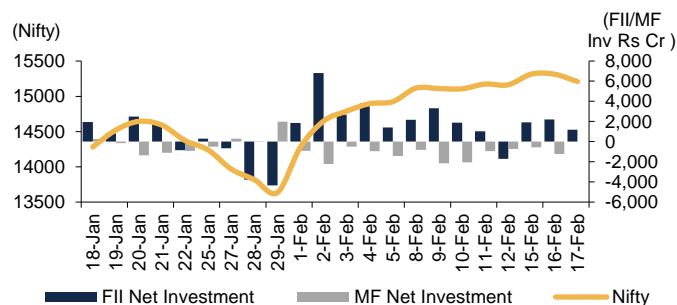


## Indian equity benchmark indices' returns

| Broad Indices    | Feb 19 | % chg week | % chg 3 Mth | % chg Year |
|------------------|--------|------------|-------------|------------|
| S&P BSE Sensex   | 50,890 | -1.27      | 16.72       | 23.15      |
| Nifty 50         | 14,982 | -1.20      | 17.30       | 23.55      |
| Nifty 500        | 12,439 | -0.56      | 18.72       | 24.76      |
| S&P BSE 100      | 15,144 | -1.03      | 17.95       | 23.86      |
| S&P BSE Midcap   | 20,036 | 0.63       | 23.39       | 28.17      |
| S&P BSE Smallcap | 19,863 | 1.23       | 23.69       | 35.39      |

## FII and mutual fund investment vs. Nifty



| Sectoral Indices     | Feb 19 | % chg week | % chg 3 Mth | % chg Year |
|----------------------|--------|------------|-------------|------------|
| S&P BSE Power        | 2,416  | 7.33       | 25.38       | 31.66      |
| S&P BSE Oil & Gas    | 15,434 | 4.24       | 19.58       | 10.26      |
| S&P BSE Metal        | 12,807 | 2.10       | 33.48       | 34.11      |
| S&P BSE CG           | 21,786 | -0.04      | 29.23       | 31.01      |
| S&P BSE Realty Index | 2,768  | -0.89      | 40.45       | 18.76      |
| S&P BSE Bankex       | 40,334 | -1.23      | 21.47       | 14.00      |
| S&P BSE FMCG         | 12,283 | -1.79      | 7.14        | 6.22       |
| S&P BSE IT           | 25,444 | -2.04      | 19.66       | 54.49      |
| S&P BSE Healthcare   | 21,332 | -2.04      | 8.68        | 47.10      |
| S&P BSE CD           | 31,837 | -2.65      | 22.58       | 14.91      |
| S&P BSE Auto         | 23,796 | -3.41      | 22.08       | 37.24      |

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

| Indicators               | Feb 18 | Previous Week | 1 month ago |
|--------------------------|--------|---------------|-------------|
| Call Rate                | 3.25%  | 3.30%         | 3.25%       |
| 10 Yr G-Sec <sup>^</sup> | 6.12%  | 5.98%         | 5.96%       |

<sup>^</sup>5.85% 2030 paper <sup>^</sup>Weighted Average Yield

## Currencies vs INR

| Currency | Feb 18 | Week ago | 3 months ago | 1 year ago |
|----------|--------|----------|--------------|------------|
| USD      | 72.64  | 72.74    | 74.19        | 71.55      |
| GBP      | 100.99 | 100.43   | 98.62        | 93.32      |
| Euro     | 87.68  | 88.15    | 88.21        | 77.53      |
| Yen*     | 68.75  | 69.35    | 71.43        | 65.17      |

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equities ended the week on a discouraging note. S&P BSE Sensex and Nifty 50 fell about 1.2% each.
- Sentiments were strong earlier as investors cheered encouraging domestic retail inflation and industrial production data.
- A rally in power, oil & gas and metal counters supported the market further.
- Shares of GAIL (India) emerged the top gainer on the Nifty 50, rising 9.4% on week to settle at Rs 145.4 per share after the company's board approved a share buyback plan.
- However, sentiments were reversed amid worries regarding increasing numbers of new Covid-19 cases in Asian countries.
- A sell-off in auto, consumer durables healthcare and information technology (IT) stocks also weighed on the market.
- Shares of Eicher Motors emerged the top laggard on the Nifty 50, declining 7.1% on week to settle at Rs 2584.65 per share. The company's shares continued to tumble following announcement of its December quarter earnings, amid weak investor sentiment for auto stocks.

