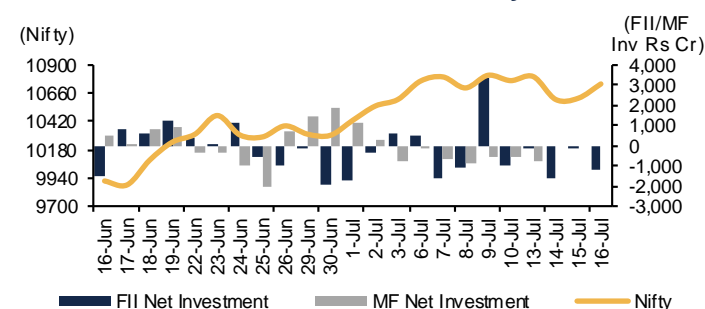


Indian equity benchmark indices' returns

Broad Indices	Jul 17	% chg week	% chg 3 Mon	% chg Year
S&P BSE Sensex	37,020	1.16	17.19	-5.60
Nifty 50	10,902	1.24	17.64	-6.72
Nifty 500	8,895	0.92	16.82	-6.79
S&P BSE 100	10,979	1.24	16.75	-7.07
S&P BSE Midcap	13,531	1.00	14.43	-6.96
S&P BSE Smallcap	12,783	-0.17	18.35	-6.81

FII and mutual fund investment vs. Nifty



Sectoral Indices	Jul 17	% chg week	% chg 3 Mon	% chg Year
S&P BSE IT	17,046	8.19	34.01	8.51
S&P BSE Oil & Gas	13,290	3.81	18.43	-6.55
S&P BSE Healthcare	17,124	3.34	15.00	30.20
S&P BSE CD	21,082	2.48	3.14	-9.30
S&P BSE FMCG	11,617	2.08	5.57	2.90
S&P BSE Metal	7,629	1.32	16.05	-28.30
S&P BSE Auto	16,162	1.20	25.47	-6.38
S&P BSE CG	12,917	-0.88	4.77	-30.31
S&P BSE Bankex	24,874	-1.87	5.02	-28.12
S&P BSE Power	1,518	-3.24	0.89	-25.19
S&P BSE Realty Index	1,548	-4.46	7.04	-29.85

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Jul 17	Previous Week	1 month ago
Call Rate	2.90%	3.65%	3.35%
10 Yr G-Sec* \$	5.81%	5.75%	5.84%

*5.79% 2030 paper \$Weighted Average Yield

Currencies vs INR

Currency	Jul 17	Week ago	3 months ago	1 year ago
USD	75.02	75.20	76.37	68.82
GBP	94.08	94.67	95.06	85.39
Euro	85.51	84.90	82.70	77.21
Yen*	70.01	70.44	70.82	63.59

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equities rose for the fifth consecutive week. S&P BSE Sensex and Nifty 50 rose 1.2% each.
- A rally in information technology (IT) firms following robust quarterly results of some sector behemoths led the market higher. S&P BSE IT was the topmost sectoral gainer – up 8.2%.
- Buying interest in oil & gas, healthcare and consumer durables counters brought in more gains into the market. S&P BSE Oil & Gas, S&P BSE Healthcare and S&P BSE Consumer Durables jumped 3.8%, 3.3% and 2.5%, respectively.
- Optimism over Covid-19 treatment also supported the sentiments.
- Shares of BPCL emerged the top gainer on the Nifty 50, rising 17.9% on week to settle at Rs 443.8 per share aided by the hopes that global companies may bid for a majority stake in the company.
- Further gains were restricted due to a sell-off in realty, power and banking firms. S&P BSE Realty (biggest sectoral decliner), S&P BSE Power and S&P BSE Bankex lost 4.5%, 3.2% and 1.9%, respectively.
- Mounting worries about rising coronavirus cases and some weak global cues including renewed tensions between the US and China affected the market to a certain extent.
- Shares of Zee Entertainment emerged the biggest laggard on the Nifty 50, down 7.5% on week to settle at Rs 157.4 per share on institutional investor share sales.

