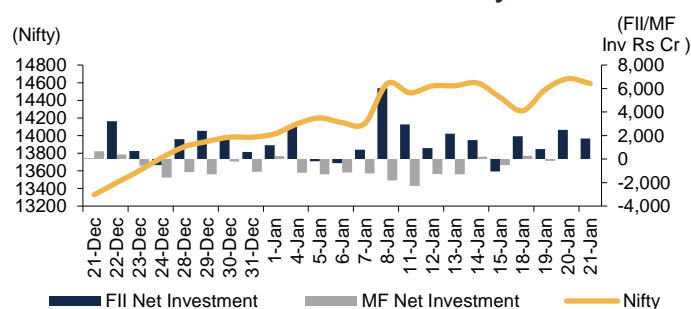


## Indian equity benchmark indices' returns

Broad Indices	Jan 22	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	48,879	-0.32	20.51	18.88
Nifty 50	14,372	-0.43	20.81	18.71
Nifty 500	11,855	-0.64	21.65	19.18
S&P BSE 100	14,524	-0.47	21.49	18.81
S&P BSE Midcap	18,762	-0.75	26.02	20.76
S&P BSE Smallcap	18,422	-1.39	22.58	25.89

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Jan 22	% chg week	% chg 3 Mth	% chg Year
S&P BSE Auto	23,705	3.24	33.37	29.19
S&P BSE CD	30,978	2.71	26.42	20.88
S&P BSE CG	20,099	2.39	42.87	17.77
S&P BSE IT	26,413	0.23	21.21	64.07
S&P BSE FMCG	12,669	-0.66	14.86	7.13
S&P BSE Power	2,092	-1.03	25.14	7.19
S&P BSE Oil & Gas	14,512	-2.97	18.71	1.22
S&P BSE Bankex	35,380	-3.18	27.25	1.17
S&P BSE Healthcare	21,334	-3.18	8.46	52.35
S&P BSE Realty Index	2,535	-3.20	35.46	3.17
S&P BSE Metal	11,546	-6.48	33.98	12.99

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Jan 22	Previous Week	1 month ago
Call Rate	3.00%	3.30%	3.45%
10 Yr G-Sec*^	5.94%	5.97%	5.95%

\*5.77% 2030 paper ^Weighted Average Yield

## Currencies vs INR

Currency	Jan 22	Week ago	3 months ago	1 year ago
USD	72.97	73.07	73.54	71.19
GBP	99.68	99.71	96.57	93.18
Euro	88.80	88.70	87.17	78.91
Yen*	70.41	70.51	70.29	64.78

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equities ended lower in the week with S&P BSE Sensex and Nifty 50 falling about 0.4% each.
- Profit booking, especially in metal, realty, healthcare, banking and oil & gas counters, weighed on the market. S&P BSE Metal (biggest sectoral decliner), S&P BSE Realty, S&P BSE Healthcare, S&P BSE Bankex and S&P BSE Oil & Gas lost 6.5%, 3.2%, 3.2%, 3.2% and 3%, respectively.
- Shares of ONGC emerged the top laggard on the Nifty 50, declining 8.5% on week to settle at Rs 92.75 per share amid weak sentiment for oil and gas stocks.
- However, some losses were recouped as investors cheered upbeat earnings of major companies for the December quarter.
- Positive global cues, including optimism over additional US spending to boost the economy, supported the sentiments.
- Buying interest in auto, consumer durables, capital goods and information technology (IT) stocks chipped off some losses from the market.
- Shares of Bajaj Auto emerged the top gainer on the Nifty 50, rising 14.2% on week to settle at Rs 4089.5 per share after reporting a strong financial performance in the December quarter.