#### 2. Debt

- Government bond prices slumped in the last session after staying range bound most of the week.
- Yield on the 10-year benchmark 5.85% 2030 paper settled at 6.13% on February 18 compared to 5.99% on February 12.
- Bond sentiments took a hit early in the week after the RBI announced that it would conduct a simultaneous purchase and sale of government securities via special open market operations for an aggregate amount of Rs 10,000 crore each on February 25, dashing the market's hopes of an outright bond purchase auction.
- Intermittent rise in US benchmark treasury yields and crude oil prices added to the pressure on bond prices.
- Bond prices fell sharply on February 18 after the week's debt sale, which included the current 10-year benchmark paper, witnessed significant devolvement amid investor concerns over excessive supply.
- Nearly the entire quantum of the 5.15% 2025 and 5.85% 2030 papers were devolved on primary dealerships.

#### 3. Forex

- The rupee ended higher against the US dollar aided by banks' dollar sales and tracking sporadic weakness in the US dollar index.
- Optimism that global economic growth was poised for a swift recovery enhanced investor risk appetite and augured well for the local unit.
- Intermittent declines in other Asian units and periodic dollar demand from state-owned banks put the rupee under pressure and prevented further appreciation.

## International equity benchmark indices' returns

| Indices           | Feb 19 | % chg week | % chg 3 Mth | % chg Year |
|-------------------|--------|------------|-------------|------------|
| DJIA*             | 31,493 | 0.11       | 6.98        | 7.74       |
| Nasdaq Composite* | 13,865 | -1.63      | 17.49       | 42.46      |
| FTSE 100*         | 6,617  | 0.42       | 3.63        | -10.36     |
| Nikkei 225        | 30,018 | 1.69       | 17.10       | 28.28      |
| Straits Times     | 2,881  | -1.53      | 3.73        | -10.36     |
| Hang Seng         | 30,645 | 1.56       | 16.27       | 10.81      |
| Shanghai Comp     | 3,696  | 1.12       | 9.90        | 24.22      |

\*As of Feb 18

## International debt market indicators

| Indicators      | Feb 19 | Feb 12 |
|-----------------|--------|--------|
| US 10-Year*     | 1.29   | 1.20   |
| UK 10-Year*     | 0.62   | 0.52   |
| German 10-Year* | -0.34  | -0.43  |
| Japan 10-Year   | 0.10   | 0.06   |
| 3-M USD Libor*  | 0.18%  | 0.19%  |
| 6-M USD Libor*  | 0.20%  | 0.20%  |
| 1-Y USD Libor*  | 0.29%  | 0.30%  |

\*As of Feb 18

## Commodities

| Commodity                        | Feb 19   | % chg week | % chg 3 Mth | % chg Year |
|----------------------------------|----------|------------|-------------|------------|
| Brent Crude Oil (\$ per barrel)* | 63.93    | 2.40       | 46.13       | 10.70      |
| Indian gold (Rs per 10 gm)       | 45954.00 | -2.63      | -9.43       | 10.76      |
| Indian Silver (Rs per Kg)        | 68173.00 | -0.26      | 8.89        | 43.07      |

\*As of Feb 18

Source: Respective commodity exchanges, MCX

## B. International

### 1. Equity

- Rising hopes of a quick global economic recovery buoyed most global equities.
- US stocks ended mixed with Dow Jones rising 0.1% while Nasdaq fell 1.6%.
- Market started on a positive note on prospects of more fiscal aid and buying in energy, financial and material stocks.
- However, a pullback in technology stocks erased the gains, especially from the Nasdaq.
- Sentiments were also affected by an unexpected rise in weekly jobless claims.
- US initial jobless claims inched up to 861,000 in the week ended February 13, an increase of 13,000 from the previous week's revised level of 848,000
- Britain's FTSE index rose 0.4% led by gains in healthcare stocks following optimism over a Covid-19 vaccine-led economic recovery.
- Buying in mining and energy stocks following a sharp rally in commodities prices also supported the market.
- Further gains were however capped on profit booking and as inflation picked up by a little more-than-expected in January.
- UK consumer price inflation rose slightly to 0.7% in January from 0.6% in December; output prices fell 0.2% annually in January compared to a 0.5% decrease in December.
- Asian equities ended in the green. Japan's Nikkei advanced 1.7% as progress in the distribution of Covid-19 vaccines raised expectations of a swift economic recovery.
- Hopes of a rebound in domestic corporate earnings induced more buying in the market.
- Some gains were however reduced on sporadic profit taking.
- Hong Kong's Hang Seng index rose 1.6% due to gains in property stocks and optimism over global economic recovery from the Covid-19 pandemic fallout.
- China's Shanghai Composite rose about 1% owing to gains in infrastructure and securities stocks.
- However, some gains were trimmed on worries over policy tightening.

