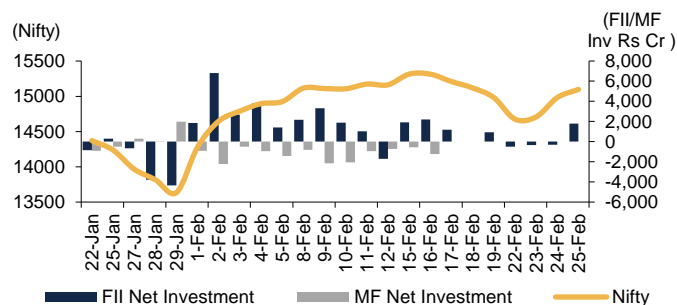


## Indian equity benchmark indices' returns

Broad Indices	Feb 26	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	49,100	-3.52	10.94	23.09
Nifty 50	14,529	-3.02	11.87	24.41
Nifty 500	12,181	-2.07	14.12	26.59
S&P BSE 100	14,724	-2.77	12.69	25.02
S&P BSE Midcap	19,979	-0.28	20.37	31.69
S&P BSE Smallcap	20,155	1.47	22.30	40.66

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Feb 26	% chg week	% chg 3 Mth	% chg Year
S&P BSE Metal	13,719	7.13	34.29	53.35
S&P BSE Oil & Gas	15,543	0.71	17.10	17.93
S&P BSE Realty Index	2,787	0.69	38.88	24.11
S&P BSE Power	2,419	0.10	21.38	36.13
S&P BSE CD	31,758	-0.25	20.29	20.10
S&P BSE CG	21,519	-1.23	26.79	35.16
S&P BSE Healthcare	20,856	-2.23	3.64	49.95
S&P BSE FMCG	11,967	-2.58	2.11	6.48
S&P BSE Bankex	38,981	-3.35	15.18	12.05
S&P BSE Auto	22,938	-3.61	15.67	40.95
S&P BSE IT	24,424	-4.01	11.84	52.43

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Feb 26	Previous Week	1 month ago
Call Rate	3.25%	3.25%	3.45%
10 Yr G-Sec*^	6.22%	6.12%	5.95%

\*5.85% 2030 paper ^Weighted Average Yield

## Currencies vs INR

Currency	Feb 26	Week ago	3 months ago	1 year ago
USD	73.47	72.64	73.88	71.66
GBP	101.83	100.99	98.72	92.72
Euro	88.76	87.68	87.94	77.98
Yen*	68.89	68.75	70.86	64.86

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equity indices remained in the negative terrain for the second consecutive week. S&P BSE Sensex and Nifty 50 fell 3.5% and 3%, respectively.
- Concerns about the recent spike in the Covid-19 cases back home and weak global cues including rising global bond yields, especially in the US, dented the market sentiment.
- Selling pressure in information technology (IT), auto and banking stocks further weighed on the market. S&P BSE IT (biggest sectoral decliner), S&P BSE Auto and S&P BSE Bankex declined 4%, 3.6% and 3.4%, respectively.
- Shares of Mahindra and Mahindra emerged the biggest laggard on the Nifty 50, declining 8.3% on week to settle at Rs 806.4 per share impacted the most by the broad market selloff in auto stocks.
- However, further losses were restrained on optimism that vaccine rollouts across various parts of the world will allow swift global economic recovery.
- Finance Minister Nirmala Sitharaman's announcement that the government has lifted the embargo on grant of government business to private banks induced further buying by investors.
- Shares of Hindalco Industries emerged the top gainer on the Nifty 50, rising 10.5% on week to settle at Rs 340.25 per share aided by positive sentiment surrounding metal stocks.

