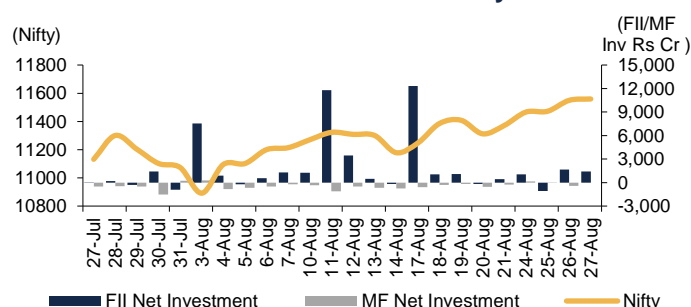


Indian equity benchmark indices' returns

Broad Indices	Aug 28	% chg week	% chg 3 Mon	% chg Year
S&P BSE Sensex	39,467	2.69	22.57	5.38
Nifty 50	11,648	2.43	22.73	5.45
Nifty 500	9,641	2.31	24.69	7.47
S&P BSE 100	11,772	2.27	22.79	5.70
S&P BSE Midcap	15,238	1.90	31.11	14.09
S&P BSE Smallcap	14,991	2.50	39.20	19.84

FII and mutual fund investment vs. Nifty



Sectoral Indices	Aug 28	% chg week	% chg 3 Mon	% chg Year
S&P BSE Bankex	27,892	10.34	26.66	-11.11
S&P BSE Realty Index	1,845	4.26	36.60	-8.35
S&P BSE Auto	18,293	2.14	31.94	15.89
S&P BSE CD	23,483	1.28	23.23	0.85
S&P BSE CG	14,276	0.74	18.70	-16.30
S&P BSE Healthcare	19,279	0.26	26.03	54.54
S&P BSE Oil & Gas	13,351	-0.02	16.66	1.54
S&P BSE Power	1,736	-0.43	18.07	-8.28
S&P BSE Metal	9,150	-0.45	36.75	10.63
S&P BSE IT	18,180	-0.46	27.98	13.55
S&P BSE FMCG	11,587	-1.30	9.40	5.91

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Aug 28	Previous Week	1 month ago
Call Rate	2.20%	2.30%	2.90%
10 Yr G-Sec*\$	6.13%	6.12%	5.85%

*5.79% 2030 paper \$Weighted Average Yield

Currencies vs INR

Currency	Aug 28	Week ago	3 months ago	1 year ago
USD	73.39	74.84	75.75	71.77
GBP	97.39	98.78	92.79	87.68
Euro	87.38	88.45	83.30	79.60
Yen*	69.23	70.87	70.32	67.90

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equities remained in the positive terrain for the second consecutive week. S&P BSE Sensex and Nifty 50 rose 2.7% and 2.5%, respectively.
- Banking stocks led the gains in the market. S&P BSE Bankex was the topmost sectoral gainer - up 10.3%.
- Shares of IndusInd Bank emerged the top gainer on the Nifty 50, rising ~30% on week to settle at Rs 665.65 per share following a brokerage upgrade and after the lender announced that it had witnessed a three-fold rise in digital account openings from pre-COVID-19 levels.
- A rally in realty stocks after the Maharashtra government reduced stamp duty and other levies for buying and selling of properties in urban and rural areas buoyed the benchmarks further. S&P BSE Realty rose 4.3%.
- However, some gains were chipped off owing to selling in fast moving consumer goods (FMCG) and information technology (IT) counters.
- Eicher Motors was the biggest decliner on the Nifty 50, with the stock closing at Rs 2213.6 per share, down ~90% on week following a 1:10 stock split.

