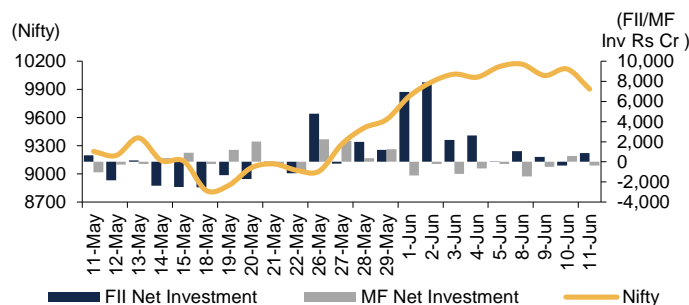


## Indian equity benchmark indices' returns

Broad Indices	Jun 12	% chg week	% chg 3 Mon	% chg Year
S&P BSE Sensex	33,781	-1.48	3.06	-15.03
Nifty 50	9,973	-1.67	3.99	-16.24
Nifty 500	8,196	-1.24	3.73	-15.93
S&P BSE 100	10,096	-1.52	4.32	-15.96
S&P BSE Midcap	12,600	0.37	1.78	-15.56
S&P BSE Smallcap	11,845	-0.08	1.98	-18.58

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Jun 12	% chg week	% chg 3 Mon	% chg Year
S&P BSE Realty Index	1,587	1.17	-9.29	-25.32
S&P BSE Oil & Gas	12,530	-0.05	22.05	-17.29
S&P BSE Healthcare	16,130	-0.18	31.68	23.65
S&P BSE Auto	14,850	-1.07	8.92	-19.24
S&P BSE FMCG	10,887	-1.34	11.61	-6.58
S&P BSE IT	14,372	-1.38	9.55	-10.63
S&P BSE Power	1,544	-1.58	2.60	-22.52
S&P BSE CD	20,446	-2.03	-11.93	-19.37
S&P BSE Bankex	23,499	-2.41	-14.86	-32.44
S&P BSE CG	12,585	-2.47	-5.82	-35.33
S&P BSE Metal	7,118	-4.27	7.66	-35.42

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Jun 12	Previous Week	1 month ago
Call Rate	3.75%	3.40%	4.30%
10 Yr G-Sec*\$	5.79%	5.85%	6.15%

\*5.79% 2030 paper \$Weighted Average Yield

## Currencies vs INR

Currency	Jun 12	Week ago	3 months ago	1 year ago
USD	75.84	75.58	74.22	69.35
GBP	95.82	95.64	94.47	88.31
Euro	85.91	85.76	83.27	78.52
Yen*	70.53	69.21	71.55	64.02

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equity indices ended the week on a discouraging note. S&P BSE Sensex and Nifty 50 fell 1.5% and 1.7%, respectively.
- Market sentiment was mainly dented by a spike in Covid-19 cases in the country.
- More selling was witnessed after the US Federal Reserve (Fed) projected a 6.5% decline in the US economic growth for this year and 9.3% unemployment rate at the end of the year.
- Selling in metal, capital goods and banking counters weighed on the benchmarks further. S&P BSE Metal (biggest sectoral decliner), S&P BSE Capital Goods and S&P BSE Bankex lost 4.3%, 2.5% and 2.4%, respectively. Shares of Coal India were among the biggest laggards on the Nifty 50, declining 7% on week to settle at Rs 134.65 per share weighed by broad market weakness in mining stocks and ahead of the launch of the coal block auctions on June 18.
- However, some losses were trimmed on tracking upbeat US jobs data and due to buying in the realty firms. S&P BSE Realty (topmost sectoral gainer) rose 1.2%. Shares of IndusInd Bank emerged the top gainer on the Nifty 50, rising 25% on week to settle at Rs 528.45 per share after the lender's promoters expressed they intend to acquire additional shares of the bank from the secondary market.

