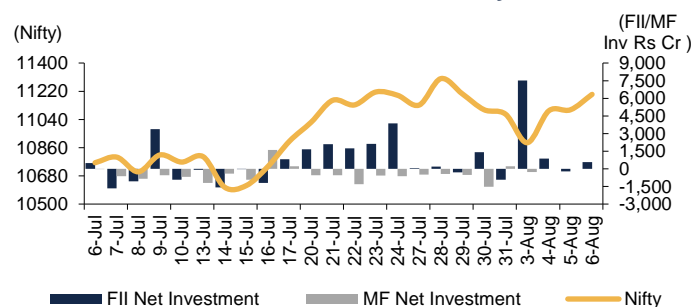


Indian equity benchmark indices' returns

Broad Indices	Aug 7	% chg week	% chg 3 Mon	% chg Year
S&P BSE Sensex	38,041	1.15	20.98	3.68
Nifty 50	11,214	1.27	21.90	3.30
Nifty 500	9,199	1.80	22.31	3.88
S&P BSE 100	11,318	1.42	21.71	3.22
S&P BSE Midcap	14,219	3.34	24.51	5.26
S&P BSE Smallcap	13,669	4.97	27.90	9.51

FII and mutual fund investment vs. Nifty



Sectoral Indices	Aug 7	% chg week	% chg 3 Mon	% chg Year
S&P BSE Metal	8,439	7.84	37.41	-4.89
S&P BSE Auto	17,100	3.70	36.73	11.59
S&P BSE CD	22,070	2.75	20.28	-0.82
S&P BSE Healthcare	18,761	2.60	24.56	49.24
S&P BSE FMCG	11,675	2.00	18.20	7.10
S&P BSE Realty Index	1,606	1.94	21.37	-19.56
S&P BSE CG	12,975	1.89	15.51	-24.51
S&P BSE Oil & Gas	13,282	0.81	15.61	5.27
S&P BSE Power	1,547	0.54	7.52	-18.72
S&P BSE Bankex	24,696	0.39	10.71	-21.29
S&P BSE IT	18,162	-0.49	35.34	16.11

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Aug 7	Previous Week	1 month ago
Call Rate	2.50%	3.00%	3.10%
10 Yr G-Sec*\$	5.89%	5.84%	5.79%

*5.79% 2030 paper \$Weighted Average Yield

Currencies vs INR

Currency	Aug 7	Week ago	3 months ago	1 year ago
USD	74.93	74.80	75.77	70.87
GBP	98.12	98.15	93.76	86.10
Euro	88.65	88.80	81.77	79.32
Yen*	70.93	71.48	71.27	66.79

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equity indices ended the week on an encouraging note. S&P BSE Sensex and Nifty 50 rose 1.2% each.
- Strong buying in metal and auto firms led the market higher. S&P BSE Metal (topmost sectoral gainer) and S&P BSE Auto jumped around 8% and 4%, respectively.
- Shares of Tata Motors emerged the top gainer on the Nifty 50, rising 13.8% to settle at Rs 119.1 per share as the company's June quarter earnings beat estimates.
- Market rose further after the RBI kept the repo rate unchanged, maintained its accommodative stance and announced several measures to revive the economy.
- However, further gains were restricted owing to disappointing domestic factory activity data and rising number of Covid-19 cases in the country and globally.
- Sporadic profit booking, especially in information technology (IT) firms, affected the market to a certain extent. S&P BSE IT was the only sectoral decliner – down 0.5%
- Shares of Tech Mahindra emerged among the top laggards on the Nifty 50, falling 2.8% to settle at Rs 662.45 per share weighed by the weakness in the IT sector.

