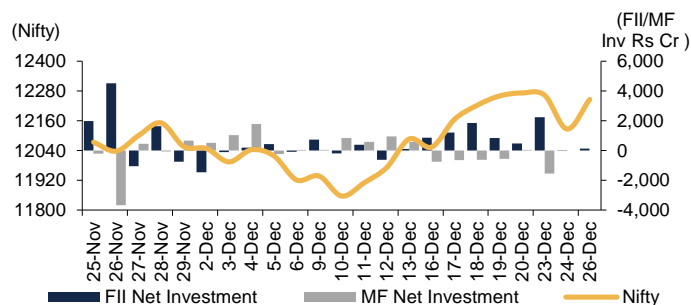


Indian equity benchmark indices' returns

Broad Indices	Dec 27	% chg week	% chg 3 Mon	% chg Year
S&P BSE Sensex	41,575	-0.26	7.09	16.11
Nifty 50	12,246	-0.21	6.37	13.60
Nifty 500	9,909	0.03	5.46	9.14
S&P BSE 100	12,310	-0.08	5.72	11.31
S&P BSE Midcap	14,929	0.63	4.65	-1.90
S&P BSE Smallcap	13,548	1.17	1.62	-6.45

FII and mutual fund investment vs. Nifty



Sectoral Indices	Dec 27	% chg week	% chg 3 Mon	% chg Year
S&P BSE Metal	10,289	1.87	12.65	-11.10
S&P BSE Realty Index	2,266	1.34	12.79	25.86
S&P BSE Auto	18,392	1.02	8.83	-11.22
S&P BSE Power	1,911	0.64	-1.46	-3.20
S&P BSE Bankex	36,962	0.28	9.41	23.10
S&P BSE Healthcare	13,416	0.14	5.70	-1.76
S&P BSE CD	25,012	0.07	-4.32	24.31
S&P BSE IT	15,620	-0.26	2.01	11.23
S&P BSE Oil & Gas	14,799	-0.46	1.63	8.31
S&P BSE CG	16,945	-0.67	-9.40	-8.87
S&P BSE FMCG	11,422	-0.69	-2.66	-2.77

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Dec 27	Previous Week	1 month ago
Call Rate	5.05%	5.25%	5.15%
10 Yr G-Sec*	6.51%	6.60%	6.47%
3-M USD Libor^	1.96%	1.91%	1.91%
6-M USD Libor^	1.92%	1.90%	1.91%
1-Y USD Libor^	2.01%	1.97%	1.94%

*6.45% 2029 paper ^As of Dec 26

Currencies vs INR

Currency	Dec 27	Week ago	3 months ago	1 year ago
USD	71.35	71.11	70.55	70.35
GBP	93.28	92.71	86.80	88.86
Euro	79.54	78.93	77.16	80.25
Yen*	65.18	65.03	65.30	63.48

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equity indices ended lower in the week. S&P BSE Sensex and Nifty 50 fell about 0.2% each.
- Market was mainly affected by selling pressure in fast moving consumer goods (FMCG), capital goods, oil & gas and information technology counters. S&P BSE FMCG, S&P BSE Capital Goods, S&P BSE Oil & Gas and S&P BSE IT lost 0.7%, 0.7%, 0.5% and 0.3%, respectively.
- Britannia Industries and ITC were the top FMCG losers on the Nifty 50 index, down 2.6% and 1.8% to close at Rs 3,042 and Rs 237 respectively.
- The benchmarks extended losses on reports that the government may miss its divestment target for the current fiscal.
- Profit booking in some index heavyweights weighed on the market further.
- However, losses were cut short on tracking some upbeat global cues and buying interest in metal and realty firms. S&P BSE Metal (topmost sectoral gainer) and S&P BSE Realty rose nearly 2% and 1.3%, respectively.
- Vedanta was among the top Nifty 50 gainer in the week, up over 5% to close at Rs 152 stock price.

2. Debt

- Systemic liquidity continued to remain in surplus during the holiday shortened trading week. Consequently, the banking regulator conducted variable rate reverse repo auctions, apart from the additional fixed rate reverse repo auctions, to provide banks with idle cash the opportunity to park funds for a short period
- The interbank call money rate settled at 5.05% on December 27 as against 5.25% on December 20
- After trading in a narrow margin mid-week, government bond prices rose sharply in the final session. The yield of the 10 year benchmark 6.45% 2029 paper fell to settle at 6.51% on December 27 as against 6.60% on December 20
- Prices received a boost in the first session following the centre's special open market operation (OMO)
- In the OMO, the RBI purchased the 10 year benchmark paper and sold securities having a maturity of up to one year
- More bond buying was witnessed after the central bank announced that it would simultaneously purchase and sell government securities through special OMOs for Rs 10,000 crore each on December 30
- Fresh supply via the state development bond and weekly gilt auctions weighed slightly on prices

3. Forex

- Dollar demand from state-owned banks on behalf of their importing clients, sporadic gains in crude oil prices, and declines in local equity indices dented sentiment for the rupee
- Foreign banks' greenback sales lent support

International equity benchmark indices' returns

Indices	Dec 27	% chg week	% chg 3 mon	% chg Year
DJIA*	28,621	0.58	6.43	16.36
Nasdaq Composite*	9,022	1.09	12.35	27.61
FTSE 100^	7,632	0.66	4.67	10.97
Nikkei 225	23,838	0.09	8.95	9.27
Straits Times	3,227	0.44	3.23	3.71
Hang Seng	28,225	1.27	8.75	6.41
Shanghai Comp	3,005	0.00	-2.47	14.08

