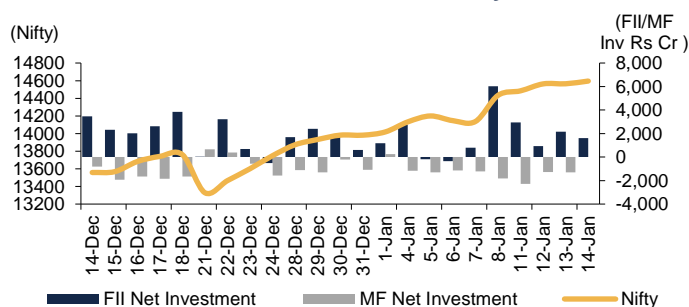


Indian equity benchmark indices' returns

| Broad Indices | Jan 15 | % chg week | % chg 3 Mth | % chg Year |
|------------------|--------|------------|-------------|------------|
| S&P BSE Sensex | 49,035 | 0.52 | 23.42 | 17.10 |
| Nifty 50 | 14,434 | 0.60 | 23.57 | 16.94 |
| Nifty 500 | 11,931 | 0.05 | 24.93 | 18.28 |
| S&P BSE 100 | 14,593 | 0.27 | 24.47 | 17.31 |
| S&P BSE Midcap | 18,904 | -1.23 | 30.65 | 21.91 |
| S&P BSE Smallcap | 18,682 | -1.20 | 27.58 | 28.54 |

FII and mutual fund investment vs. Nifty



| Sectoral Indices | Jan 15 | % chg week | % chg 3 Mth | % chg Year |
|----------------------|--------|------------|-------------|------------|
| S&P BSE Auto | 22,962 | 4.38 | 28.01 | 22.22 |
| S&P BSE IT | 26,353 | 2.00 | 21.35 | 63.25 |
| S&P BSE Oil & Gas | 14,956 | 1.52 | 27.23 | 1.22 |
| S&P BSE Realty Index | 2,619 | 1.36 | 58.47 | 6.72 |
| S&P BSE FMCG | 12,753 | 1.25 | 16.30 | 7.57 |
| S&P BSE Bankex | 36,540 | -0.32 | 39.63 | 0.71 |
| S&P BSE Healthcare | 22,035 | -1.13 | 12.12 | 59.81 |
| S&P BSE Power | 2,114 | -1.15 | 32.80 | 6.20 |
| S&P BSE CG | 19,630 | -1.45 | 45.35 | 12.89 |
| S&P BSE Metal | 12,346 | -2.47 | 56.03 | 13.80 |
| S&P BSE CD | 30,160 | -3.30 | 25.49 | 18.29 |

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

| Indicators | Jan 15 | Previous Week | 1 month ago |
|---------------|--------|---------------|-------------|
| Call Rate | 3.30% | 3.15% | 3.00% |
| 10 Yr G-Sec*^ | 5.97% | 5.90% | 5.94% |

*5.77% 2030 paper ^Weighted Average Yield

Currencies vs INR

| Currency | Jan 15 | Week ago | 3 months ago | 1 year ago |
|----------|--------|----------|--------------|------------|
| USD | 73.07 | 73.24 | 73.38 | 70.80 |
| GBP | 99.71 | 99.62 | 95.23 | 92.22 |
| Euro | 88.70 | 89.65 | 85.96 | 78.96 |
| Yen* | 70.51 | 70.53 | 69.72 | 64.50 |

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equities continued to rise for the third consecutive week. S&P BSE Sensex and Nifty 50 rose about 0.5% each.
- The government's decision to roll out the Covid-19 vaccine before the month ends and hopes of an additional fiscal stimulus in the United States boosted sentiment.
- Buying interest in auto, information technology (IT), oil & gas and realty counters brought more gains into the market.
- S&P BSE Auto (topmost sectoral gainer), S&P BSE IT, S&P BSE Oil & Gas and S&P BSE Realty advanced 4.4%, 2%, 1.5% and 1.4%, respectively.
- Shares of Tata Motors emerged the biggest gainer on the Nifty 50, rising 31.4% on week to settle at Rs 260.3 per share after the company's subsidiary Jaguar Land Rover reported a steady recovery in sales in the December 2020 quarter.
- However, gains were cut short due to sell off in consumer durables, metal and capital goods stocks.
- S&P BSE Consumer Durables (biggest sectoral decliner), S&P BSE Metal and S&P BSE Capital Goods lost 3.3%, 2.5% and 1.5%, respectively.
- Shares of Asian Paints emerged the biggest laggard on the Nifty 50, falling 8.9% on week to settle at Rs 2590.9 per share amid ongoing protests of local farmers at the company's Nanjangud unit.