2. Debt

- Government bond prices ended lower. The yield of the 10-year benchmark 5.79% 2030 paper settled at 5.89% on August 7 compared with 5.84% on July 31.
- The yield of the new 10-year 5.77% 2030 paper settled at 5.84% on August 7 compared with 5.77% on July 31.
- Bond prices, which were range-bound earlier in the week due to lack of firm cues, declined in the last few sessions following the RBI's monetary policy decision.
- Prices dipped further as hopes of policy easing by the central bank in the near term diminished following the announcement.
- Fresh supply from the week's state development bond auction and gilt sale also contributed to a bond price decline, even as investors remained wary of the high amount of outstanding debt.

3. Forex

- The Indian rupee ended weaker against the US dollar.
- The local unit began the week on a dim note, weighed by banks' greenback purchases and tracking weakness in local equities.
- Diminished investor risk appetite owing to Sino-US tensions put the rupee under pressure even as sentiment was dented following US President Donald Trump's executive order banning transactions with social media apps TikTok and WeChat.
- The rupee also declined owing to the rising number of Covid-19 cases globally.
- Broad weakness in the US dollar index in the second half of the week amid investor hopes of progress on the next round of US fiscal stimulus, helped the rupee recoup some losses.

International equity benchmark indices' returns

Indices	Aug 7	% chg week	% chg 3 mon	% chg Year
DJIA*	27,387	3.63	15.73	5.31
Nasdaq Composite*	11,108	3.38	25.45	41.27
FTSE 100*	6,027	2.19	2.96	-16.28
Nikkei 225	22,330	2.86	13.50	8.84
Straits Times	2,546	0.62	-1.78	-20.07
Hang Seng	24,532	-0.26	2.30	-5.64
Shanghai Comp	3,354	1.33	16.80	21.14

*As of Aug 6

International debt market indicators

Indicators	Aug 7	Jul 31
US 10-Year*	0.54%	0.53%
UK 10-Year*	0.10%	0.11%
German 10-Year*	-0.54%	-0.53%
Japan 10-Year	0.01%	0.02%
3-M USD Libor*	0.24%	0.25%
6-M USD Libor*	0.29%	0.31%
1-Y USD Libor*	0.45%	0.45%

*As of Aug 6

Commodities

Commodity	Aug 7	% chg week	% chg 3 mon	% chg Year
Brent Crude Oil (\$ per barrel)*	45.09	3.61	53.05	-19.81
Gold (\$ per troy ounce)*	2067.15	5.20	21.31	37.26
Silver (\$ per ounce)*	27.89	15.85	86.15	65.78
Indian gold (Rs per 10 gm)	55922.00	4.30	23.25	50.98
Indian Silver (Rs per Kg)	73755.00	15.46	74.54	72.59

*As of Aug 6

Source: Respective commodity exchanges, LBMA, MCX

B. International

1. Equity

- Most global equities ended in the green as encouraging data from US and China raised hopes of economic recovery.
- US stocks advanced in the week boosted by stock specific gains and robust domestic economic data.
- US ISM manufacturing index rose to 54.2 in July from 52.6 in June, while non-manufacturing index inched up to 58.1 in July after spiking to 57.1 in June.
- US factory orders soared by 6.2% in June after skyrocketing by a revised 7.7% in May.
- US initial jobless claims tumbled to 1.19 mn in the week ended August 1, a decrease of 249,000 from the previous week's revised level of 1.44 mn.
- Britain's FTSE index rose 2.2% due to some upbeat quarterly earnings reports and encouraging factory activity data from China. Gains were cut short following US-China tensions, fall in shares of Glencore and as Bank of England (BoE) forecast slower-than-expected economic recovery from the pandemic.
- BoE kept its key interest rate unchanged at 0.1%, and says it expects the economy would not recover its end-2019 size until the end of next year.
- UK IHS Markit/CIPS manufacturing PMI rose to 53.3 in July from June's 50.1, while services PMI was 56.5 in July picking up from 47.1 in June. The composite PMI was at 57.0 in July, up from 47.7 in the previous month.
- Asian equities posted mixed performance. Japan's Nikkei index rose nearly 3% on the back of the upbeat earnings reports of some companies and rally in exporters' shares.
- However, gains were reduced due to profit booking and fall in consumer staples and technology shares.
- Hong Kong's Hang Seng index fell 0.3% due to fall in banking stocks, US-China tensions and concerns surrounding rising coronavirus cases.
- Some losses were recouped led by gains in technology stocks and hopes for additional economic stimulus from global policymakers.
- China's Shanghai Composite rose 1.3% as encouraging factory activity data added to signs of an economic recovery.
- China's Caixin/Markit manufacturing PMI rose to 52.8 in July from June's 51.2.

