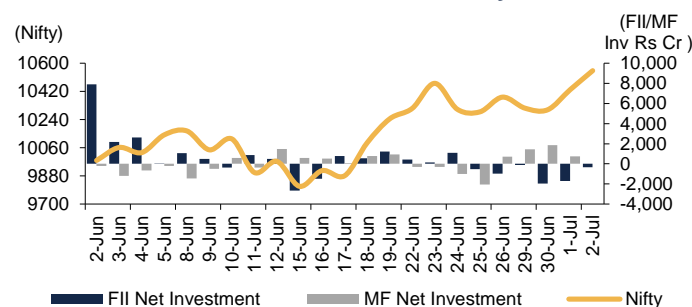


Indian equity benchmark indices' returns

Broad Indices	Jul 3	% chg week	% chg 3 Mon	% chg Year
S&P BSE Sensex	36,021	2.42	30.56	-9.58
Nifty 50	10,607	2.16	31.22	-10.99
Nifty 500	8,696	1.60	31.00	-10.87
S&P BSE 100	10,708	1.95	30.90	-11.09
S&P BSE Midcap	13,289	0.23	30.04	-11.18
S&P BSE Smallcap	12,603	-0.22	33.95	-11.99

FII and mutual fund investment vs. Nifty



Sectoral Indices	Jul 3	% chg week	% chg 3 Mon	% chg Year
S&P BSE Auto	15,817	3.53	54.02	-12.80
S&P BSE FMCG	11,429	2.55	14.50	-0.11
S&P BSE IT	15,481	2.35	31.41	-1.08
S&P BSE CD	21,003	2.35	11.90	-19.40
S&P BSE Bankex	24,795	1.35	25.52	-29.54
S&P BSE CG	13,109	-0.32	23.86	-34.60
S&P BSE Oil & Gas	13,013	-0.46	30.04	-11.72
S&P BSE Power	1,607	-0.59	20.72	-25.04
S&P BSE Healthcare	16,344	-0.89	31.86	26.34
S&P BSE Metal	7,253	-1.85	32.69	-34.95
S&P BSE Realty Index	1,595	-2.17	20.69	-28.63

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Jul 3	Previous Week	1 month ago
Call Rate	3.10%	4.00%	2.90%
10 Yr G-Sec*\$	5.86%	5.90%	6.02%

*5.79% 2030 paper \$Weighted Average Yield

Currencies vs INR

Currency	Jul 3	Week ago	3 months ago	1 year ago
USD	74.63	75.64	76.16	68.89
GBP	93.04	93.84	93.65	86.61
Euro	83.90	84.92	82.35	77.83
Yen*	69.48	70.73	70.21	63.96

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equity indices recorded impressive performance for the third consecutive week. S&P BSE Sensex and Nifty 50 rose 2.4% and 2.2%, respectively.
- Sentiments were primarily boosted by encouraging domestic manufacturing activity and GST collection numbers, coupled with positive global cues in the form of upbeat US and Chinese macroeconomic data and hopes of a Covid-19 vaccine.
- The government's approval for a scheme to improve the liquidity position of NBFCs/HFCs through a special purpose vehicle also cheered the investors.
- Strong buying in auto and fast-moving consumer goods (FMCG) counters brought in more gains into the market. S&P BSE Auto and S&P BSE FMCG jumped 3.5% and 2.6%, respectively.
- Shares of Hero Motocorp emerged the top gainer on the Nifty 50, rising to Rs 2738.25 per share, (up 7.8% on week) on market expectation that two-wheeler demand could recover in the coming few months.
- Further gains were restrained as spike in the new coronavirus back home and globally raised fears of renewed lockdown restrictions and derailed hopes of the economic recovery.
- Shares of Coal India emerged the biggest laggard on the Nifty 50 after the company reported weak earnings for the March quarter. The company's shares settled 4.8% lower on week at Rs 135.25 per share.