2. Debt

- Government bond prices ended lower. The yield on the 10-year benchmark 5.77% 2030 paper settled at 5.99% on January 15 compared with 5.89% on January 8
- The yield on the 10-year 5.85% 2030 paper settled at 5.95% on January 15 compared with 5.87% on January 8
- Bonds began the session on a dim note as sentiments were dented by the RBI's plan to normalise liquidity in a phased manner
- Profit sales, and muted demand for debt seen in the weekly gilt sale exerted more pressure on bond prices
- The higher than expected cut off yield in the 14-day variable rate reverse repo auction also dented sentiment
- Some losses were recouped after the RBI bought the current 10-year benchmark as part of the special open market operation conducted on January 14
- Prices also received brief support after data showed that domestic consumer inflation had eased in December to a level below the RBI's tolerance ceiling

3. Forex

- After beginning the week on a dim note, the rupee gained to settle higher against the greenback
- The local unit was put under pressure tracking weakness in other Asian units at the start of the week
- Dollar sales by exporters, intermittent weakness in the US dollar index, and gains registered by local equity indices helped the rupee recoup its losses

International equity benchmark indices' returns

| Indices | Jan 15 | % chg week | % chg 3 Mth | % chg Year |
|-------------------|--------|------------|-------------|------------|
| DJIA* | 30,992 | -0.34 | 8.69 | 6.76 |
| Nasdaq Composite* | 13,113 | -0.68 | 11.42 | 41.63 |
| FTSE 100* | 6,802 | -1.04 | 14.61 | -11.00 |
| Nikkei 225 | 28,519 | 1.35 | 21.32 | 19.24 |
| Straits Times | 3,005 | 0.39 | 19.07 | -7.74 |
| Hang Seng | 28,574 | 2.50 | 18.28 | -0.69 |
| Shanghai Comp | 3,566 | -0.10 | 7.03 | 15.42 |

*As of Jan 14

International debt market indicators

| Indicators | Jan 15 | Jan 8 |
|-----------------|--------|-------|
| US 10-Year* | 1.13 | 1.11 |
| UK 10-Year* | 0.29 | 0.29 |
| German 10-Year* | -0.55 | -0.52 |
| Japan 10-Year | 0.03 | 0.04 |
| 3-M USD Libor* | 0.23% | 0.22% |
| 6-M USD Libor* | 0.25% | 0.25% |
| 1-Y USD Libor | 0.33% | 0.33% |

*As of Jan 14

Commodities

| Commodity | Jan 15 | % chg week | % chg 3 Mth | % chg Year |
|----------------------------------|----------|------------|-------------|------------|
| Brent Crude Oil (\$ per barrel)* | 56.42 | 0.77 | 30.24 | -12.51 |
| Indian gold (Rs per 10 gm) | 49285.00 | -1.93 | -2.36 | 24.45 |
| Indian Silver (Rs per Kg) | 65174.00 | -3.40 | 8.51 | 41.10 |