#### 2. Debt

- Government bond prices ended higher. The yield of the 10-year benchmark 5.79% 2030 paper settled at 5.80% on June 12 vis-à-vis 5.82% on June 5
- Market sentiment was also supported on hopes that the RBI's Monetary Policy Committee would continue with its rate cut trajectory to spur economic output
- Credit rating agency S&P Global Ratings reaffirmation of India's sovereign rating and outlook triggered further bond purchases
- Decline in US benchmark treasury yields following the US Fed's policy announcement gave local bonds a further boost
- Profit sales and some trimming of positions prior to the outcome of the weekly debt auction limited a further rise in bond prices

#### 3. Forex

- After being range-bound in the first half of the week, the rupee weakened sharply in the last few sessions as risk aversion heightened following the US Fed's weak US economic growth outlook
- The US Fed in its monetary policy statement said the Covid-19 pandemic will weigh "heavily on economic activity, employment, and inflation in the near term, and poses considerable risks to the economic outlook over the medium term"
- Fears of a second wave of infections in the US also contributed to risk aversion and dented sentiment for the rupee
- Earlier in the week, the rupee took cues from local equities

## International equity benchmark indices' returns

Indices	Jun 12	% chg week	% chg 3 mon	% chg Year
DJIA*	25,128	-7.31	6.69	-3.37
Nasdaq Composite*	9,493	-3.27	19.37	21.82
FTSE 100*	6,077	-6.29	3.41	-17.52
Nikkei 225	22,305	-2.44	20.18	5.56
Straits Times	2,685	-2.43	0.22	-16.31
Hang Seng	24,301	-1.89	-0.03	-11.01
Shanghai Comp	2,920	-0.38	-0.13	0.36

\*As of Jun 11

## International debt market indicators

Indicators	Jun 12	Jun 5
US 10-Year*	0.65	0.90
UK 10-Year*	0.19	0.35
German 10-Year*	0.42	-0.28
Japan 10-Year	0.01	0.04
3-M USD Libor*	0.31%	0.31%
6-M USD Libor*	0.42%	0.48%
1-Y USD Libor*	0.60%	0.63%

\*As of Jun 11

## Commodities

Commodity	Jun 12	% chg week	% chg 3 mon	% chg Year
Brent Crude Oil (\$ per barrel)*	38.55	-8.87	16.04	-35.72
Gold (\$ per troy ounce)*	1738.25	3.26	10.67	30.46
Silver (\$ per ounce)*	17.88	1.68	8.17	20.86
Indian gold (Rs per 10 gm)	47405.00	1.62	9.66	45.50
Indian Silver (Rs per Kg)	49026.00	0.44	8.19	33.59

\*As of Jun 11

Source: Respective commodity exchanges, LBMA, MCX

## B. International

### 1. Equity

- Grim economic outlook by the US Fed and worries about a second wave of Covid-19 outbreak rattled global equities.
- US stocks plummeted on economic growth concerns and a jump in new Covid-19 cases.
- Some losses were cut short, especially on the Nasdaq following a rally in technology stocks and upbeat domestic jobs data.
- The Fed vowed to hold benchmark rates unchanged at near zero over the next two years, while continuing its bond-buying program, at least at its current pace, to further support credit markets. It expects the US economy to contract 6.5% in 2020 before expanding 5% in 2021; unemployment is seen falling to 9.3% by the end of this year and to 6.5% by the end of 2021.
- US non-farm payroll employment jumped by 2.51 mn jobs in May after plummeting by a revised 20.69 mn jobs in April; the unemployment rate dropped to 13.3% in May from 14.7% in April.
- Britain's FTSE nosedived 6.3% on fears of new wave of coronavirus pandemic in the US and dimmed economic outlook given by the Fed.
- A fall in shares of AstraZeneca, British American Tobacco and HSBC coupled with concerns over domestic corporate debt levels dented the market further.
- Eurozone GDP on a yearly basis shrank 3.1% in Q1 2020, reversing previous quarter's 1% expansion.
- Asian equities also ended in the red. Japan's Nikkei index dipped 2.4% on tracking losses in US markets amid worries about economic growth and Covid-19 crisis.
- A fall in exporters' shares owing to a stronger yen dented the market further.
- Hong Kong's Hang Seng index fell nearly 2% on worries over the global economic recovery and signs of a new wave of US infections.
- Some losses were reduced due to gains in shares of material firms.
- China's Shanghai Composite fell 0.4% on profit booking by investors and concerns over the domestic economy.
- China's consumer price index rose 2.4% from a year earlier in May, compared with a 3.3% increase in April, while producer price index fell 3.7% in May from a year earlier compared with a 3.1% decline in April.