2. Debt

- Government bond prices ended higher. Yield on the 10-year benchmark 5.79% 2030 paper settled at 6.10% on August 28 compared with 6.14% on August 21
- Gilts began the week on a dim note as supply concerns persisted.
- Appetite for bonds was boosted after the central bank announced a special open market buy / sell operation
- Two such auctions will be conducted as per the notification. While the first was held on August 27, the second is scheduled for September 3
- Sentiment for dated securities was further supported by the RBI Governor, who said that the central bank has not exhausted its ammunition to deal with the current situation brought on by Covid-19, both in terms of interest rate cuts and other policy actions
- Prices dipped in the last session of the week, ahead of the outcome of the weekly gilt sale. In the bond auction, the 5.77% 2030 paper was nearly entirely devolved on primary dealerships

3. Forex

- The rupee ended higher against the dollar aided by persistent foreign fund inflows into the local financial market
- Intermittent gains in domestic equities and foreign banks' dollar sales helped the local unit
- Sentiment for the local unit was further buoyed by the RBI Governor's remarks mid-week
- Periodic weakness in the US dollar index augured well for the rupee
- State-owned banks' dollar purchases put the rupee under some pressure and prevented further gains

International equity benchmark indices' returns

Indices	Aug 28	% chg week	% chg 3 mon	% chg Year
DJIA*	28,492	2.01	11.52	9.43
Nasdaq Composite*	11,625	2.77	23.51	47.96
FTSE 100*	6,000	-0.03	-2.35	-15.67
Nikkei 225	22,883	-0.16	4.41	11.73
Straits Times	2,540	0.44	0.97	-16.91
Hang Seng	25,422	1.23	9.90	-0.76
Shanghai Comp	3,404	0.68	19.59	17.63

*As of Aug 27

International debt market indicators

Indicators	Aug 28	Aug 21
US 10-Year*	0.75	0.64
UK 10-Year*	0.34	0.20
German 10-Year*	-0.41	-0.52
Japan 10-Year	0.05	0.03
3-M USD Libor*	0.25	0.25
6-M USD Libor*	0.31	0.31
1-Y USD Libor*	0.44	0.44

*As of Aug 27

Commodities

Commodity	Aug 28	% chg week	% chg 3 mon	% chg Year
Brent Crude Oil (\$ per barrel)*	45.09	1.67	27.77	-25.46
Gold (\$ per troy ounce)*	1923.85	-0.03	12.02	25.16
Silver (\$ per ounce)*	27.25	1.47	57.12	48.35
Indian gold (Rs per 10 gm)	50981.00	-1.66	9.56	31.41
Indian Silver (Rs per Kg)	64613.00	-1.55	32.50	38.74

*As of Aug 27

Source: Respective commodity exchanges, LBMA, MCX

B. International

1. Equity

- Global equities ended largely in the positive territory after the US Federal Reserve (Fed) Chairman Jerome Powell announced a new policy framework promoting higher inflation to boost economic recovery and job creation, and hinted that it will likely keep interest rates low for the foreseeable future.
- US stocks advanced on tracking upbeat domestic manufacturing data and optimism over a potential Covid-19 treatment.
- US manufacturing PMI was 53.6 in August compared to 50.9 in July, while services PMI was 54.8 in August compared to 50 in July. The composite PMI was 54.7 in August compared to 50.3 in July.
- Sentiments strengthened further after the Fed chief said the policy makers would no longer pre-emptively hike interest rates to stave off inflation.
- A rally in communication services, health care, consumer discretionary and technology stocks brought in more gains into the market.
- Some gains were cut short following weak consumer confidence data
- US Conference Board's consumer confidence index decreased to 84.8 in August from a revised 91.7 in July.
- Britain's FTSE index ended flat in the week as gains due to report of US health regulators authorizing a Covid-19 treatment and gains in industrial stocks were set off by losses in banking, mining and energy stocks.
- Asian equities registered mixed performance. Japan's Nikkei index ended little changed in the week as gains on tracking positive cues from the US were offset by profit booking, a dip in fall in the consumer discretionary and telecommunications stocks and on report that Japanese Prime Minister Shizo Abe might resign for health reasons.
- Hong Kong's Hang Seng index rose 1.2% due to rally in technology, banking, real estate and airline stocks.
- Sentiments were also buoyed after the Fed said that it will likely keep interest rates low for the foreseeable future.
- China's Shanghai Composite rose 0.7% following a rally in technology firms and encouraging industrial profits data.
- China's industrial profits jumped 19.6% year-on-year to 589.5 bn yuan in July, following an 11.5% increase seen in June.

