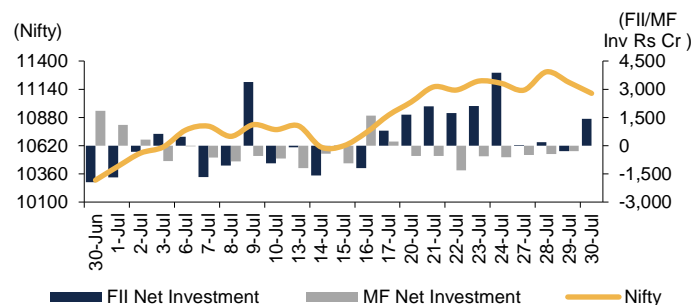


## Indian equity benchmark indices' returns

Broad Indices	Jul 31	% chg week	% chg 3 Mon	% chg Year
S&P BSE Sensex	37,607	-1.37	11.53	0.34
Nifty 50	11,073	-1.08	12.31	-0.40
Nifty 500	9,036	-0.55	12.77	-0.10
S&P BSE 100	11,159	-0.65	12.14	-0.46
S&P BSE Midcap	13,759	0.41	14.53	0.85
S&P BSE Smallcap	13,022	0.43	17.29	2.60

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Jul 31	% chg week	% chg 3 Mon	% chg Year
S&P BSE Healthcare	18,285	7.04	19.26	43.92
S&P BSE IT	18,251	5.02	28.21	16.00
S&P BSE Metal	7,826	3.41	16.01	-19.20
S&P BSE Auto	16,490	0.90	23.52	6.58
S&P BSE Realty Index	1,576	0.73	8.64	-23.77
S&P BSE FMCG	11,445	-0.28	6.26	3.46
S&P BSE CG	12,735	-0.61	4.50	-27.46
S&P BSE Power	1,539	-1.10	3.25	-21.74
S&P BSE CD	21,479	-1.67	4.65	-3.86
S&P BSE Oil & Gas	13,174	-3.70	9.18	-0.47
S&P BSE Bankex	24,599	-4.22	-0.51	-24.75

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Jul 31	Previous Week	1 month ago
Call Rate	3.00%	3.35%	4.00%
10 Yr G-Sec*\$	5.84%	5.82%	5.88%

\*5.79% 2030 paper \$Weighted Average Yield

## Currencies vs INR

Currency	Jul 31	Week ago	3 months ago	1 year ago
USD	74.80	74.82	75.12	68.78
GBP	98.15	95.26	93.63	83.73
Euro	88.80	86.85	81.65	76.70
Yen*	71.48	70.31	70.42	63.35

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equity indices ended the week on a disappointing note. S&P BSE Sensex and Nifty 50 fell 1.4% and 1%, respectively.
- Sentiments were affected earlier as banking and financial stocks declined after the RBI estimated the gross non-performing assets (NPA) ratio to increase from 8.5% in March 2020 to 12.5% by March 2021. S&P BSE Bankex was the biggest sectoral decliner – down 4.2%.
- Shares of ICICI Bank emerged the top laggard on the Nifty 50, falling 9.2% on week to settle at Rs 346.8 per share, as sentiment remained weak following announcement of the company's June quarter earnings as well as the release of the RBI's Financial Stability report.
- However, losses were capped on the back of better-than-expected June quarter earnings of some major companies and hopes of further stimulus measures from the US Federal Reserve.
- Buying in healthcare, information technology and metal stocks also supported the market.
- Shares of Dr. Reddy's Labs emerged top gainer on the Nifty 50, rising 11.2% on week to settle at Rs 4521.05 per share following the announcement of the company's June quarter earnings.