### 2. Commodity

- Crude oil prices declined this week due to rising oil supply in the US and demand growth concerns following reports of new wave of coronavirus pandemic.
- Indian gold ended flat in this week as earlier gains due to demand hopes following gradual start of business activity capped by rapidly increased of coronavirus cases in the country.
- Indian silver prices fell this week on lack of demand for industry metals and silver coins.

## • News summary

### 1. Domestic

- India's industrial production recorded the sharpest ever drop in April as the nationwide lockdown froze factories and output was pulled down by an unprecedented 55.5%, after shrinking a revised 18.3% in March
- India's consumer food inflation rose 9.28% on year in May; headline consumer inflation index was not released for May
- Income Tax Department said gross direct tax collection during fiscal 2020 fell by 4.92% to Rs 12.33 lakh cr following reduction in corporate tax rate, increased standard deduction and personal income tax exemption limit.
- World Bank estimated that India's economy will shrink by 3.2% in the current fiscal owing to the lockdown and spillovers from weaker global growth.
- S&P retained India's sovereign rating at 'BBB-' with a stable outlook, saying that while risks to growth are rising, the economy and fiscal position will stabilise and begin to recover from 2021 onwards. It expects the country's real GDP growth at 8.5% in next fiscal.
- Government to convert Rs 27000 cr of short term bonds maturing between May 2021 to September 2022 into longer term securities maturing between April 2026 and September 2060, through an auction that will be held by the RBI on June 15.
- RBI set up a Payment Infrastructure Development Fund (PIDF) of Rs 500 cr in an effort to give a push to digital payments across the country.
- RBI floated a discussion paper to set new and contemporary standards of governance at commercial banks; proposed 10-year term for bank promoter-CEOs, 15 years for non-promoters.
- SEBI approved the regulatory sandbox framework for the stock market ecosystem.
- SEBI relaxed norms related to fast track further public offers, including reducing the minimum average market capitalisation of public shareholding requirement, till March next year.

### 2. International

- US Federal Reserve vowed to hold benchmark rates unchanged at near zero over the next two years, while continuing its bond-buying program, at least at its current pace, to further support credit markets. It expects the US economy to contract 6.5% in 2020 before expanding 5% in 2021; unemployment is seen falling to 9.3% by the end of this year and to 6.5% by the end of 2021.
- US non-farm payroll employment jumped by 2.51 mn jobs in May after plummeting by a revised 20.69 mn jobs in April; the unemployment rate dropped to 13.3% in May from 14.7% in April.

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## Week ahead

Day	Events
Monday, June 15, 2020	<ul style="list-style-type: none"> <li>• China Industrial Production, May 2020</li> <li>• China Retail Sales, May 2020</li> <li>• Japan Tertiary Industry Activity Index, April 2020</li> </ul>
Tuesday, June 16, 2020	<ul style="list-style-type: none"> <li>• US Retail Sales, May 2020</li> <li>• US Industrial Production, May 2020</li> <li>• US Business Inventories, April 2020</li> <li>• US NAHB Housing Market Index, June 2020</li> <li>• UK ILO Unemployment Rate, April 2020</li> <li>• Bank of Japan (BoJ) Interest Rate Decision</li> </ul>
Wednesday, June 17, 2020	<ul style="list-style-type: none"> <li>• US Housing Starts / Building Permits, May 2020</li> <li>• Eurozone Consumer Prices, May 2020</li> <li>• UK Consumer &amp; Producer Prices, May 2020</li> </ul>
Thursday, June 18, 2020	<ul style="list-style-type: none"> <li>• Bank of England Policy Decision</li> <li>• Japan Consumer Prices, May 2020</li> </ul>
Friday, June 19, 2020	<ul style="list-style-type: none"> <li>• UK Retail Sales, May 2020</li> </ul>



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