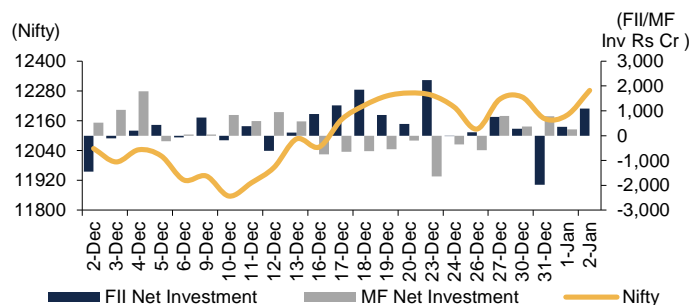


## Indian equity benchmark indices' returns

Broad Indices	Jan 3	% chg week	% chg 3 Mon	% chg Year
S&P BSE Sensex	41,465	-0.27	8.81	16.76
Nifty 50	12,227	-0.16	8.07	14.56
Nifty 500	9,942	0.33	8.08	10.28
S&P BSE 100	12,302	-0.06	7.74	12.23
S&P BSE Midcap	15,115	1.24	9.17	0.26
S&P BSE Smallcap	13,989	3.26	8.36	-4.01

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Jan 3	% chg week	% chg 3 Mon	% chg Year
S&P BSE Metal	10,599	3.01	22.41	-4.35
S&P BSE CG	17,332	2.29	-5.81	-5.78
S&P BSE Power	1,951	2.13	2.15	0.20
S&P BSE Healthcare	13,582	1.23	10.05	-1.17
S&P BSE Realty Index	2,290	1.07	19.07	26.32
S&P BSE IT	15,778	1.01	2.66	12.25
S&P BSE Oil & Gas	14,815	0.11	-0.72	10.56
S&P BSE FMCG	11,431	0.08	-2.07	-2.51
S&P BSE Auto	18,311	-0.44	9.28	-7.57
S&P BSE Bankex	36,522	-1.19	13.82	21.12
S&P BSE CD	24,603	-1.63	-5.36	19.38

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Jan 3	Previous Week	1 month ago
Call Rate	4.90%	5.05%	5.10%
10 Yr G-Sec*	6.51%	6.51%	6.47%
3-M USD Libor^	1.90%	1.94%	1.89%
6-M USD Libor^	1.91%	1.92%	1.90%
1-Y USD Libor^	1.99%	2.00%	1.94%

\*6.45% 2029 paper ^As of Jan 2

## Currencies vs INR

Currency	Jan 3	Week ago	3 months ago	1 year ago
USD	71.80	71.35	70.87	70.19
GBP	93.88	93.28	87.34	88.17
Euro	79.93	79.54	77.75	79.68
Yen*	66.44	65.18	66.30	65.23

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equity indices declined for the second consecutive week. S&P BSE Sensex and Nifty 50 lost about 0.2% each.
- Profit booking, especially in consumer durables and banking counters, pulled down the benchmarks further. S&P BSE Consumer Durables (biggest sectoral decliner) and S&P BSE Bankex dipped 1.6% and 1.2%, respectively. Shares of Zee Entertainment emerged the biggest laggard as the TRAI revised its regulatory framework for cable and broadcasting services. The stock price declined 8.46% to settle at Rs 273.7 per share.
- Some losses were trimmed after the US President Donald Trump said that Phase 1 of the trade deal with China would be signed on January 15.
- Positive GST revenue collection and manufacturing activity numbers also cheered investors.
- Buying interest in metal, capital goods and power firms supported the market. S&P BSE Metal (topmost sectoral gainer), S&P BSE Capital Goods and S&P BSE Power jumped 3%, 2.3% and 2.1%, respectively. However shares of Tata Motors advanced 8.49% to settle at Rs 191.1 per share.

