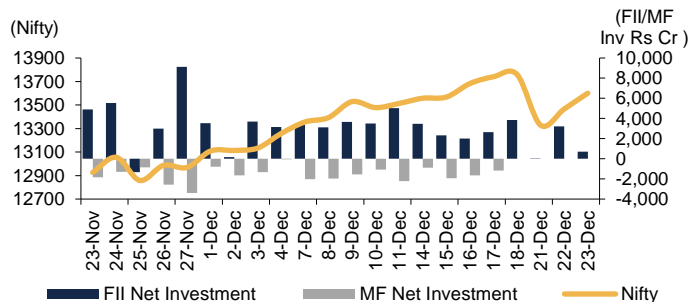


Indian equity benchmark indices' returns

Broad Indices	Dec 24	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	46,974	0.03	28.51	13.30
Nifty 50	13,749	-0.08	27.24	12.59
Nifty 500	11,325	-0.26	26.61	14.80
S&P BSE 100	13,871	-0.12	26.99	13.08
S&P BSE Midcap	17,677	-0.70	26.87	19.27
S&P BSE Smallcap	17,676	-0.53	24.75	32.06

FII and mutual fund investment vs. Nifty



Sectoral Indices	Dec 24	% chg week	% chg 3 Mth	% chg Year
S&P BSE IT	24,013	3.39	25.76	53.79
S&P BSE Healthcare	21,617	0.66	14.03	61.36
S&P BSE FMCG	12,590	0.10	17.08	10.05
S&P BSE Metal	11,295	-0.67	43.65	11.22
S&P BSE Bankex	34,927	-0.76	50.13	-5.08
S&P BSE CG	18,390	-1.17	40.91	8.55
S&P BSE Power	2,050	-1.40	29.78	7.97
S&P BSE Realty Index	2,361	-1.43	45.92	5.66
S&P BSE CD	29,206	-1.51	29.09	16.53
S&P BSE Auto	20,317	-2.03	21.14	11.27
S&P BSE Oil & Gas	13,965	-3.01	15.80	-5.07

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Dec 24	Previous Week	1 month ago
Call Rate	2.40%	2.20%	2.00%
10 Yr G-Sec*^	5.95%	5.97%	5.88%

*5.77% 2030 paper ^Weighted Average Yield

Currencies vs INR

Currency	Dec 24	Week ago	3 months ago	1 year ago
USD	73.55	73.56	73.90	71.27
GBP	100.02	99.31	94.06	92.23
Euro	89.67	90.11	86.18	78.93
Yen*	70.93	71.03	70.17	65.15

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equities ended flat, bringing the seven-week upward trend to a halt.
- Market was pulled down earlier following news of rise in coronavirus cases due to a new strain of the virus in the United Kingdom.
- A sell-off in oil & gas, auto, consumer durables and realty firms affected the market further.
- Shares of ONGC emerged the biggest laggard on the Nifty 50, declining ~6% on week to settle at Rs 93.15 per share weighed by the weak sentiment surrounding oil and gas stocks.
- However, losses were recouped on tracking encouraging global cues in the form of US government's approval for an \$892 bn coronavirus aid package and reports that Britain and the European Union are on the cusp of entering into a trade pact.
- Sentiments strengthened further on the back of a rally in the information technology (IT) stocks as two of the sector behemoths bagged major deals.
- Shares of Wipro emerged the biggest gainer on the Nifty 50, rising ~5% on week to settle at Rs 382.2 per share after announcing that the firm had signed a strategic digital and IT deal with German company Metro AG.

2. Debt

- Government bond prices ended higher on week following the outcome of the weekly debt auction and ahead of the long weekend. The yield of the 10 year benchmark 5.77% 2030 paper settled at 5.93% on December 24 compared to 5.96% on December 18.
- The yield of the 10 year 5.85% 2030 paper settled at 5.88% on December 24, compared to 5.91% on December 18.
- Prices moved in a tight range over the week in the absence of strong triggers.
- Early in the week, prices took cues from the minutes of the RBI's December policy meeting. Members of the RBI rate-setting panel raised inflation concerns according to the minutes.
- Bonds rose marginally ahead of the state development loan (SDL) open market purchase operation which was held on December 23.
- In the weekly gilt sale, the RBI did not accept any bids for the 10 year 5.85% 2030 paper.

3. Forex

- The rupee recouped earlier losses to end flat against the US dollar.
- The local unit was put under pressure at the start of the week as investor risk appetite took a hit following the UK government's decision to impose fresh lockdowns to curb the spread of a new coronavirus strain.
- The rupee staged a recovery tracking a rise in Asian markets towards the end of the week. Dollar sales by some foreign banks, foreign fund inflows into the local financial market, and sporadic weakness in the US dollar index also augured well for the local unit.