*As of Dec 26 ^As of Dec 24

International debt market indicators

Indicators	Dec 27	Dec 20
US 10-Year*	1.89	1.92
UK 10-Year*	0.77	0.78
German 10-Year*	-0.24	-0.25
Japan 10-Year	0.00	0.01

*As of Dec 26

Commodities

Commodity	Dec 27	% chg week	% chg 3 mon	% chg Year
Brent Crude Oil (\$ per barrel)*	67.92	2.69	9.71	30.21
Gold (\$ per troy ounce)*	1,490.85	0.80	0.06	17.57
Silver (\$ per ounce)*	17.59	3.23	0.37	16.81
Indian gold (Rs per 10 gm)	38,791	2.20	3.50	23.01
Indian Silver (Rs per Kg)	46,192	4.45	3.56	22.78

*As of Dec 26

Source: Respective commodity exchanges, LBMA, MCX

B. International

1. Equity

- Global equities largely ended in the green on optimism that the initial US-China trade agreement would be formally signed soon. US treasuries advanced due to few weak US economic cues.
- US stocks ended higher following upbeat domestic consumer spending data, after President Donald Trump said an initial US-China trade agreement would be signed soon.
- Gains in shares of Advanced Micro Devices Inc, Boeing and Amazon brought in buoyed the market further.
- Some gains were cut short due to profit booking.
- Britain's FTSE rose 0.7% after Prime Minister Boris Johnson received approval for his Brexit deal and as exporters' shares advanced owing to weakness in the pound.
- Asian equities were in the positive territory. Japan's Nikkei index rose 0.1% mainly on tracking gains in US equities and a weaker yen.
- However, gains were erased due to fall in shares of Nissan and on lack of any strong cues.
- Hong Kong's Hang Seng index jumped 1.3% on optimism that the US and China are close to formally signing a trade deal.
- China's Shanghai Composite ended flat as gains on hopes that Beijing will roll out more measures to boost the economy were offset by a sell-off in shares of technology firms.

2. Commodity

- Crude oil prices extended rally this week due to reports of progress in US-China trade deal and after Russia said cooperation with OPEC on supply cuts would continue.
- Indian gold prices extended gains due to increased demand from local jewelers amid positive global cues.
- Indian silver prices spurted this week due to robust demand from industrial units and coin traders.

C. News summary

1. Domestic

- Cabinet approved Rs 6,000 cr Atal Bhujal Yojana to improve ground water management.
- Cabinet approved over Rs 3,941 cr for updating the National Population Register.
- Cabinet gave ex post facto approval to a pact with Saudi Arabia for cooperation in the renewable energy sector.
- Fitch Ratings cut India's GDP growth forecast for FY20 to 4.6% citing weakening business and consumer confidence; also reaffirmed the country's sovereign rating at BBB- with stable outlook.
- IMF said India's government must take steps quickly to reverse the economic slowdown of an economy.
- As per SEBI's new framework it would be mandatory for whistleblowers and other informants to disclose the source of information; also put in place a mechanism to reward whistleblowers for sharing information about insider trading.
- SEBI issued the stewardship code for mutual funds (MFs) and alternative investment funds (AIFs), which they would be required to follow to improve corporate governance standards in their investee companies.
- SEBI mandated bank account for minors to invest in mutual funds.
- With an aim to protect mutual fund investors against misuse of their investments, SEBI proposed to discontinue usage of pool accounts by all platforms in transaction of such schemes.

2. International

- US GDP advanced 2.1% on year in Q3 2019 compared to 2% growth in Q2 2019.
- US personal income climbed by 0.5% in November after inching up by a revised 0.1% in October; personal spending also climbed by 0.4% in November following a 0.3% increase in October.
- US new home sales rebounded 1.3% to a seasonally adjusted annual rate of 719,000 in November; October's sales pace was revised down to 710,000 units.
- US durable goods orders plunged by 2.0% in November after edging up by a downwardly revised 0.2% in October.
- UK GDP rose 1.1% on year in Q3 2019 compared to 1.2% growth in Q2 2019.
- Bank of Japan Governor says the bank will not hesitate to ease its monetary policy further if there is a greater possibility that the momentum towards achieving the 2% inflation target is lost.

D. Week ahead

Day	Events
Monday, December 30, 2019	<ul style="list-style-type: none"> • US Advance Trade Balance, November 2019 • US Pending Home Sales, November 2019 • US Chicago PMI, December 2019 • US Dallas Fed Manufacturing Business Index, December 2019 • China Official Manufacturing & Non-Manufacturing PMI, December 2019
Tuesday, December 31, 2019	<ul style="list-style-type: none"> • US Consumer Confidence, December 2019 • US S&P/Case-Shiller Home Price Index, October 2019
Wednesday, January 01, 2020	<ul style="list-style-type: none"> • China Caixin Manufacturing PMI, December 2019
Thursday, January 02, 2020	<ul style="list-style-type: none"> • US Federal Open Market Committee (FOMC) Meeting Minutes • US Markit Manufacturing PMI, December 2019 • Eurozone Markit Manufacturing PMI, December 2019
Friday, January 03, 2020	<ul style="list-style-type: none"> • US ISM Manufacturing Index, December 2019 • US Construction Spending, November 2019 • UK Markit Construction PMI, December 2019

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