#### 2. Debt

- Systemic liquidity was in surplus during the week, due to inflows from government spending and redemption of the 6.35% 2020 government bond.
- Gilt prices ended flat after recovering mid-week losses.
- Prices fell as market players remained concerned about the central government's financial position.
- A rise in crude oil prices due to a flare up of tensions in the Middle East towards the end of the week and the supply of dated securities (that hit the market via state-development loans (SDL) and government bond auctions) also weighed on prices.
- The central government's decision to keep interest rates of small-savings schemes unchanged for the March quarter triggered bond buying.
- Prices got a boost by the banking regulator's special purchase and sale of securities under open-market operations (OMO).
- Expectations of more such OMOs, which later came true, also augured well for gilts. The RBI notified that it would hold another such special OMO on January 6.

#### 3. Forex

- The rupee weakened against the greenback, as crude oil prices ticked sharply upwards towards the end of the week, due to a flare-up of tensions in the Middle East.
- The rupee was also put under pressure due to year-end dollar demand from importers and tracking an intermittent rise in the dollar index against Asian units.
- The rupee recovered some loses, following the announcement of the signing ceremony for phase-one of the trade deal between the US and China in mid-January.

## International equity benchmark indices' returns

Indices	Jan 3	% chg week	% chg 3 mon	% chg Year
DJIA*	28,869	0.78	10.70	27.25
Nasdaq Composite*	9,092	0.95	16.79	40.67
FTSE 100*	7,604	-0.53	6.76	13.62
Nikkei 225^	23,657	-0.76	8.74	18.20
Straits Times	3,239	0.38	4.89	7.50
Hang Seng	28,452	0.80	8.97	13.51
Shanghai Comp	3,084	2.62	6.15	25.14

\*As of Jan 2 ^As of Dec 30

## International debt market indicators

Indicators	Jan 3	Dec 27
US 10-Year*	1.88	1.87
UK 10-Year*	0.79	0.76
German 10-Year*	-0.22	-0.26
Japan 10-Year^	-0.01	-0.01

\*As of Jan 2 ^As of Dec 26

## Commodities

Commodity	Jan 3	% chg week	% chg 3 mon	% chg Year
Brent Crude Oil (\$ per barrel)*	66.25	-2.80	14.80	18.41
Gold (\$ per troy ounce)*	1527.10	1.03	0.66	18.34
Silver (\$ per ounce)*	17.93	0.56	1.85	15.38
Indian gold (Rs per 10 gm)	39948	2.98	5.35	25.19
Indian Silver (Rs per Kg)	47307	2.41	4.81	22.27

\*As of Jan 2

Source: Respective commodity exchanges, LBMA, MCX

## B. International

### 1. Equity

- Most global equities recorded positive performance following China's latest stimulus measures and US-China trade deal progress.
- US stocks ended at record highs as China's monetary easing measures and US-China trade deal hopes eased economic growth worries.
- Some gains were chipped off on profit booking and a dip in shares of firms including IBM and Boeing.
- US pending home sales index jumped 1.2% to 108.5 in November after falling by a revised 1.3% in October.
- US S&P CoreLogic Case-Shiller national Home Price Index reported a 3.3% annual gain in October, up from 3.2% in September.
- Britain's FTSE fell 0.5% on profit booking after recent gains.
- Further losses were prevented on tracking monetary policy easing by China and optimism regarding US-China trade deal.
- UK Markit Manufacturing PMI fell to 47.5 in December from 48.9 in the previous month.
- Asian equities were mixed. Japan's Nikkei index fell around 1% in the holiday-curtailed week due to selling in shares of auto and retail firms.
- Hong Kong's Hang Seng index rose nearly 1% primarily buoyed by optimism about US-China trade deal, monetary easing by China and buying in real estate and energy stocks.
- Some gains were cut short on worries about US-Iran tensions after a US strike killed a top Iranian commander.
- China's Shanghai Composite surged 2.6% boosted by easing US-China trade tiff and as Beijing eased monetary policy to prop up the economy.
- People's Bank of China decided to cut banks' reserve requirement ratio (RRR) by 50 basis points, effective January 6, thereby infusing over 800 bn yuan into the financial system.
- China's official purchasing managers' index (PMI) was unchanged at 50.2 in December from November, while non-manufacturing PMI fell to 53.5 in December, from 54.4 in November.