*As of Jan 14

Source: Respective commodity exchanges, MCX

B. International

1. Equity

- Profit booking following the recent rally pulled down most global equities.
- US stocks ended lower, primarily affected by weak labour market data and a sell-off in the shares of Twitter and Boeing.
- US non-farm payroll employment fell by 140,000 jobs in December after rising by an upwardly revised 336,000 jobs in November; the unemployment rate came in at 6.7% in December, unchanged from November.
- US initial jobless claims rose to 965,000 in the week ended January 9, an increase of 181,000 from the previous week's revised level of 784,000.
- Hopes of new fiscal relief package chipped off some losses.
- US President-elect Joe Biden announced a \$1.9 trillion plan to revive the country's economy and combat the coronavirus crisis.
- Britain's FTSE index lost 1% due to worries about increasing cases of Covid-19 and its impact on the economy.
- Further losses were prevented following a rise energy stocks and a slew of upbeat corporate earnings.
- Asian equities posted mixed performance. Japan's Nikkei index rose 1.4% buoyed by rally in technology stocks and better-than-expected core machinery orders data.
- Japan's core machine orders rose a seasonally adjusted 1.5% on-month in November following a 17.1% spike in October.
- Buying in pharma stocks following a report of an effective Covid-19 treatment, coupled with expectations of strong demand recovery in the semiconductor industry supported the market further.
- Hong Kong's Hang Seng index surged 2.5% on the back of gains in telecom and technology shares and after Joe Biden unveiled a \$1.9 trillion US economic recovery plan.
- China's Shanghai Composite fell marginally due to Sino-US tensions and profit booking after the recent rally.
- China's consumer price index (CPI) rose 0.2% from a year earlier in December compared with a 0.5% fall in November, while producer price index (PPI) fell 0.4% from a year earlier in December compared with a 1.5% drop in November.

2. Commodity

- Crude oil prices ended higher in anticipation of supply constrain after Saudi Arabia promised for extra production cuts.
- Indian gold prices ended lower in this week due to lack of demand from local jewelers.
- Indian silver prices fell this week due to declining offtake by industrial units and coin-makers.

C. News summary

1. Domestic

- India's index of industrial production (IIP) shrank 1.9% in November, as manufacturing (-1.7%) and mining (-7.3%) contracted while electricity output grew 3.5%; the industrial output growth was revised upwards to 4.19% in October.
- India's retail inflation eased to 4.59% in December from 6.93% a month ago, owing to slowing food inflation.
- India's wholesale price inflation eased to a four-month low of 1.22% in December, as food prices softened; the figure stood at 1.55% in November, 1.32% a quarter ago, and 2.76% a year ago.
- Fitch Ratings said that after an initial strong rebound in FY22, India's growth could slow to around 6.5% a year over FY23-FY26.
- The Cabinet approved a series of mineral sector reforms, including doing away with the distinction between captive and non-captive mines and reallocation of state-owned firms' non-producing blocks.
- Finance Ministry released the 11th instalment of Rs 6000 cr to states and union territories (UTs) to meet the GST compensation shortfall, taking the total amount provided so far under this window to Rs 66000 cr.
- Finance Ministry rejected demand for further extension of the last date for filing returns where audit is required beyond February 15.
- RBI's latest financial stability report (FSR) said asset quality of non-banking financial companies (NBFCs) is expected to deteriorate further due to business disruptions caused by the Covid-19 pandemic.
- SEBI did away with the applicability of minimum promoters' contribution norm and the subsequent lock-in requirements for issuers making Follow-on Public Offers (FPOs).

2. International

- US President-elect Joe Biden announced a \$1.9 trillion plan to revive the country's economy and combat the coronavirus crisis.
- US consumer price index rose by 0.4% in December after edging up by 0.2% in November.
- The US wholesale inventories were virtually unchanged in November after rising by 1.3% in October
- Eurozone industrial output rose 2.5% month-on-month in November, faster than the 2.3% increase seen in October.
- Bank of England (BoE) Governor Andrew Bailey commented on the viability of negative interest rates in Britain; said there were "lots of issues" with cutting interest rates below zero in the country and that such a move could hurt banks.

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D. Week ahead

| Day | Events |
|-----------------------------|---|
| Monday, January 18, 2021 | <ul style="list-style-type: none"> China Industrial Output, December 2020 China Retail Sales, December 2020 China GDP, Q4 2020 |
| Tuesday, January 19, 2021 | <ul style="list-style-type: none"> Eurozone Current Account Balance, November 2020 |
| Wednesday, January 20, 2021 | <ul style="list-style-type: none"> US NAHB Housing Market Index, January 2021 Eurozone Consumer Prices, December 2020 UK Consumer Prices, December 2020 China Interest Rate Decision |
| Thursday, January 21, 2021 | <ul style="list-style-type: none"> US Housing Starts & Building Permits, December 2020 ECB Interest Rate Decision Bank of Japan Interest Rate Decision |
| Friday, January 22, 2021 | <ul style="list-style-type: none"> US Manufacturing, Services & Composite PMI, January 2021 US Existing Home Sales, December 2020 Eurozone Manufacturing, Services & Composite PMI, January 2021 UK Retail Sales, December 2020 |



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