3-M USD Libor* | 0.22% | 0.22% |
| 6-M USD Libor* | 0.24% | 0.24% |
| 1-Y USD Libor* | 0.32% | 0.31% |

*As of Jan 28

Commodities

| Commodity | Jan 29 | % chg week | % chg 3 Mth | % chg Year |
|----------------------------------|----------|------------|-------------|------------|
| Brent Crude Oil (\$ per barrel)* | 55.53 | 0.22 | 41.95 | -6.69 |
| Indian gold (Rs per 10 gm) | 49205.00 | 0.58 | -2.95 | 22.06 |
| Indian Silver (Rs per Kg) | 69944.00 | 6.82 | 16.89 | 53.80 |

*As of Jan 28

Source: Respective commodity exchanges, MCX

B. International

1. Equity

- Global equities ended in the red on concerns over delays in distribution of Covid-19 vaccines.
- US stocks declined on the back of some weak corporate earnings reports and uncertainty over further stimulus measures.
- Some losses were recouped following encouraging domestic economic data.
- US real gross domestic product (GDP) grew by 4.0% in the fourth quarter of 2020 after rising 33.4% in the third quarter. GDP for 2020 contracted by 3.5% following the 2.2% growth seen in 2019.
- US initial jobless claims fell to 847,000 in the week ended January 23, a decrease of 67,000 from the previous week's revised level of 914,000.
- The Fed left the benchmark interest rate unchanged near zero and also decided to maintain its bond-buying program at the current pace of \$120 billion of purchases per month until "substantial further progress" toward its employment and inflation goals has been made.
- Britain's FTSE index declined 2.5% owing to sell-off in mining stocks and as rising coronavirus infections and extended lockdowns raised economic growth concerns.
- Asian equities also retreated. Japan's Nikkei index fell 3.4% due to worries about delays in distributing coronavirus vaccines and heavy selling in technology stocks.
- Japan's industrial output fell 1.6% on-month in December compared with a 0.5% fall in November.
- Japan's retail sales fell 0.3% year-on-year in December.
- Hong Kong's Hang Seng index plunged 4% led by a sell-off in technology stocks and on concerns over rising Covid-19 infections and stuttering vaccine rollouts.
- China's Shanghai Composite lost 3.4% amid tightening domestic liquidity conditions and Sino-US tensions.
- The United Nations Conference on Trade and Development (UNCTAD) said China attracted \$163 bn in FDI inflows in 2020, compared to \$134 bn attracted by the United States.
- China's industrial profits grew 20.1% year-on-year in December, bigger than the 15.5% increase registered in November.

2. Commodity

- Crude oil prices rose marginally in the week as demand worries owing to rising coronavirus cases offset gains due to better compliance with a supply cut deal.
- Indian gold prices declined in this week as concerns around pandemic dented demand.
- Indian silver prices rose this week on hopes of improvement in offtake by industrial units and coin-makers.

C. News summary

1. Domestic

- IMF pegged contraction in India's economy at 8% in the current fiscal, but expected a growth rate of 11.5% in the next financial year before slowing to 6.8% in fiscal 2023.
- According to a United Nations (UN) report, India's economy is estimated to contract by 9.6% in 2020 and grow at 7.3% in 2021.
- Government revised downwards the domestic economic growth rate for 2019-20 to 4% from 4.2% estimated earlier; the GDP estimate for 2018-19 stood at 6.5%.
- India's output of eight core infrastructure sectors contracted by 1.3% in December 2020; the production of eight core sectors had expanded by 3.1% in December 2019.
- India's fiscal deficit soared to Rs 11.58 lakh crore or 145.5% of the budget estimate at the end of December 2020; the fiscal deficit at the end of December in the previous financial year was 132.4% of the Budget Estimate (BE) of 2019-20.
- An 'investment trends monitor' issued by the United Nations Conference on Trade and Development (UNCTAD) showed Foreign Direct Investment (FDI) into India rose by 13% to \$57 bn in 2020.
- According to data by the commerce and industry ministry, foreign direct investment (FDI) equity inflows into India increased by 37% to \$43.85 bn during April-November 2020.
- RBI proposed a regulatory overhaul of the non-banking financial companies (NBFCs) and recommended a scale-based approach with stricter capital and governance norms.
- SEBI amended the norms pertaining to holding of enquiry against intermediaries in order to rationalise the process and avoid duplication of proceedings before designated authorities and designated members.

2. International

- US Federal Reserve left the benchmark interest rate unchanged near zero and also decided to maintain its bond-buying program at the current pace of \$120 bn of purchases per month until "substantial further progress" toward its employment and inflation goals has been made.
- US real gross domestic product (GDP) grew by 4.0% in the fourth quarter of 2020 after rising 33.4% in the third quarter. GDP for 2020 contracted by 3.5% following the 2.2% growth seen in 2019.
- Eurozone economic sentiment index fell less-than-expected to 91.5 in January from 92.4 in the previous month.
- UK retail sales volume gained 0.3% month-on-month, reversing a 4.1% decline seen in November.

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D. Week ahead

| Day | Events |
|-----------------------------|---|
| Monday, February 1, 2021 | <ul style="list-style-type: none"> US ISM Manufacturing Index, January 2021 US Markit Manufacturing PMI, January 2021 US Construction Spending, December 2020 Eurozone Markit Manufacturing PMI, January 2021 |
| Tuesday, February 2, 2021 | <ul style="list-style-type: none"> Eurozone GDP, Q4 2020 China Caixin Services & Composite PMI, January 2021 |
| Wednesday, February 3, 2021 | <ul style="list-style-type: none"> US ADP Employment Report, January 2021 US ISM Non-manufacturing Index, January 2021 Eurozone Consumer Price Index, January 2021 |
| Thursday, February 4, 2021 | <ul style="list-style-type: none"> US Nonfarm Productivity, Q4 2020 Eurozone Retail Sales, December 2020 Bank of England (BoE) Monetary Policy report |
| Friday February 5, 2021 | <ul style="list-style-type: none"> US Non-farm payrolls & Unemployment Rate, January 2021 US Goods Trade Balance, December 2020 RBI Interest Rate Decision |

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