2. Debt

- Government bond prices ended off midweek lows. The yield on the 10-year benchmark 5.79% 2030 paper settled at 5.80% on July 17, compared with 5.76% on July 10.
- In the first half of the week, prices were under pressure on profit sales, ahead of the release of the latest domestic retail inflation figures for June.
- Bond prices fell further after data showed that local retail prices had accelerated to 6.09% on year in June.
- Gilt prices staged a recovery thereafter in the second half of the week on value buying and on hopes that the central bank would step in to absorb the excess supply of debt in the market.
- Firm demand for dated securities in the weekly gilt auction on July 17 also aided the sentiment.

3. Forex

- The rupee ended higher against the US dollar after experiencing some volatility over the week.
- The local unit began the week under pressure, as newly announced containment measures in some parts of the world – to limit the spread of the Covid-19 pandemic – cast doubts over the revival of global economic growth in the near term.
- The rupee recouped losses on news of early stage trials of a potential Covid-19 vaccine, which rekindled hopes of a cure for the pandemic, while also bolstering investor risk appetite.

International equity benchmark indices' returns

Indices	Jul 17	% chg week	% chg 3 mon	% chg Year
DJIA*	26,735	2.53	13.58	-1.78
Nasdaq Composite*	10,474	-1.35	22.75	27.96
FTSE 100*	6,251	2.55	11.06	-17.05
Nikkei 225	22,696	1.82	14.07	5.72
Straits Times	2,618	-1.29	0.15	-22.18
Hang Seng	25,089	-2.48	2.91	-12.25
Shanghai Comp	3,214	-5.00	13.23	9.63

*As of Jul 16

International debt market indicators

Indicators	Jul 17	Jul 10
US 10-Year*	0.61	0.63
UK 10-Year*	0.13	0.15
German 10-Year*	-0.47	-0.47
Japan 10-Year	0.01	0.02
3-M USD Libor*	0.27%	0.27%
6-M USD Libor*	0.34%	0.35%
1-Y USD Libor*	0.48%	0.48%

*As of Jul 16

Commodities

Commodity	Jul 17	% chg week	% chg 3 mon	% chg Year
Brent Crude Oil (\$ per barrel)*	43.37	0.30	54.45	-31.87
Gold (\$ per troy ounce)*	1807.70	0.26	6.80	28.17
Silver (\$ per ounce)*	19.25	2.53	26.95	23.29
Indian gold (Rs per 10 gm)	48942.00	-0.41	3.68	42.16
Indian Silver (Rs per Kg)	51575.00	1.45	16.50	32.43

*As of Jul 16

Source: Respective commodity exchanges, LBMA, MCX

B. International

1. Equity

- Hopes of a potential Covid-19 vaccine soon buoyed most equities across the globe.
- US stocks ended mixed with Dow Jones rising 2.5% while Nasdaq fell 1.4%.
- Market advanced earlier on hopes of a Covid-19 vaccine, upbeat quarterly earnings results, rally in energy and material stocks and after member of Federal Reserve's Board of Governors Lael Brainard said the central bank should use large-scale asset purchases for a sustained period to prop up the economy.
- However, gains were erased, especially from the Nasdaq, due to fall in technology stocks and rising number of Covid-19 cases.
- US industrial production soared by 5.4% in June after jumping by 1.4% in May; capacity utilization in the industrial sector climbed to 68.6% in June from an upwardly revised 65.1% in May.
- US retail sales soared by 7.5% in June after skyrocketing by an upwardly revised 18.2% in May.
- Britain's FTSE index jumped 2.6% buoyed by gains in pharmaceuticals, utility, mining and energy stocks and prospects of vaccine for treatment of coronavirus infection.
- Further gains were restricted on the back of weak domestic employment data and fears of second wave of coronavirus pandemic.
- Asian equities posted mixed performance. Japan's Nikkei index rose nearly 2% on hopes of a vaccine for Covid-19 soon and gains in auto stocks.
- Hong Kong's Hang Seng index lost 2.5% on concerns over rising Covid-19 cases in the city, political unrest and tensions between the US and China.
- China's Shanghai Composite plunged 5% following renewed Sino-US tensions and as encouraging domestic growth data fuelled worries over the pace of policy easing.
- China's GDP grew by 3.2% in the second quarter compared a 6.8% contraction in the first quarter.
- China's trade surplus was \$46.42 bn in June compared with a \$62.9 bn surplus posted in May.
- China's industrial output rose 4.8% in June from a year earlier compared with 4.4% gain in May.
- China's retail sales fell 1.8% year-on-year in June following a 2.8% drop in May.

