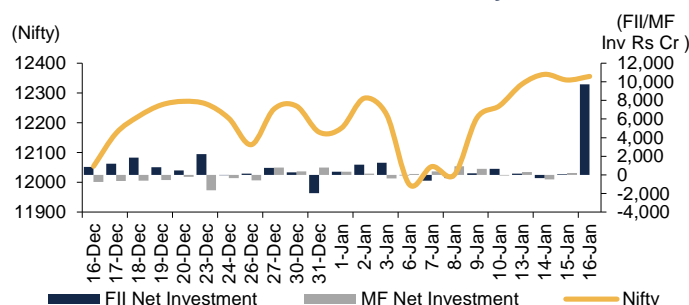


## Indian equity benchmark indices' returns

Broad Indices	Jan 17	% chg week	% chg 3 Mon	% chg Year
S&P BSE Sensex	41,945	0.83	7.41	15.32
Nifty 50	12,352	0.78	6.61	13.27
Nifty 500	10,119	1.41	7.75	10.45
S&P BSE 100	12,456	0.98	6.64	11.41
S&P BSE Midcap	15,709	3.63	10.88	3.74
S&P BSE Smallcap	14,709	3.97	13.90	0.67

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Jan 17	% chg week	% chg 3 Mon	% chg Year
S&P BSE Realty Index	2,479	4.42	25.00	32.54
S&P BSE CD	25,834	3.92	-1.49	22.87
S&P BSE FMCG	11,922	3.54	0.61	-0.17
S&P BSE Healthcare	14,051	3.48	12.38	-0.23
S&P BSE Power	2,004	2.64	3.70	2.07
S&P BSE Auto	18,901	2.49	6.73	-5.45
S&P BSE IT	16,117	2.26	4.98	10.02
S&P BSE Oil & Gas	14,749	0.88	-2.74	9.01
S&P BSE Metal	10,622	0.68	18.25	-4.32
S&P BSE CG	17,344	0.52	-4.76	-3.42
S&P BSE Bankex	36,036	-1.54	9.93	16.95

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Jan 17	Previous Week	1 month ago
Call Rate	5.00%	4.95%	5.25%
10 Yr G-Sec*	6.63%	6.59%	6.75%
3-M USD Libor^	1.83%	1.84%	1.90%
6-M USD Libor^	1.85%	1.87%	1.89%
1-Y USD Libor^	1.93%	1.97%	1.96%

\*6.45% 2029 paper ^As of Jan 16

## Currencies vs INR

Currency	Jan 17	Week ago	3 months ago	1 year ago
USD	71.08	70.94	71.17	71.04
GBP	92.66	92.73	91.58	91.58
Euro	78.95	78.67	79.15	81.00
Yen*	64.52	64.75	65.50	65.28

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equity indices ended higher for the second consecutive week. S&P BSE Sensex and Nifty 50 rose nearly 1% each.
- Market was primarily buoyed by positive global cues in the form of signing of first phase of the trade deal between the US and China, and a pullback in crude oil prices.
- On the domestic front, encouraging industrial production data and strong quarterly earnings from an IT major aided market sentiments.
- Buying interest in realty and consumer durables counters brought in more gains into the market. S&P BSE Realty (topmost sectoral gainer) and S&P BSE Consumer Durables jumped 4.4% and 4%, respectively.
- Shares of Bharti Airtel emerged the biggest gainer, rising 9.42% to settle at Rs 500.05 per share, after data showed that the telecom operator had added 1.65 million mobile users in November.
- Some gains were trimmed amid concerns that India's real fiscal deficit in current fiscal may be higher at 4.5-5% of GDP due to an expected shortfall in revenue, and higher spending.
- Bharti Infratel was the biggest decliner in the week, falling 12.51% to settle at Rs 218.25 per share, after the Supreme Court dismissed the review petition filed by telecom companies challenging the apex court's October 24 order on adjusted gross revenue (AGR) dues.