#### 2. Debt

- Government bond prices ended lower. Yield on the 10-year benchmark 5.85% 2030 paper settled at 6.23% on February 26, compared with 6.13% on February 18.
- Sentiment for debt remained muted following the devolvement of the 5.15% 2025 and 5.85% 2030 paper during the gilt sales last week.
- Fears that demand in the current week's debt sale would also be weak were realized, resulting in prices falling further. In the current week's bond sale, the RBI auctioned the 4.48% 2023 paper, the 6.22% 2035 paper, the 6.67% 2050 paper, and a floating-rate bond maturing in 2033 for a total notified Rs 24,000 crore. The 2023 and 2035 paper were partially devolved on primary dealerships.
- An intermittent rise in US benchmark Treasury yields and crude oil prices added to the pressure on bond prices.

#### 3. Forex

- The rupee ended lower against the US dollar, weighed down by importers' month-end dollar demand.
- Fears that rising global bond yields would trigger outflows from the domestic financial market contributed to a further decline in the local unit.
- Intermittent dollar sales by foreign banks and weakness in the greenback prior to US Federal Reserve Chair Jerome Powell's testimony helped the rupee recoup some losses.

## International equity benchmark indices' returns

Indices	Feb 26	% chg week	% chg 3 Mth	% chg Year
DJIA*	31,402	-0.29	5.12	15.95
Nasdaq Composite*	13,119	-5.44	8.48	46.33
FTSE 100*	6,652	0.42	4.08	-5.21
Nikkei 225	28,966	-3.50	9.15	29.16
Straits Times	2,949	2.37	3.20	-5.40
Hang Seng	28,980	-5.43	8.06	8.55
Shanghai Comp	3,509	-5.06	4.14	17.44

\*As of Feb 25

## International debt market indicators

Indicators	Feb 26	Feb 19
US 10-Year*	1.52	1.35
UK 10-Year*	0.79	0.70
German 10-Year*	-0.21	-0.31
Japan 10-Year	0.16	0.10
3-M USD Libor*	0.19%	0.18%
6-M USD Libor*	0.20%	0.20%
1-Y USD Libor*	0.28%	0.29%

\*As of Feb 25

## Commodities

Commodity	Feb 26	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	66.88	6.31	37.58	21.71
Indian gold (Rs per 10 gm)	46425.00	1.02	-5.19	9.16
Indian Silver (Rs per Kg)	68551.00	0.55	13.76	45.41

\*As of Feb 25

Source: Respective commodity exchanges, MCX

## B. International

### 1. Equity

- A sharp rise in global bond yields amid mounting worries about the possibility of a rise in inflation dented most global equities.
- US stocks fell owing to a surge in US treasury yields amid fears of rising inflation.
- A sell-off in technology stocks pulled down the market further.
- Some losses were cut short after Federal Reserve (Fed) Chairman Jerome Powell reaffirmed the need for stimulus measures to support the economy.
- US GDP rose 4.1% on-year in the fourth quarter of 2020 compared to the 33.4% spike seen in the previous quarter.
- US Conference Board's consumer confidence index rose to 91.3 in February from a downwardly revised 88.9 in January.
- US new home sales rose 4.3% to an annual rate of 923,000 in January after soaring by 5.5% to a revised rate of 885,000 in December.
- US durable goods orders soared by 3.4% in January after rising an upwardly revised 1.2% in December.
- Britain's FTSE index rose 0.4% led by gains in mining and energy stocks following rally in commodity prices.
- UK GfK consumer confidence index stood at -23 in February, up five points from the previous month and the highest level since the coronavirus pandemic hit the country.
- Asian equities ended in the red. Japan's Nikkei lost 3.5% on tracking losses on the Wall Street and as investors booked profits in technology stocks.
- Japan industrial production rose 4.2% on-month in January compared with a 1% fall in December.
- Japan retail sales fell 2.4% on-year in January compared with a 0.2% fall in December.
- Hong Kong's Hang Seng index declined 5.4%, mirroring the global markets, as a surge in global bond yields dampened appetite for risky assets.
- China's Shanghai Composite fell 5.1% on tracking a global sell-off amid rising bond yields, and on growing concerns of possible policy tightening.
- People's Bank of China kept the one-year and five-year loan prime rate (LPR) unchanged at 3.85% and 4.65%, respectively.

