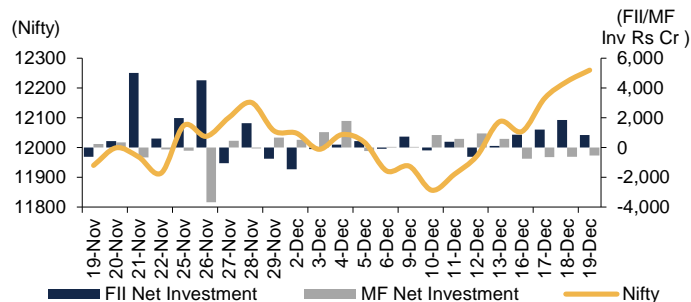


Indian equity benchmark indices' returns

Broad Indices	Dec 20	% chg week	% chg 3 Mon	% chg Year
S&P BSE Sensex	41,682	1.64	9.65	14.41
Nifty 50	12,272	1.53	8.85	12.05
Nifty 500	9,905	1.24	7.31	7.27
S&P BSE 100	12,320	1.46	7.75	9.52
S&P BSE Midcap	14,836	0.04	5.07	-4.47
S&P BSE Smallcap	13,391	0.44	1.41	-9.41

FII and mutual fund investment vs. Nifty



Sectoral Indices	Dec 20	% chg week	% chg 3 Mon	% chg Year
S&P BSE IT	15,661	4.37	0.53	9.76
S&P BSE Metal	10,100	3.18	8.40	-15.10
S&P BSE Realty Index	2,236	1.45	9.55	18.50
S&P BSE Bankex	36,859	0.99	12.98	20.86
S&P BSE Auto	18,207	0.66	6.60	-15.16
S&P BSE Power	1,898	0.50	-1.22	-5.07
S&P BSE CG	17,060	0.31	-5.59	-9.76
S&P BSE Healthcare	13,398	0.16	2.93	-3.63
S&P BSE Oil & Gas	14,868	-0.07	7.02	7.51
S&P BSE FMCG	11,502	-0.10	1.87	-3.45
S&P BSE CD	24,994	-0.31	-2.34	19.94

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Dec 20	Previous Week	1 month ago
Call Rate	5.25%	5.20%	5.20%
10 Yr G-Sec*	6.60%	6.79%	6.46%
3-M USD Libor^	1.91%	1.90%	1.90%
6-M USD Libor^	1.90%	1.90%	1.89%
1-Y USD Libor^	1.97%	1.96%	1.91%

*6.45% 2029 paper ^As of Dec 19

Currencies vs INR

Currency	Dec 20	Week ago	3 months ago	1 year ago
USD	71.11	70.81	70.94	69.70
GBP	92.71	94.84	88.76	88.49
Euro	78.93	79.19	78.31	79.94
Yen*	65.03	64.59	65.79	62.37

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equity indices remained in the positive terrain for the second consecutive week. S&P BSE Sensex and Nifty 50 (up about 1.5% each) ended at fresh lifetime highs.
- Market was mainly buoyed by news that the US has reached an in-principle trade deal with China.
- The benchmarks also rallied on reports that the UK Prime Minister looks to change the law to guarantee the Brexit transition phase is not extended beyond the end of 2020.
- A jump in shares of some index heavyweights amid sustained foreign fund inflows brought in more gains into the market.
- Buying interest in information technology (IT), metal and realty counters supported the market further. S&P BSE IT (topmost sectoral gainer), S&P BSE Metal and S&P BSE Realty rose 4.4%, 3.2% and 1.5%, respectively.
- Shares of Yes Bank emerged the top gainer on the Nifty 50 for the week, advancing over 10% to settle at Rs 51.4 amid a buzz that the lender was likely to announce its qualified institutional placement (QIP) soon.
- However, further gains were restricted due to selling pressure in defensive counters such as consumer durables and FMCG. S&P BSE Consumer Durables and S&P BSE FMCG lost 0.3% and 0.1%, respectively.
- Shares of Grasim Industries emerged the biggest laggard, falling around 4.7% to end the week at Rs 745.6.

2. Debt

- The RBI conducted reverse repo auctions through the week, taking into consideration the surplus liquidity in the banking system
 - The call money rate settled at 5.25% on December 20 as against 5.20% on December 13
 - Government bond prices ended higher. Yield of the 10-year benchmark 7.26% 2029 paper settled at 6.60% on December 20 as against 6.79% on December 13
 - Bonds began the week on a dim note as the government's debt switch auction added to longer-tenure supply, while the market awaited clarity on the government's fiscal situation
 - Comments from the RBI governor, which suggested that the government may look at invoking the escape clause in the Fiscal Responsibility and Budget Management Act that allows for deviation in the fiscal deficit target, triggered more bond selling
 - Selling pressure ahead of fresh supply via the weekly gilt auction impacted prices further
 - Bonds erased all earlier losses and soared in the final session after the central bank announced via notification that it would simultaneously buy and sell government bonds worth Rs 10,000 crore each on December 23, through Open Market Operations (OMOs)
- #### 3. Forex
- The rupee traded in a narrow range through most of the week

- The local unit remained under pressure as crude oil prices stayed firm
- Periodic dollar demand from nationalized banks dented sentiment
- Intermittent gains in local equities, though, lent support

International equity benchmark indices' returns

Indices	Dec 20	% chg week	% chg 3 mon	% chg Year
DJIA*	28,377	0.86	3.49	15.37
Nasdaq Composite*	8,887	1.74	6.38	25.70
FTSE 100*	7,574	3.00	-0.97	10.12
Nikkei 225	23,817	-0.86	7.87	9.17
Straits Times	3,212	-0.05	1.67	3.26
Hang Seng	27,871	0.66	5.43	5.08
Shanghai Comp	3,005	1.26	-2.47	14.08