#### 2. Debt

- The interbank call money rate settled at 5.00% on January 17 as against 4.95% on January 10.
- Government bond prices ended off midweek lows. The yield of the 10 year benchmark 6.45% 2029 paper settled at 6.63% on January 17 as against 6.59% on January 10.
- Bonds began the week on a dim note as market players expected December retail inflation figures to show a spike.
- The announcement of a government bond switch auction next week, which would add to the supply of the benchmark note, also triggered some selling.
- Value buying by market players and hopes that the Centre would initiate more measures to spur economic growth, helped bonds recoup some losses.
- Expectation of announcement of more special open market operations by the RBI in the run up to the Union Budget also supported prices.

#### 3. Forex

- The rupee gave up midweek gains to end lower.
- Broad weakness in the US dollar following the release of non-farm payrolls figures last week supported the local unit.
- The decision of the US to remove China from the list of currency manipulators also enhanced sentiment.
- Further rupee gains were limited by importers' dollar demand.
- Muted regional cues following the signing of phase-one of the US-China trade deal, and data that showed a spike in domestic retail inflation also put the rupee under some pressure.

## International equity benchmark indices' returns

Indices	Jan 17	% chg week	% chg 3 mon	% chg Year
DJIA*	29,298	1.64	8.50	20.22
Nasdaq Composite*	9,357	1.94	15.18	32.08
FTSE 100*	7,610	0.29	6.16	11.34
Nikkei 225	24,041	0.80	6.50	17.84
Straits Times	3,281	0.77	4.95	2.07
Hang Seng	29,056	1.46	8.22	8.60
Shanghai Comp	3,076	-0.54	3.30	20.15

\*As of Jan 16

## International debt market indicators

Indicators	Jan 17	Jan 10
US 10-Year*	1.81	1.83
UK 10-Year*	0.64	0.77
German 10-Year*	-0.22	-0.20
Japan 10-Year	0.00	0.00

\*As of Jan 16

## Commodities

Commodity	Jan 17	% chg week	% chg 3 mon	% chg Year
Brent Crude Oil (\$ per barrel)*	64.62	-0.55	7.86	5.62
Gold (\$ per troy ounce)*	1554.55	0.06	4.15	20.44
Silver (\$ per ounce)*	18.01	0.53	3.21	15.63
Indian gold (Rs per 10 gm)	39804	0.50	4.13	22.52
Indian Silver (Rs per Kg)	46527	0.81	3.06	18.77

\*As of Jan 16

Source: Respective commodity exchanges, LBMA, MCX

## B. International

### 1. Equity

- Most equities across the globe advanced following the signing of the phase-I trade deal between US and China.
- US stocks ended at new record highs, mainly boosted by the initial trade deal signed between US and China.
- Strong corporate earnings reports including that from Morgan Stanley supported the benchmarks further.
- Some gains were reduced on profit booking and slower-than-expected domestic jobs growth.
- US non-farm payroll employment climbed by 145,000 jobs in December after spiking by a revised 256,000 in November; the unemployment rate came in at 3.5% in December, unchanged from the previous month.
- US consumer price index rose by 0.2% in December after climbing by 0.3% in November.
- Britain's FTSE rose moderately mainly on signing of the phase-I US-China trade deal and hopes that Bank of England may cut rates.
- Most gains were erased due to some disappointing earnings reports and a fall in shares of retail firms.
- Asian equities closed in the positive zone. Japan's Nikkei index rose nearly 1% on US-China trade deal news and as exporters' shares rallied following a weaker yen.
- Hong Kong's Hang Seng index advanced 1.5% after US-China inked the phase-I trade deal.
- Some gains were cut short on profit booking.
- China's Shanghai Composite fell 0.5% as investors booked profits after the recent rally underpinned by signing of a preliminary Sino-US trade deal and after data showed signs of stabilization in the world's second-largest economy.
- China posted a trade surplus of \$46.79 bn in December, compared with November's surplus of \$37.93 bn.
- China's economy grew 6.1% in 2019, compared with 6.6% in 2018. The economy grew 6.0% year-on-year in the fourth quarter of 2019, same as that in the previous quarter.
- China's Industrial output grew 6.9% in December from a year earlier, compared with 6.2% in November.