### 2. Commodity

- Crude oil prices rose in the week on hopes that US stimulus will boost the economy and fuel demand and on supply constraints following output cuts decision by major producing countries.
- Indian gold prices declined in this week due to lower demand following upbeat domestic economic data.
- Indian silver prices fell this week due to lower offtake by industrial units and coin-makers.

## C. News summary

### 1. Domestic

- The wholesale price-based inflation (WPI) rose to 2.03% in January 2021 owing to costlier manufactured products; the WPI inflation was 1.22% in December 2020 and 3.52% in January last year.
- India's trade deficit during the month of January 2021 narrowed to \$14.54 bn from \$15.3 bn in January 2020. It was \$15.44 bn in December 2020. Exports rose 6.16% on-year to \$27.45 bn in January 2021 while imports rose 2.03% to \$41.99 bn.
- S&P Global Ratings said India will be one of the fastest growing emerging market economies with a 10% growth in the next fiscal, and future sovereign rating action would hinge on lowering fiscal deficit and sustaining debt burden.
- Prime Minister Narendra Modi said the Government of India is planning to spend around Rs 7.5 lakh cr to build oil and gas infrastructure over the next five years.
- The Cabinet approved the Comprehensive Economic Cooperation and Partnership Agreement (CECPA) between India and Mauritius to encourage and improve trade between the two countries.
- The Cabinet approved a production-linked incentive (PLI) of Rs 12195 cr to locally manufactured telecom and networking equipment.
- Finance Minister Nirmala Sitharaman said the government has removed all ills from the rural-employment guarantee scheme MNRGA and spent highest ever about Rs 90500 cr so far this fiscal.
- RBI came out with guidelines to strengthen the digital payments architecture and improve security, control and compliance among banks, gateways, wallet operators and other non-bank entities.
- RBI issued various directions related to maintenance of liquidity coverage ratio, risk management, asset classification and loan-to-value ratio, among others, for housing finance companies (HFCs).

### 2. International

- US retail sales rose by 5.3% in January after sliding by a revised 1% in December.
- US industrial production rose 0.9% in January following an increase of 1.3% in December.
- Eurozone GDP on a yearly basis was down 5% in Q4 2020, bigger than the 4.3% decline in the third quarter.
- UK gross domestic product (GDP) shrank 9.9% in 2020 following growth of 1.4% in 2019. The economy expanded 1% in the fourth quarter following a revised 16.1% growth in the third quarter.
- Japan's economy grew an annualised 12.7% in October-December compared with a revised 22.7% growth in the previous quarter.

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## D. Week ahead

| Day                          | Events   |
|------------------------------|--|
| Monday, February 22, 2021    | <ul style="list-style-type: none"> <li>• US Dallas Fed Manufacturing Index, February 2021</li> <li>• People's Bank of China Interest Rate Decision</li> </ul>  |
| Tuesday, February 23, 2021   | <ul style="list-style-type: none"> <li>• US Consumer Confidence, February 2021</li> <li>• US S&amp;P / Case-Shiller Home Price Index, December 2020</li> <li>• Eurozone Consumer Price Index, January 2021</li> <li>• UK ILO Unemployment Rate, December 2020</li> <li>• China House Price Index, January 2021</li> </ul>  |
| Wednesday, February 24, 2021 | <ul style="list-style-type: none"> <li>• US New Home Sales, January 2021</li> </ul>  |
| Thursday, February 25, 2021  | <ul style="list-style-type: none"> <li>• US GDP, Q4 2020</li> <li>• US Durable Goods Orders, January 2021</li> <li>• US Pending Home Sales, January 2021</li> <li>• Eurozone Economic and Consumer Confidence, February 2021</li> <li>• Japan Industrial Production, January 2021</li> <li>• Japan Retail Sales, January 2021</li> </ul>   |
| Friday, February 26, 2021    | <ul style="list-style-type: none"> <li>• US Personal Income &amp; Spending, January 2021</li> <li>• US Goods Trade Balance, January 2021</li> <li>• US Chicago PMI, February 2021</li> <li>• UK Nationwide House Prices, February 2021</li> <li>• India GDP, Q3 FY21</li> <li>• India Core Sector Growth, January 2021</li> <li>• India Fiscal Deficit April – January 2021</li> </ul> |



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