#### 2. Debt

- Government bond prices ended the week higher. Yield of the 10-year benchmark 5.77% 2030 paper settled at 5.94% on January 22, 2021 compared with 5.99% on January 15, 2021. Yield of the 10-year 5.85% 2030 paper settled at 5.91% on January 22, 2021 compared with 5.95% on January 15, 2021.
- Gilts began the week on a bright note as the Reserve Bank of India (RBI) had announced last week that it would conduct an open market purchase of bonds on January 21 2021, which would include the current 10-year benchmark note.
- Yields hardened following results of the open market purchase operation; however, cut-off yield for the 10-year benchmark note was higher than expected.
- Bond prices rose in the final session of the week following the result of the weekly debt auction. In the gilt sale, the RBI did not accept any bids for the 10-year 5.85% 2030 paper.

#### 3. Forex

- The Indian rupee ended the week stronger against the US dollar.
- The local unit began the week on a dim note, tracking weakness in other Asian units and weighed down by importers' greenback demand.
- The rupee gained thereafter aided by broad dollar weakness and on the back of foreign fund inflows into the local financial market.
- Sporadic gains in domestic equity indices, and an uptick in investor risk appetite on hopes that US President Joe Biden's policies would help accelerate global economic recovery, also benefitted the rupee.

## International equity benchmark indices' returns

Indices	Jan 22	% chg week	% chg 3 Mth	% chg Year
DJIA*	31,176	1.17	10.51	6.78
Nasdaq Composite*	13,531	4.10	17.82	44.39
FTSE 100*	6,715	-0.30	16.25	-11.76
Nikkei 225	28,631	0.39	21.97	19.14
Straits Times	2,992	-0.44	18.32	-8.06
Hang Seng	29,448	3.06	18.81	3.91
Shanghai Comp	3,607	1.13	8.88	17.84

\*As of Jan 21

## International debt market indicators

Indicators	Jan 22	Jan 15
US 10-Year*	1.11	1.10
UK 10-Year*	0.33	0.29
German 10-Year*	-0.49	-0.54
Japan 10-Year	0.04	0.03
3-M USD Libor*	0.22%	0.22%
6-M USD Libor*	0.24%	0.25%
1-Y USD Libor	0.32%	0.32%

\*As of Jan 21

## Commodities

Commodity	Jan 22	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	56.10	1.81	34.44	-13.14
Indian gold (Rs per 10 gm)	48920.00	-0.74	-4.36	22.57
Indian Silver (Rs per Kg)	65477.00	0.46	4.65	42.13

\*As of Jan 21

Source: Respective commodity exchanges, MCX

## B. International

### 1. Equity

- Hopes of more stimulus measures by the new US administration buoyed most global equities.
- US stocks advanced following some robust corporate earnings and as new US President Joe Biden took charge of the office.
- A rally in technology stocks and hopes of further fiscal relief package also boosted the market.
- US industrial production rose 1.6% in December compared with a 0.5% increase in November.
- US initial jobless claims fell to 900,000 in the week ended January 16, a decrease of 26,000 from the previous week's revised level of 926,000.
- US retail sales fell by 0.7% in December after falling by a revised 1.4% in November.
- Britain's FTSE index fell 0.3% as fresh lockdown due to spike in coronavirus cases dampened hopes of a swift economic recovery.
- Some losses were recovered on the back of upbeat earnings of major companies.
- Asian equities ended in the green. Japan's Nikkei index rose 0.4% on optimism over encouraging corporate earnings and hopes that the new US administration's stimulus package will boost growth.
- However, gains were cut short as investors booked profits after the recent rally.
- Hong Kong's Hang Seng index surged 3% buoyed by better-than-expected Chinese gross domestic product data (GDP) and rally in technology stocks.
- Further gains were prevented due to sporadic profit booking.
- China's Shanghai Composite advanced 1% following domestic GDP data and hopes of more stimulus from the new US President's administration to cushion the economic damage caused by the Covid-19 pandemic.
- China's economy grew 2.3% in 2020; growth in the three months ending in December rose to 6.5% over a year earlier, up from the previous quarter's 4.9%.
- China's industrial output rose 7.3% year-on-year in December compared with 7.0% increase in November.
- China's retail sales rose 4.6% in December from a year earlier, as against a 5% growth in November.