### 2. Commodity

- Crude oil prices fell this week on easing worries about potential global supply disruptions with the US and China signing phase-1 of trade deal and increased US crude oil output.
- Indian gold prices rose in this week due to positive global cues and increased demand from local jeweler on the back of the wedding season.
- Indian silver prices increased this week owing to higher offtake from industrial units and coin traders.

## C. News summary

### 1. Domestic

- India's retail inflation rose to about five-and-half year high of 7.35% in December from 5.54% in November, surpassing the RBI's comfort level, mainly due to spiraling prices of vegetables; the inflation was 2.11% in December 2018.
- India's Wholesale price-based inflation (WPI) rose to 2.59% in December, as against 0.58% in November due to an increase in prices of food items like onion and potato.
- India's exports fell 1.8% in December to \$27.36 bn, while imports dipped 8.83% to \$38.61 bn, resulting in a trade deficit of \$11.25 bn in December, compared with \$12.12 bn in November.
- United Nations lowers its GDP growth forecast for India in the current fiscal to 5.7% from 7.6% and cuts its forecast for the next fiscal to 6.6% from 7.4% earlier. Finance Ministry said foreign-owned mutual funds will not be categorized as foreign investors and subjected to sectoral caps under the Foreign Exchange Management Act.
- Government promulgated the ordinance for amendment in the Mines and Minerals (Development and Regulation) (MMDR) Act, 1957 and the Coal Mines (Special Provisions) Act, 2015 to ease auction of coal mines, allow FDI and improve ease of doing business. President Ram Nath Kovind gave his nod for the same.
- RBI came out with new rules for credit and debit cards to improve user convenience and increase the security of card transactions.

### 2. International

- US non-farm payroll employment climbed by 145,000 jobs in December after spiking by a revised 256,000 in November; the unemployment rate came in at 3.5% in December, unchanged from the previous month.
- US consumer price index rose by 0.2% in December after climbing by 0.3% in November.
- US producer price index for final demand inched up by 0.1% in December after coming in unchanged in November.
- US retail sales climbed by 0.3% in December, matching the upwardly revised increase in November.
- China's economy grew 6.1% in 2019, compared with 6.6% in 2018. The economy grew 6.0% year-on-year in the fourth quarter of 2019, same as that in the previous quarter.

## D. Week ahead

Day	Events
Monday, January 20, 2020	<ul style="list-style-type: none"> <li>People's Bank of China (PBoC) Interest Rate Decision</li> <li>Japan's Industrial Production, November</li> </ul>
Tuesday, January 21, 2020	<ul style="list-style-type: none"> <li>Eurozone ZEW Survey (Economic Sentiment), January</li> <li>UK ILO Unemployment Rate (3 Months), November</li> <li>UK Employment Report, December</li> <li>Bank of Japan (BoJ) Monetary Policy Statement &amp; Outlook Report</li> </ul>
Wednesday, January 22, 2020	<ul style="list-style-type: none"> <li>US Existing Home Sales, December</li> <li>US Chicago Fed Nat Activity Index, December</li> <li>US Housing Price Index, November</li> <li>US Crude Oil Inventories, January 18</li> <li>UK Public Sector Net Borrowing, December</li> <li>Japan's Imports &amp; Exports, December</li> </ul>
Thursday, January 23, 2020	<ul style="list-style-type: none"> <li>US Initial Jobless Claims, January 17</li> <li>European Central Bank Interest Rate Decision</li> <li>Eurozone Consumer Confidence, January</li> <li>BoJ Monetary Policy Meeting Minutes</li> <li>Japan's Consumer Price Index, December</li> <li>Japan's Jibun Bank Manufacturing PMI, January</li> <li>Japan's All Industry Activity Index, November</li> <li>Japan's Leading &amp; Coincident Index, November</li> </ul>
Friday, January 24, 2020	<ul style="list-style-type: none"> <li>US Markit Manufacturing, Composite &amp; Services PMI, January</li> <li>Eurozone Markit Manufacturing, Composite &amp; Services PMI, January</li> <li>UK Markit Manufacturing &amp; Services PMI, January</li> <li>India's Forex Reserves, January 18</li> </ul>

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