#### 2. Debt

- Government bond prices ended marginally lower. The yield of the 10-year benchmark 5.79% 2030 paper settled at 5.84% on July 31 as against 5.82% on July 24
- Intermittent profit sales and diminishing hopes of the RBI intervening to absorb the excess debt supply pulled bond prices down
- The current 10-year benchmark price was pulled down marginally midweek after the central bank announced it would be auctioning a new 10-year paper, also maturing in 2030, as part of the week's gilt sale
- Bonds traded in a tight range towards the end of the week in the absence of strong cues. Market players remained mostly on the sidelines awaiting the outcome of the bond auction
- In the auction, the RBI sold Rs 30,000 crore worth of debt, including the new 10-year paper for Rs 18,000 crore. The coupon rate for the new 10-year paper has been set at 5.77%

#### 3. Forex

- The Indian rupee traded in a narrow range over the week, settling marginally higher against the US dollar
- Month-end greenback demand from importers put the rupee under some pressure
- Worries that US-China tensions may escalate provided some negative cues
- Broad weakness in the greenback amid uncertainty over the pace of US economic recovery, gave the local unit some support
- The US Fed's reiteration of support for the US economy to tide over the pandemic gave Indian investor risk appetite a shot in the arm and boosted appetite for the local unit

## International equity benchmark indices' returns

Indices	Jul 31	% chg week	% chg 3 mon	% chg Year
DJIA*	26,314	-0.59	8.08	-2.05
Nasdaq Composite*	10,588	2.17	19.10	29.51
FTSE 100*	5,990	-2.19	1.50	-21.05
Nikkei 225	21,710	-4.58	10.62	0.88
Straits Times*	2,530	-1.93	-3.60	-23.36
Hang Seng	24,595	-0.45	-0.20	-11.46
Shanghai Comp	3,310	3.54	15.73	12.87

\*As of Jul 30

## International debt market indicators

Indicators	Jul 31	Jul 24
US 10-Year*	0.54	0.59
UK 10-Year*	0.08	0.14
German 10-Year*	-0.55	-0.45
Japan 10-Year	0.01	0.02^
3-M USD Libor*	0.25%	0.25%
6-M USD Libor*	0.31%	0.32%
1-Y USD Libor*	0.46%	0.46%

\*As of Jul 30    ^As of Jul 22

## Commodities

Commodity	Jul 31	% chg week	% chg 3 mon	% chg Year
Brent Crude Oil (\$ per barrel)*	42.94	-0.92	69.92	-33.99
Gold (\$ per troy ounce)*	1957.65	2.92	14.97	37.13
Silver (\$ per ounce)*	23.16	3.05	51.03	40.58
Indian gold (Rs per 10 gm)	53615.00	5.21	17.99	54.04
Indian Silver (Rs per Kg)	63877.00	6.78	52.97	56.37

\*As of Jul 30

Source: Respective commodity exchanges, LBMA, MCX

## B. International

### 1. Equity

- Global equities ended mostly in the negative territory following rising number of Covid-19 cases, tensions between US and China and weak US economic data.
- US stocks ended mixed with Dow Jones falling 0.6% while Nasdaq jumped 2.2%.
- Sentiments were dented earlier due to rising new coronavirus cases and escalating US-China tensions.
- Weak domestic economic data and some disappointing corporate results pulled down the market further.
- US real gross domestic product plummeted at a record annual rate of 32.9% in the second quarter of 2020 following a 5% decline in the first quarter.
- Losses were recouped, especially on the Nasdaq, on the back of some upbeat earnings reports and as the US Federal Reserve (Fed) reiterated pledge to provide support to the economy.
- The Fed kept interest rates unchanged in a range between 0-0.25% and expressed its commitment to maintain its bond purchases and the array of lending and liquidity programs.
- Britain's FTSE index fell 2.2% in response to the US-China tensions and reports of uncertainty over vaccine for the treatment of coronavirus.
- A fall in airline stocks following two-week quarantine on all travellers from Spain weighed on the market further.
- Disappointing earnings reports of some major companies brought in more losses into the market.
- Asian equities ended mixed. Japan's Nikkei index lost 4.6% owing to tensions between the US and China and fall in exporters' shares due to a stronger yen.
- Hong Kong's Hang Seng index fell 0.5% following a jump in numbers of coronavirus cases and heightened US-China tensions.
- China's Shanghai Composite jumped 3.5% on signs of recovery in the world's second largest economy amid encouraging economic data.
- China's official manufacturing purchasing managers' index (PMI) rose to 51.1 in July from 50.9 in June, while non-manufacturing PMI fell to 54.2 in July, compared with 54.4 in June.