*As of Dec 19

International debt market indicators

Indicators	Dec 20	Dec 13
US 10-Year*	1.91	1.82
UK 10-Year*	0.80	0.79
German 10-Year*	-0.24	-0.29
Japan 10-Year	0.01	-0.02

*As of Dec 19

Commodities

Commodity	Dec 20	% chg week	% chg 3 mon	% chg Year
Brent Crude Oil (\$ per barrel)*	66.54	2.02	3.52	22.43
Gold (\$ per troy ounce)*	1,476.70	0.69	-1.68	17.22
Silver (\$ per ounce)*	16.94	0.03	-5.26	14.69
Indian gold (Rs per 10 gm)	37,957	0.71	1.52	21.72
Indian Silver (Rs per Kg)	44,222	0.77	-3.20	20.31

*As of Dec 19

Source: Respective commodity exchanges, LBMA, MCX

B. International

1. Equity

- Most global equities advanced as investors cheered the signing of an initial trade deal between US and China. Demand for the safe-haven US treasuries were affected amid the trade deal optimism and some positive economic cues.
- US stocks ended in the green primarily boosted by the announcement of an initial trade agreement between the US and China, and upbeat domestic and Chinese economic data.
- US retail sales edged up by 0.2% in November after climbing by an upwardly revised 0.4% in October.
- US industrial production jumped by 1.1% in November after tumbling by a revised 0.9% in October; capacity utilization increased to 77.3% in November from 76.6% in October.
- US housing starts surged up by 3.2% to an annual rate of 1.365 mn in November after spiking by 4.5% to a revised 1.323 mn in October; building permits climbed by 1.4% to an annual rate of 1.482 mn in November after soaring by 5% to a rate of 1.461 mn in October.
- Britain's FTSE surged 3% after Prime Minister Boris Johnson's ruling Conservatives party won the election and as preliminary trade agreement between the US and China eased global growth concerns.
- Further rise was witnessed as exporters' shares rallied as a result of a weaker pound.
- Asian equities posted mixed performance. Japan's Nikkei index lost nearly 1% owing to profit booking and weak domestic export data.
- Hong Kong's Hang Seng index rose 0.7% on optimism regarding preliminary trade deal between the US and China.
- China's Shanghai Composite jumped 1.3% on encouraging domestic economic data and improving relations between US and China after they reached an initial trade deal last week.
- China's industrial output grew by 6.2% in November, up from October's 4.7%.

2. Commodity

- Crude oil prices ended higher this week due to unexpected fall in the US crude oil supply and optimism that US-China to sign first phase of preliminary deal soon.
- Indian gold prices ended higher due to increased demand from local jewelers amid positive global cues.
- Indian silver prices rose this week due to strong demand from industrial units and coin traders.

C. News summary

1. Domestic

- India's exports contracted for the fourth month in a row in November, dipping 0.34% to \$25.98 bn; imports too declined by 12.71% to \$38.11 bn in November, narrowing the trade deficit to \$12.12 bn.
- India's wholesale price index (WPI) rose 0.58% in November compared to 0.16% in October.
- Moody's cut India's GDP growth forecast for the current fiscal to 4.9% from 5.8% on the back of weak household consumption.
- Government set a Rs 1.1 lakh cr monthly GST target for the remaining four months of the current fiscal.
- Government released Rs 35298 cr to states to make up for the loss of revenue due to rollout of the Goods and Services Tax (GST).
- RBI said there will be another intraday liquidity facility to enable 24x7 settlement of funds under the NEFT system, from December 16.
- RBI governor said that the central bank is looking to steadily tighten regulation of non-banking financial companies (NBFCs) without causing any disruption to the current recovery of the sector.
- RBI to buy and sell government bonds worth Rs 10000 cr each on December 23, through Open Market Operations (OMOs).
- SEBI allowed asset management companies (AMCs) to provide management and advisory services to appropriately regulated foreign portfolio investors (FPIs), that include pension funds, insurance company and banks.

2. International

- US GDP advanced 2.1% on year in Q3 2019 compared to 2% growth in Q2 2019.
- US retail sales edged up by 0.2% in November after climbing by an upwardly revised 0.4% in October.
- US industrial production jumped by 1.1% in November after tumbling by a revised 0.9% in October; capacity utilization increased to 77.3% in November from 76.6% in October.
- US housing starts surged up by 3.2% to an annual rate of 1.365 mn in November after spiking by 4.5% to a revised 1.323 mn in October; building permits climbed by 1.4% to an annual rate of 1.482 mn in November after soaring by 5% to a rate of 1.461 mn in October.
- UK GDP rose 1.1% on year in Q3 2019 compared to 1.2% growth in Q2 2019.
- China's industrial output grew by 6.2% in November, up from October's 4.7%.
- China's retail sales grew by 8.0% in November, up from 7.2% a month ago.

D. Week ahead

Day	Events
Monday, December 23, 2019	<ul style="list-style-type: none"> ● US New Home Sales, November ● US Chicago Fed National Activity Index, November ● Bank of Japan Monetary Policy Meeting Minutes ● Japan's All Industry Activity Index, October ● Japan's Leading & Coincident Index, October
Tuesday, December 24, 2019	<ul style="list-style-type: none"> ● US Durable Goods Orders, November
Wednesday, December 25, 2019	<ul style="list-style-type: none"> ● US Crude Oil Inventories, December 21
Thursday, December 26, 2019	<ul style="list-style-type: none"> ● US Initial Jobless Claims, December 20 ● Japan's Retail Trade, November ● Japan's Industrial Production, November ● Japan's Unemployment Rate, November
Friday, December 27, 2019	<ul style="list-style-type: none"> ● Eurozone Economic Bulletin ● India's Forex Reserves, December 21

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