2. Debt

- Government bond prices ended higher on week. Yield of the 10-year benchmark 5.79% 2030 paper settled at 5.85% on July 3 as against 5.91% on June 26.
- Quarter end value-buying by investors at the start of the week, and expectations that the central bank will announce measures to support the local bond market, gave bonds support.
- The RBI notified that it will conduct simultaneous purchase of gilts and sale of treasury bills via special open market operations. The purchase/ sale auction was held on July 2 for Rs 10,000 crore each.
- The plan of state governments to sell a lower-than-expected amount of notes in the September quarter also aided prices.
- Some gains were erased in the final session of the week ahead of the outcome of the weekly gilt sale.

3. Forex

- The rupee ended at a 3 month high against the US dollar aided by foreign banks' dollar sales and intermittent gains in domestic equities.
- Dollar inflows into the local financial market supported sentiment.
- Better-than-expected US ISM manufacturing and private payrolls data strengthened risk appetite and augured well for the rupee.
- The rising number of Covid-19 cases dented sentiment and limited further rupee gains.

International equity benchmark indices' returns

Indices	Jul 3	% chg week	% chg 3 mon	% chg Year
DJIA*	25,827	3.25	23.32	-4.22
Nasdaq Composite*	10,208	4.62	38.68	24.94
FTSE 100*	6,240	1.32	14.41	-17.99
Nikkei 225	22,306	-0.91	25.18	3.09
Straits Times	2,653	1.86	11.03	-21.23
Hang Seng	25,373	3.35	9.20	-12.07
Shanghai Comp	3,153	5.81	13.02	4.56

*As of Jul 2

International debt market indicators

Indicators	Jul 3	Jun 26
US 10-Year*	0.67	0.64
UK 10-Year*	0.18	0.17
German 10-Year*	-0.43	-0.48
Japan 10-Year	0.33	0.01
3-M USD Libor*	0.30%	0.31%
6-M USD Libor*	0.37%	0.36%
1-Y USD Libor*	0.54%	0.57%

*As of Jul 2

Commodities

Commodity	Jul 3	% chg week	% chg 3 mon	% chg Year
Brent Crude Oil (\$ per barrel)*	43.14	5.17	26.47	-32.40
Gold (\$ per troy ounce)*	1777.45	1.71	10.19	25.75
Silver (\$ per ounce)*	17.93	0.53	24.57	17.08
Indian gold (Rs per 10 gm)	48227.00	0.23	11.53	41.29
Indian Silver (Rs per Kg)	48458.00	0.37	21.53	30.43

*As of Jul 2

Source: Respective commodity exchanges, LBMA, MCX

B. International

1. Equity

- Hopes of economic recovery amid robust US and Chinese economic data boosted global equities.
- Wall Street stocks surged in the week with Dow Jones and Nasdaq rising 3.3% and 4.6%, respectively.
- Market was primarily boosted by upbeat domestic economic data.
- US non-farm payroll employment skyrocketed by 4.8 mn jobs in June after soaring by an upwardly revised 2.7 mn jobs in May; the unemployment rate dropped to 11.1% in June from 13.3% in May.
- US ADP said private sector employment jumped by 2.37 mn jobs in June; revised data showed private sector employment soared by 3.07 mn jobs in May.
- US ISM national factory activity index jumped to a reading of 52.6 in June from 43.1 in May.
- US Conference Board's consumer confidence index jumped to 98.1 in June from a downwardly revised 85.9 in May.
- Some gains were reduced on the back of surging new coronavirus cases.
- Britain's FTSE index rose 1.3% on hopes of additional stimulus measures, rally in energy stocks, report of progress in developing a Covid-19 vaccine, a rally in shares of Associated British Foods and strong US jobs data.
- Asian equities posted mixed performance. Japan's Nikkei index fell around 1% on tracking weak domestic business sentiment data.
- Bank of Japan's "tankan" survey showed that the headline index for big manufacturers' sentiment hit -34 in June, down 26 points from March, while the index measuring big non-manufacturers' sentiment fell 25 points to -17 in June.
- Hong Kong's Hang Seng index jumped 3.4% following upbeat US and Chinese economic data.
- Some gains were cut short due to political unrest in the city and fear of second wave of coronavirus pandemic.
- China's Shanghai Composite surged nearly 6% on the back of positive domestic and US economic data.
- China Caixin manufacturing PMI rose to 51.2 in June from 50.7 in May, while services PMI rose to 58.4 in June from May's 55.0.