International equity benchmark indices' returns

Indices	Dec 24	% chg week	% chg 3 Mth	% chg Year
DJIA*	30,130	-0.16	12.58	5.53
Nasdaq Composite*	12,771	0.12	20.11	42.76
FTSE 100*	6,496	-0.51	10.11	-13.86
Nikkei 225	26,668	-0.36	15.51	11.42
Straits Times	2,842	-0.24	15.96	-11.45
Hang Seng	26,387	-0.42	13.19	-5.37
Shanghai Comp	3,363	-0.94	4.34	11.47

*As of Dec 23

International debt market indicators

Indicators	Dec 24	Dec 18
US 10-Year*	0.96	0.95
UK 10-Year*	0.29	0.24
German 10-Year*	-0.55	-0.57
Japan 10-Year	0.01	0.01
3-M USD Libor*	0.25%	0.24%
6-M USD Libor*	0.26%	0.26%
1-Y USD Libor*	0.34%	0.33%

*As of Dec 23

Commodities

Commodity	Dec 24	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	51.20	-2.03	22.58	-22.88
Indian gold (Rs per 10 gm)	49787.00	-0.30	0.30	30.00
Indian Silver (Rs per Kg)	66223.00	-0.31	17.82	45.28

*As of Dec 23

Source: Respective commodity exchanges, MCX

B. International

1. Equity

- Jitters about the new coronavirus strain found in the UK and its potential impact on the global economic recovery dented most global equities.
- US stocks ended mixed with Dow Jones falling 0.2% while Nasdaq rose 0.1%.
- Market was weighed down earlier due to fear over the new coronavirus strain and some weak domestic economic data.
- US consumer confidence index fell to 88.6 in December from a downwardly revised 92.9 in November.
- US new home sales plunged by 11% to an annual rate of 841,000 in November after sliding by 2.1% to a revised rate of 945,000 in October.
- Losses were however recovered, especially from the Nasdaq, owing to a rally in technology and financial stocks coupled with encouraging weekly jobless claims numbers.
- Britain's FTSE index dipped 0.5% on tracking weak domestic retail sales data and as stricter restrictions to curb new strain of the coronavirus prompted travel bans, raising concerns about economic growth.
- However, losses were trimmed on fresh hopes of a Brexit trade deal.
- Asian equities ended in the red. Japan's Nikkei index lost 0.4% owing to spike in domestic coronavirus infections and on fears that new coronavirus strain could disrupt a swift global economic recovery.
- Bank of Japan's board voted 8-1 to retain the interest rate at -0.1% on current accounts that financial institutions maintain at the central bank.
- Japan's cabinet approved a record \$1.03 trillion budget draft for the next fiscal year starting in April 2021.
- Hong Kong's Hang Seng index fell 0.4% due to resurfacing tensions between the US and China and following a sell-off in energy and property stocks.
- China's Shanghai Composite fell nearly 1% on concerns over Sino-US tensions and as a new strain of the coronavirus found in the UK raised jitters about the global economic recovery.
- People's Bank of China retained the one-year loan prime rate at 3.85% and the five-year loan prime rate at 4.65%.

2. Commodity

- Crude oil prices declined in the week as the new coronavirus strain in Britain revived concerns over energy demand.
- Indian gold prices declined marginally in this week due lack of demand from jewelers.
- Indian silver prices fell this week due to sluggish demand from coin-makers.

C. News summary

1. Domestic

- The National Council of Applied Economic Research (NCAER) revised upwards its GDP projection for FY21 to 7.3% contraction from 12.6% dip estimated in September with the expectation that the economy will register marginal growth in December quarter.
- Cabinet approved Rs 59000 cr post-matric scholarship scheme for more than 4 cr Scheduled Caste (SC) students in five years.
- Cabinet approved changes to the guidelines for providing Direct to Home (DTH) services to bring it in line with the existing policy that allows 100% FDI in the DTH broadcasting services sector.
- The Centre allowed additional borrowing to the tune of Rs 16728 cr through open market borrowings to five states.
- Government decided to extend the suspension of the insolvency and bankruptcy code (IBC) till March 31, 2021.
- RBI extended the applicability of centralised KYC registry to legal entities, from individual accounts at present, effective April 1, 2021.
- RBI Governor Shaktikanta Das asked banks to take proactive measures to strengthen their resilience and lending capacity by raising capital.
- SEBI gave certain relaxations to non-resident Indians (NRI) in respect of holding of depository receipts issued by India-listed companies.
- SEBI unveiled norms on core settlement guarantee fund (SGF), stress testing and default waterfall procedure for limited purpose clearing corporation (LPCC).
- SEBI rationalised the historical scenarios in stress testing in the commodity derivatives segment which could lead to lower margin collection from investors.

2. International

- US congressional leaders reached a deal on a \$900 bn coronavirus relief package, which would provide direct payments and jobless aid to struggling Americans.
- US gross domestic product (GDP) in the third quarter was upwardly revised to 33.4% from 33.1% reported earlier and compared to a contraction of 31.4% in Q2 2020.
- UK GDP grew by a record 16.0% from July to September, compared to a 18.8% slump in the second quarter.
- Japan's cabinet approved a record \$1.03 trillion budget draft for the next fiscal year starting in April 2021.
- Bank of Japan's board voted 8-1 to retain the interest rate at -0.1% on current accounts that financial institutions maintain at the central bank.

D. Week ahead

Day	Events
Monday, December 28, 2020	<ul style="list-style-type: none"> • US Dallas Fed Manufacturing Business Index, December 2020 • Japan Industrial Production, November 2020
Tuesday, December 29, 2020	<ul style="list-style-type: none"> • US Case Shiller House Price Index, October 2020
Wednesday, December 30, 2020	<ul style="list-style-type: none"> • US Advance Goods Trade Balance, November 2020 • US Chicago PMI, December 2020 • US Pending Home Sales, November 2020
Thursday, December 31, 2020	<ul style="list-style-type: none"> • UK Nationwide House Prices, December 2020 • China Official Manufacturing PMI, December 2020 • China Non-Manufacturing PMI, December 2020 • India Fiscal Deficit, April – November 2020 • India Current Account, Q3 2020 • India Core Sector Output, November 2020 • India External Debt, Q3 2020

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