2. Commodity

- Crude oil prices rose in this week on reports of OPEC and allies pledging to cut output and tracking a dip in US oil supply.
- Indian gold extended gains this week and witnessed a fresh record high level tracking positive global cues including robust investment demand for safe haven assets due to worries surrounding pandemic.
- Indian silver prices rose this week due to increasing buying of silver coins.

• News summary

1. Domestic

- RBI kept repo rate unchanged at 4% and the reverse repo rate at 3.35% against a backdrop of rising inflationary pressure and a grim economic outlook, also and maintained "accommodative" stance on monetary policy.
- India's retail inflation for industrial workers eased to 5.06% in June this year from 8.59% in June 2019, mainly due to lower prices of certain food items and kerosene oil.
- India's IHS Markit manufacturing purchasing managers' index (PMI) fell to 46 in July from 47.2 in June, while services PMI rose to 34.2 in July from 33.7 in June. The composite PMI fell to 37.2 in July, down from 37.8 in June.
- GST collections in July came in at Rs 87422 cr compared with Rs 90917 cr in June.
- Finance Ministry said India's economic recovery will depend on how the pandemic behaves across the country in the coming days, especially in industrialised states.
- RBI said monetary transmission has improved considerably due to comfortable liquidity conditions and banks have passed on the benefit to borrowers by reducing lending rates by about 1.62% in the last one and a half years.
- RBI Governor Shaktikanta Das said India's GDP growth will continue to contract in fiscal 2021 due to disruptions caused by the covid-19 pandemic that has hit economic activities.
- RBI said inflation is expected to be at elevated levels during the second quarter, but may ease in the second half of the current fiscal year.

2. International

- US ADP said private sector employment rose by 167,000 jobs in July after soaring by an upwardly revised 4.314 million jobs in June.
- US Institute for Supply Management (ISM) manufacturing index rose to 54.2 in July from 52.6 in June, while non-manufacturing index inched up to 58.1 in July after spiking to 57.1 in June.
- US non-farm payrolls jumped by 1.8 mn jobs in July after surging up by 4.8 mn jobs in the previous month; the unemployment rate dropped to 10.2% in July from 11.1% in June.
- Bank of England kept its key interest rate unchanged at 0.1%, and said it expects the economy would not recover its end-2019 size until the end of next year.
- China's Caixin/Markit manufacturing Purchasing Managers' Index (PMI) rose to 52.8 in July from June's 51.2; services PMI fell to 54.1 in July from June's 58.4.

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Week ahead

Day	Events
Monday, August 10, 2020	<ul style="list-style-type: none"> • Eurozone Sentix Investor Confidence, August 2020 • China Consumer Prices, July 2020
Tuesday, August 11, 2020	<ul style="list-style-type: none"> • India Industrial Production, June 2020
Wednesday, August 12, 2020	<ul style="list-style-type: none"> • US Consumer Prices, July 2020 • India Consumer Prices, July 2020
Thursday, August 13, 2020	<ul style="list-style-type: none"> • US Import / Export Prices, July 2020
Friday, August 14, 2020	<ul style="list-style-type: none"> • US Retail Sales, July 2020 • US Industrial Production, July 2020 • US Non-Farm Productivity, Q2 2020 • US Business Inventories, June 2020 • Eurozone GDP, Q2 2020 • China Industrial Production, July 2020 • China Retail Sales, July 2020



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