2. Commodity

- Crude oil prices closed marginally higher in this week due to declining oil supply from the US.
- Indian gold ended lower in this week due to profit booking after the recent spike in the prices.
- Indian silver prices rose marginally this week due to increasing demand for industry metals and silver coins.

• News summary

1. Domestic

- India's annual retail inflation rose to 6.09% in June compared with 5.84% in March and 3.18% in June 2019. Food inflation in June cooled to 7.87% from 9.2% in May.
- The wholesale price-based inflation declined 1.81% in June due to fall in prices of fuel and power, even as food articles remained expensive. The rate of deflation in May was 3.21%.
- India's merchandise imports contracted 47.59% in June to \$21.11 bn from a year ago, while exports fell 12.41% to \$21.91 bn, leading to a marginal trade surplus of \$790 mn in June, marking the first trade surplus since January 2002.
- RBI Governor Shaktikanta Das said the Indian economy has started showing signs of normalcy with ease in lockdown restrictions across the country.
- Ficci expects India's annual median GDP growth for 2020-21 at -4.5%.
- ICRA revises downwards India's growth forecast for current fiscal to -9.5% from its earlier assessment of -5% owing to the localised lockdowns announced by various state governments and rising cases of Covid-19.
- Finance Ministry says banks have sanctioned loans of about Rs 1.2 lakh cr to MSMEs under the Rs 3 lakh cr loan guarantee scheme.
- Finance ministry said NBFC and HFC requests of close to Rs 10000 cr have been received under the special liquidity scheme worth Rs 30000 cr for stressed NBFCs and HFCs whose financials further deteriorated due to the COVID-19 crisis.
- Government released Rs 15188 cr as the first instalment of tied grants for rural local bodies to all the states.
- RBI governor Shaktikanta Das called for establishing a resolution corporation to revive failed or stressed financial entities; also said there is a necessity to have recapitalization plan for public and private sector banks to absorb Covid-19 shock.

2. International

- US Federal Reserve's Beige Book report shows economic activity increased in almost all districts, but remained well below where it was prior to the COVID-19 pandemic.
- European Central Bank kept main refinancing rate unchanged at 0%; remains on track to buy up to 1.35 trillion euros worth of debt through next June under its Pandemic Emergency Purchase Programme (PEPP) and up to 1.8 trillion euros if other purchases are also included.
- China's GDP grew by 3.2% in the second quarter compared a 6.8% contraction in the first quarter.

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Week ahead

Day	Events
Monday, July 20, 2020	<ul style="list-style-type: none"> People's Bank of China Rate Decision Japan Consumer Prices, June 2020
Tuesday, July 21, 2020	<ul style="list-style-type: none"> US Chicago Fed National Activity Index, June 2020 UK Public Sector Net Borrowing, June 2020 Japan Manufacturing PMI, July 2020
Wednesday, July 22, 2020	<ul style="list-style-type: none"> US Existing Home Sales, June 2020 US Housing Price Index, May 2020
Thursday, July 23, 2020	<ul style="list-style-type: none"> Eurozone Consumer Confidence, July 2020 UK Gfk Consumer Confidence, July 2020
Friday, July 24, 2020	<ul style="list-style-type: none"> US New Home Sales, June 2020 US Manufacturing, Services & Composite PMI, July 2020 UK Retail Sales, June 2020 UK Manufacturing Services & Composite PMI, July 2020 Eurozone Manufacturing, Services & Composite PMI, July 2020



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