### 2. Commodity

- Crude oil prices declined in this week as resurgence in the new coronavirus cases globally triggered oil demand growth concerns.
- Indian gold extended gains this week tracking positive global cues including strong demand for safe haven assets due to rapid spread of coronavirus.
- Indian silver prices rose this week due to rising demand for silver coins and hopes of higher demand for industrial metal.

## • News summary

### 1. Domestic

- IMF said the stimulus measures taken by India are substantial, but there is more scope for such measures even after considering the limited fiscal space.
- India's fiscal deficit during the first quarter of this fiscal widened to Rs 6.62 lakh crore or 83.2% of the budget estimates, mainly on account of poor tax collections due to the coronavirus lockdown; fiscal deficit during the corresponding period of last year was 61.4% of the budget estimates
- India's core sector growth shrank by 15% in June due to fall in the production of coal, crude oil, natural gas, steel, cement and electricity; the eight core sectors had expanded by 1.2% in June 2019
- A NITI Aayog report said Artificial Intelligence (AI) is expected to boost India's annual growth by 1.3% by 2035
- Finance Minister Nirmala Sitharaman said the disinvestment proposals will be executed and government will open all sectors for private participation while the list of strategic sectors is yet to be revealed.
- Finance Ministry asked the commerce ministry to limit benefits under the MEIS at Rs 9000 cr for April-December FY21.
- Government notified new rules for e-commerce firms, including mandatory display of 'country of origin' on their products, and says any non-compliance will attract penal action.
- Government amended certain Indian Accounting Standards (Ind-AS), including the standard relating to leases amid the coronavirus pandemic.
- RBI in its Financial Stability Report said a combination of fiscal, monetary and regulatory interventions on an unprecedented scale has ensured normal functioning of financial markets in response to Covid-19.

### 2. International

- The US Federal Reserve kept interest rates unchanged in a range between 0-0.25% and expressed its commitment to maintain its bond purchases and the array of lending and liquidity programs. The central bank also decided to extend several of its lending facilities through the year-end.
- US real gross domestic product plummeted at a record annual rate of 32.9% in the second quarter of 2020 following a 5% decline in the first quarter.
- China's official manufacturing purchasing managers' index (PMI) rose to 51.1 in July from 50.9 in June, while non-manufacturing PMI fell to 54.2 in July, compared with 54.4 in June.

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## Week ahead

Day	Events
Monday, August 3, 2020	<ul style="list-style-type: none"> <li>• UK Markit Manufacturing PMI, July 2020</li> <li>• China Caixin manufacturing PMI, July 2020</li> <li>• Japan Manufacturing PMI, July 2020</li> <li>• India Nikkei Manufacturing PMI, July 2020</li> </ul>
Tuesday, August 4, 2020	<ul style="list-style-type: none"> <li>• US Factory Orders, June 2020</li> <li>• Eurozone Producer Price Index, June 2020</li> </ul>
Wednesday, August 5, 2020	<ul style="list-style-type: none"> <li>• US ADP Employment Changes, July 2020</li> <li>• Japan GDP, Q2 2020</li> <li>• India Nikkei Services PMI, July 2020</li> </ul>
Thursday, August 6, 2020	<ul style="list-style-type: none"> <li>• Bank of England Monetary Policy</li> <li>• UK Markit Construction PMI, July 2020</li> <li>• RBI Monetary Policy Decision</li> </ul>
Friday, August 7, 2020	<ul style="list-style-type: none"> <li>• US Nonfarm Payrolls &amp; Unemployment rate, July 2020</li> <li>• China Trade balance, July 2020</li> <li>• Japan Leading Economic Index, June 2020</li> </ul>



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