### 2. Commodity

- Crude oil prices ended little changed amid lack of any strong cues.
- Indian gold prices extended gains due to increased demand from jewelers on the back of ongoing wedding season and positive global cues.
- Indian silver prices gained this week due to robust demand from industrial units and coin traders.

## C. News summary

### 1. Domestic

- India's fiscal deficit hit 114.8% of Budget Estimate (BE) at Rs 8.08 lakh cr at the end of November, about the same level at 114.8% of BE in the corresponding month a year ago.
- India's current account deficit (CAD) narrowed to 0.9% of GDP, or \$6.3 bn in the September 2019 quarter, on account of lower trade deficit; it had stood at 2.9% of gross domestic product (GDP), or \$19 bn, in the corresponding quarter of 2018-19.
- India's core sector growth shrank by 1.5% in November 2019 compared with a 5.8% dip in October; the eight core sectors had expanded by 3.3% in November 2018.
- India's manufacturing PMI rose to 52.7 in December compared to 51.2 in November, due to a jump in new orders.
- The GST revenue collection for December came in at Rs 103184 cr indicating a pick-up in consumption, compared with November's Rs 103492 cr.
- Finance Minister Nirmala Sitharaman unveiled a National Infrastructure Pipeline with an investment plan worth Rs 102 lakh cr in the next five years.
- Government approved releasing Rs 8655 cr to Allahabad Bank, Indian Overseas Bank (IOB) and UCO Bank for preferential allotment of shares.
- SEBI barred investment advisors from giving free trials of their services to customers or accepting part payments for their services; also asked them to do risk profiling of clients.

### 2. International

- US advance trade deficit in goods shrank to \$63.2 bn in November from \$66.8 bn in October.
- US initial jobless claims fell by 2,000 to 222,000 in the week ended December 28.
- US consumer confidence fell slightly to 126.5 December from 126.8 in November.
- US pending home sales index jumped 1.2% to 108.5 in November after falling by a revised 1.3% in October.
- People's Bank of China said it will cut banks' reserve requirement ratio (RRR) by 50 basis points, effective January 6.
- China's official purchasing managers' index (PMI) was unchanged at 50.2 in December from November, while non-manufacturing PMI fell to 53.5 in December, from 54.4 in November.
- China's Caixin/Markit manufacturing PMI for December fell to 51.5 from 51.8 in November.

## D. Week ahead

Day	Events
Monday, January 06, 2020	<ul style="list-style-type: none"> <li>Eurozone Sentix Investor Confidence, January 2020</li> <li>UK Markit Services PMI, December 2019</li> <li>Japan Services &amp; Composite PMI, December 2019</li> <li>India's Nikkei Services PMI, December 2019</li> </ul>
Tuesday, January 07, 2020	<ul style="list-style-type: none"> <li>US ISM Non-Manufacturing Index, December 2019</li> <li>US Factory Orders, November 2019</li> <li>US Trade Balance, November 2019</li> <li>Eurozone Consumer Price Index, December 2019</li> <li>Eurozone Retail Sales, November 2019</li> </ul>
Wednesday, January 08, 2020	<ul style="list-style-type: none"> <li>US ADP Employment Report, December 2019</li> <li>US Consumer Credit, November 2019</li> <li>China's Consumer Price Index, December 2019</li> <li>China's Producer Price Index, December 2019</li> </ul>
Thursday, January 09, 2020	<ul style="list-style-type: none"> <li>Eurozone Unemployment Rate, November 2019</li> </ul>
Friday, January 10, 2020	<ul style="list-style-type: none"> <li>US Nonfarm Payrolls &amp; Unemployment Rate, December 2019</li> <li>Japan's Leading &amp; Coincident Index, November 2019</li> <li>India's Index of Industrial Production, December 2019</li> </ul>

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