### 2. Commodity

- Crude oil prices rose in the week owing to expectation that fresh stimulus support from the US government would boost the demand growth.
- Indian gold prices ended marginally lower in this week due to lower demand from local jewelers.
- Indian silver prices fell this week due to falling offtake by industrial units and coin-makers.

## C. News summary

### 1. Domestic

- India's trade deficit for December 2020 was estimated at \$15.44 bn as against the deficit of \$12.49 bn in December 2019. Exports rose to \$27.15 bn in December 2020, while imports surged to \$42.59 bn.
- According to an article published in the RBI's monthly bulletin India's economic recovery is getting stronger, and policymakers may soon have space to support the rebound.
- PM Modi released Rs 2691 cr to beneficiaries in Uttar Pradesh under the Pradhan Mantri Awas Yojana. He also launched a Rs 1000 cr startup seed fund.
- India and Japan signed a pact to cooperate across 5G, telecom security, submarine optical fiber cable and smart cities, spectrum management, high altitude platform for broadband in unconnected areas, disaster management and public safety.
- The Cabinet approved a Rs 5282 cr investment proposal for 850 MW Ratle hydropower project on Chenab river in Jammu and Kashmir.
- The RBI said SBI, ICICI Bank and HDFC Bank continue to be Domestic Systemically Important Banks (D-SIBs) or institutions which are 'too big to fail'.
- RBI Governor Shaktikanta Das said the central bank could consider the idea of a bad bank if there is any such proposal.
- SEBI extended relaxations for companies with regards to compliance with procedural norms pertaining to rights issues opening till March 31 amid the ongoing coronavirus pandemic.
- IRDAI said that in case of cashless claims under a health insurance policy, the claims should be settled as per the tariff decided by the parties in compliance with provisions of Regulation 31 of IRDAI (Health Insurance) Regulations, 2016.

### 2. International

- US retail sales fell by 0.7% in December after falling by a revised 1.4% in November.
- US industrial production rose 1.6% in December compared with a 0.5% increase in November.
- The ECB Governing Council left the main refinancing rate unchanged at a record low 0%.
- The UK gross domestic product (GDP) shrank 2.6% on-month in November, reversing a 0.6% rise posted in October.
- UK industrial output came in at -0.1% in November compared with 1.3% in October. On an annualized basis, the industrial output dropped by 4.7% in November as against a 5.8% fall in October.

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## D. Week ahead

Day	Events
Monday, January 25, 2021	<ul style="list-style-type: none"> <li>US Chicago Fed National Activity Index, December 2020</li> <li>US Dallas Fed Manufacturing Index, January 2021</li> <li>Bank of Japan Monetary Meeting Minutes</li> </ul>
Tuesday, January 26, 2021	<ul style="list-style-type: none"> <li>US Consumer Confidence, January 2021</li> <li>US S&amp;P/Case Shiller House Price Index, November 2020</li> <li>UK Unemployment Rate, November 2020</li> </ul>
Wednesday, January 27, 2021	<ul style="list-style-type: none"> <li>US Federal Reserve Interest Rate Decision</li> <li>US Durable Goods Orders, December 2020</li> <li>China Industrial Profits, December 2020</li> <li>Japan Retail Sales, December 2020</li> <li>Japan Leading Economic Index, November 2020</li> </ul>
Thursday, January 28, 2021	<ul style="list-style-type: none"> <li>US GDP, Q4 2020</li> <li>US New Home Sales, December 2020</li> <li>US Advance Goods Trade Balance, December 2020</li> </ul>
Friday, January 29, 2021	<ul style="list-style-type: none"> <li>US Personal Income &amp; Spending, December 2020</li> <li>US Chicago PMI, January 2021</li> <li>US University of Michigan Consumer Sentiment Index, January 2021</li> <li>US Pending Home Sales, December 2020</li> <li>India Core Sector Growth, December 2020</li> </ul>



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