2. Commodity

- Crude oil prices advanced in this week tracking a dip in US oil supply and after 80% of offshore crude-oil production in the Gulf of Mexico was shut down due to storms and prompted refinery cuts.
- Indian gold extended fall this week owing to weaker consumer demand.
- Indian silver prices ended lower this week due to declining demand for coins and industrial metal.

• News summary

1. Domestic

- The RBI in its 2019-20 Annual Report cautions that India's potential output may undergo a structural downshift due to the pandemic, with the GDP likely to contract in the second quarter as well; makes a strong case for reforms to return to growth path.
- FM Nirmala Sitharaman said the government will give a further relaxation of 0.5% in states' borrowing limit under FRBM Act.
- Government placed two options before states to compensate Rs 2.35 lakh cr tax shortfall; said states can either borrow from the market to meet the deficit or borrow the shortfall that is purely due to GST implementation of Rs 97000 cr through RBI's special window.
- Government said interest on delayed payment of goods and services tax (GST) will be charged on net tax liability with effect from September 1.
- Government to offload up to 15% in Hindustan Aeronautics (HAL) through an offer for sale (OFS) that could fetch the exchequer around Rs 5020 cr.
- RBI's balance sheet expanded by 30.02% to Rs 533.47 lakh cr in FY20, thanks to growth in foreign exchange reserves.
- RBI prescribed various reforms to get the economy back on track after the rollback of various stimulus measures taken to counter the lockdown-induced economic fallout.
- SEBI directed portfolio management service (PMS) providers to disclose to clients, the commission payouts made to the distributors.
- SEBI revised its guidelines on reporting of statement of accounts for entities listing their debt securities in International Financial Services Centre (IFSC).
- SEBI deferred implementation of the new procedural guidelines for proxy advisors; the new framework, which was to come into effect from September 1, will now be applicable from January 1, 2021.

2 .International

- US GDP in the second quarter tanked 31.7% on an annualized basis, compared with the initial estimate of -32.9%.
- US Federal Reserve Chairman Jerome Powell said the policy makers would no longer pre-emptively hike interest rates to stave off inflation. He outlines a framework that would allow inflation to run higher than 2% a year after periods in which it has run below that target.
- Eurozone manufacturing PMI was 51.7 in August compared to 51.8 in July, while services PMI was 50.1 in August compared to 54.7 in July. The composite PMI was 51.6 in August compared to 54.9 in July.
- China's industrial profits jumped 19.6% year-on-year to 589.5 bn yuan in July, following an 11.5% increase seen in June.

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Week ahead

Day	Events
Monday, August 31, 2020	<ul style="list-style-type: none"> • India GDP, April - June 2020 • India Core Sector Growth, July 2020 • India Fiscal Deficit, April – July 2020
Tuesday, September 1, 2020	<ul style="list-style-type: none"> • US ISM Manufacturing Index, August 2020 • US Markit Manufacturing PMI, August 2020 • US Construction Spending, July 2020 • UK Markit Manufacturing PMI, August 2020 • India Manufacturing PMI, August 2020
Wednesday, September 2, 2020	<ul style="list-style-type: none"> • US ADP Employment Change, August 2020 • Japan Jibun Bank Services PMI, August 2020
Thursday, September 3, 2020	<ul style="list-style-type: none"> • US ISM Non-manufacturing Index, August 2020 • US Markit Services PMI, August 2020
Friday, September 4, 2020	<ul style="list-style-type: none"> • US Non-farm Payrolls & Unemployment Rate, August 2020 • UK Construction PMI, August 2020



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