2. Commodity

- Crude oil prices gained this week on hopes of recovery in oil demand following the upbeat economic data from major countries and declining supply from the US.
- Indian gold ended higher in this week tracking global cues including rising demand for safe haven asset following increasing Covid-19 cases globally.
- Indian silver prices rose this week due to growing demand for industry metals and silver coins.

• News summary

1. Domestic

- India's fiscal deficit in the first two months through May stood at Rs 4.66 lakh cr, or 58.6% of the budgeted target for the current fiscal year.
- India's core sector growth shrank 23.4% in May; in April, the output of the core sector had contracted a record 37%.
- India's current account balance turned surplus by \$0.6 bn, or 0.1% of GDP, in Q4 fiscal 2020 as against a deficit of \$4.6 bn, or 0.7% of GDP, in the year-ago quarter and \$2.6 bn (0.4% of GDP) in Q3.
- India's Nikkei manufacturing Purchasing Managers' Index (PMI), increased to 47.2 in June from 30.8 in May.
- As per finance ministry data, the Goods and services tax (GST) collection in June was Rs 90917 cr, compared with Rs 62009 cr in May and Rs 32294 cr in April.
- India's retail inflation for industrial workers dipped to 5.1% in May compared to 5.45% for the previous month.
- A finance ministry report says government's total liabilities increased 0.8% to Rs 94.62 lakh cr at March-end 2020 as compared to the preceding quarter.
- Gross tax collection in May stood at Rs 58533 cr, compared with Rs 93389 cr in the same month last year.
- S&P Global Ratings expects the Indian economy to contract by 5% this fiscal.
- Prime Minister Narendra Modi launched the 'Atma Nirbhar Uttar Pradesh Rozgar Abhiyan' to promote local entrepreneurship. He also announced the extension of the PM Gareeb Kalyan Anna Yojana until the end of November.
- RBI decided to extend the enhanced borrowing facility provided to the banks to meet their liquidity shortages till September 30; also extended the relaxation relating to maintenance of cash reserve ratio (CRR) by banks for a further period of three months up to September 25, 2020.

2. International

- US Federal Reserve's meeting minutes showed that the central bank expects loose policy to prevail until the economy gets back to normal.
- US non-farm payroll employment skyrocketed by 4.8 mn jobs in June after soaring by an upwardly revised 2.7 mn jobs in May; the unemployment rate dropped to 11.1% in June from 13.3% in May.
- ECB President Christine Lagarde says the Eurozone is "probably past" the worst of the economic crisis caused by the coronavirus pandemic, but the recovery will be uneven.

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Week ahead

Day	Events
Monday, July 6, 2020	<ul style="list-style-type: none"> US Services & Composite PMI, June 2020 US ISM Non-Manufacturing PMI, June 2020 Eurozone Sentix Investor Confidence, July 2020 Eurozone Retail Sales, May 2020 UK Construction PMI, June 2020 UK Markit Composite PMI, June 2020
Tuesday, July 7, 2020	<ul style="list-style-type: none"> Japan Leading / Coincident Index, May 2020 Japan Current Account Balance, May 2020
Wednesday, July 8, 2020	<ul style="list-style-type: none"> UK RICS Housing Price Balance, June 2020 China Consumer Prices, June 2020 China Producer Prices, June 2020
Thursday, July 9, 2020	<ul style="list-style-type: none"> US Wholesale Inventories, May 2020
Friday, July 10, 2020	<ul style="list-style-type: none"> US Producer Prices, June 2020 India Industrial Production, May 2020



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