### 2. Commodity

- Crude oil prices rose sharply in the week due to drop in crude output after a deep freeze in Texas disrupted production last week.
- Indian gold prices ended marginally lower in this week due to lack of investment demand on the back of hopes over faster global economic recovery and rising US bond yields.
- Indian silver prices rose marginally this week as hopes of economic recovery supported offtake from industrial units and coin-makers.

## C. News summary

### 1. Domestic

- India's GDP for the October-December 2020 quarter grew by 0.4%, while the GDP for the entire financial year 2020-21 (FY21) is seen contracting 8%, as per the second advanced and quarterly estimates of GDP released by the Ministry of Statistics and Programme Implementation (MoSPI).
- India's fiscal deficit widened to Rs 12.3 lakh crore in January 2021, representing 66.8% of the target as per the revised estimates (RE) for FY21, according to data from the Controller General of Accounts.
- India's core sector growth came in at 0.1% in January 2021 against 0.2% expansion recorded in December 2020.
- Prime minister Narendra Modi announced investment opportunities worth Rs 2.5 lakh cr in the national asset monetisation pipeline mentioned in the Budget through sale of around 100 assets of central public sector enterprises (CPSEs).
- Finance Ministry allowed all private sector banks to conduct government related banking transactions.
- The Cabinet approved the production-linked incentive (PLI) scheme worth Rs 15000 cr and Rs 7325 cr for the pharmaceutical and technology hardware sectors, respectively, to encourage domestic manufacturing.
- RBI Governor said the potential owners of the soon-to-be privatized government-controlled banks must be financially strong to ensure that the lenders have robust risk buffers.
- SEBI decided to put in place pre-expiry margins on cash settled contracts wherein the underlying commodities are deemed to be susceptible to possible near zero or negative prices, in order to strengthen the risk management framework.
- IRDAI directed all general and health insurance companies to mandatorily offer a standard personal accident insurance policy by April 1, 2021.

### 2. International

- US GDP rose 4.1% on-year in the fourth quarter of 2020 compared to the 33.4% spike seen in the previous quarter.
- US consumer confidence index rose to 91.3 in February from a downwardly revised 88.9 in January.
- Eurozone consumer prices rose 0.9% year-on-year in January, reversing a 0.3% fall in December.
- Eurozone economic sentiment rose to 93.4 in February from 91.5 in January while consumer sentiment rose to -14.8 in February from -15.5 in January.

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## D. Week ahead

Day	Events
Monday, March 1, 2021	<ul style="list-style-type: none"> <li>US ISM Manufacturing Index, February 2021</li> <li>US Construction Spending, January 2021</li> <li>US Markit Manufacturing PMI, February 2021</li> <li>Eurozone Markit Manufacturing PMI, February 2021</li> <li>UK Markit Manufacturing PMI, February 2021</li> <li>UK Consumer Credit, January 2021</li> <li>India Markit Manufacturing PMI, February 2021</li> </ul>
Tuesday, March 2, 2021	<ul style="list-style-type: none"> <li>Eurozone Consumer Price Index, February 2021</li> <li>UK Nationwide Housing Prices, February 2021</li> </ul>
Wednesday, March 3, 2021	<ul style="list-style-type: none"> <li>US ADP Employment Change, February 2021</li> <li>US ISM Non-Manufacturing Index, February 2021</li> <li>US Markit Services &amp; Composite PMI, February 2021</li> <li>Eurozone Markit Composite PMI, February 2021</li> <li>India Markit Services PMI, February 2021</li> </ul>
Thursday, March 4, 2021	<ul style="list-style-type: none"> <li>US Non-farm productivity, Q4 2020</li> <li>US Factory Orders, January 2021</li> <li>Eurozone Retail Sales, January 2021</li> <li>UK Construction PMI, February 2021</li> <li>Japan Consumer Confidence, February 2021</li> </ul>
Friday, March 5, 2021	<ul style="list-style-type: none"> <li>US Non-farm payrolls &amp; Unemployment Rate, February 2021</li> <li>US Consumer Credit Change, January 2021</li> </ul>



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