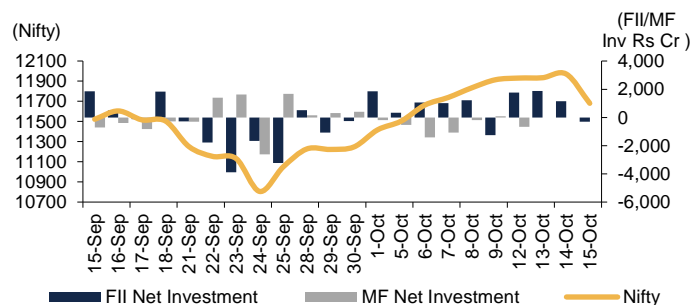


## Indian equity benchmark indices' returns

Broad Indices	Oct 16	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	39,983	-1.30	9.63	3.59
Nifty 50	11,762	-1.27	9.52	2.60
Nifty 500	9,626	-1.27	9.81	3.71
S&P BSE 100	11,815	-1.43	9.31	2.38
S&P BSE Midcap	14,621	-0.98	9.74	5.04
S&P BSE Smallcap	14,787	-1.20	16.96	15.52

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Oct 16	% chg week	% chg 3 Mth	% chg Year
S&P BSE Metal	8,205	-0.24	9.12	-7.74
S&P BSE Realty Index	1,696	-0.24	10.06	-14.02
S&P BSE IT	21,839	-0.76	27.01	42.47
S&P BSE Power	1,616	-0.83	7.57	-15.79
S&P BSE FMCG	10,985	-0.88	-4.70	-6.06
S&P BSE CD	24,313	-0.98	18.56	-6.73
S&P BSE Bankex	26,681	-1.05	9.06	-17.31
S&P BSE CG	13,622	-1.32	6.42	-24.72
S&P BSE Healthcare	19,917	-1.90	17.56	60.63
S&P BSE Oil & Gas	11,905	-2.20	-5.90	-21.02
S&P BSE Auto	18,007	-2.34	13.41	4.66

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Oct 16	Previous Week	1 month ago
Call Rate	2.00%	2.00%	2.40%
10 Yr G-Sec <sup>^</sup>	5.93%	5.94%	6.00%

<sup>^</sup>5.77% 2030 paper <sup>^</sup>Weighted Average Yield

## Currencies vs INR

Currency	Oct 16	Week ago	3 months ago	1 year ago
USD	73.34	73.14	75.19	71.43
GBP	94.88	94.67	94.32	91.06
Euro	85.91	86.32	85.77	78.80
Yen*	69.69	69.08	70.20	65.72

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equities ended the week on a disappointing note. S&P BSE Sensex and Nifty 50 lost 1.3% each.
- Weak global cues in the form of diminishing hopes of a new US stimulus package and rising covid-19 cases in Europe weighed on the sentiments.
- A sell-off in auto, oil & gas, healthcare and capital goods stocks pulled down the market further. S&P BSE Auto (biggest sectoral decliner), S&P BSE Oil & Gas, S&P BSE Healthcare and S&P BSE Capital Goods declined 2.3%, 2.2%, 2% and 1.3%, respectively.
- Shares of Wipro emerged the top laggard on the Nifty 50, declining 9.2% on week to settle at Rs 339.65 per share after making its September quarter earnings announcement.
- However, some losses were recouped on the back of measures announced by the government to boost the consumer demand.
- Shares of Tata Steel emerged the top gainer on the Nifty 50, rising 6.6% on week to settle at Rs 393.85 per share after announcing its financial results for the September quarter.

#### 2. Debt

- Government bond prices ended higher. The yield of the 10-year benchmark 5.77% 2030 paper settled at 5.93% on October 16 compared with 5.94% on October 9.
- Bonds began the week on a bright note as the market-supportive measures announced by the central bank last week continued to aid sentiment.
- Prices remained range-bound thereafter for the next few sessions in the absence of strong cues.
- The RBI's open market bond purchase auction of October 15 was met with cheer. The central bank purchased four dated securities for a total notified Rs 20,000 crore.
- Yields hardened in the final session in response to the revised borrowing calendar notified by the RBI.
- In the SDL auction during the week, states raised a total notified Rs 17,750 crore via sale of dated securities. Further, the RBI notified its first ever open market purchase auction of state development bonds, which will be conducted on October 22, for an aggregate amount of Rs 10,000 crore.

#### 3. Forex

- The rupee weakened against the US dollar, weighed down by dollar purchases by state-owned banks and weakness in domestic equities.
- Acceleration in domestic retail inflation figures for September also dented sentiment.
- Subdued investor risk appetite amid the view that there won't be another US fiscal stimulus package announced prior to the Presidential election next month, put further pressure on the local unit.

## International equity benchmark indices' returns

Indices	Oct 16	% chg week	% chg 3 Mth	% chg Year
DJIA*	28,494	-0.32	6.04	5.53
Nasdaq Composite*	11,714	1.16	11.03	44.19
FTSE 100*	5,833	-3.06	-7.31	-18.63
Nikkei 225	23,411	-0.89	2.81	4.17
Straits Times	2,533	0.00	-3.46	-19.19
Hang Seng	24,387	1.11	-2.34	-8.54
Shanghai Comp	3,336	1.96	3.93	12.01

\*As of Oct 15

## International debt market indicators

Indicators	Oct 16	Oct 9
US 10-Year*	0.73	0.78
UK 10-Year*	0.18	0.27
German 10-Year*	-0.61	-0.54
Japan 10-Year	0.02	0.03
3-M USD Libor*	0.22%	0.22%
6-M USD Libor*	0.25%	0.25%
1-Y USD Libor*	0.35%	0.35%

\*As of Oct 15

## Commodities

Commodity	Oct 16	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	43.16	0.72	-0.48	-27.36
Gold (\$ per troy ounce)*	1891.90	-1.63	4.66	27.39
Silver (\$ per ounce)*	23.94	-1.56	24.37	38.71
Indian gold (Rs per 10 gm)	50796.00	0.20	3.50	32.96
Indian Silver (Rs per Kg)	61330.00	0.85	18.01	36.89

\*As of Oct 15

Source: Respective commodity exchanges, LBMA, MCX

## B. International

### 1. Equity

- Global equities mostly ended lower on concerns about rising Covid-19 cases and uncertainty surrounding further US stimulus package.
- US stocks ended mixed in the week with Dow Jones falling 0.3% while Nasdaq rose 1.2%.
- Market was positive earlier buoyed by hopes of coronavirus relief package and rally in technology stocks
- However, gains were erased, especially from the Dow Jones, due to halt in Covid-19 vaccine trials, spike in coronavirus infections in Europe, diminishing US stimulus hopes and rise in the weekly US jobless claims.
- US initial jobless claims climbed to 898,000 in the week ended October 10, an increase of 53,000 from the previous week's revised level of 845,000.
- US consumer price index rose by 0.2% in September after climbing by 0.4% in August.
- Britain's FTSE index declined 3% owing to concerns around the timeline of a coronavirus vaccine, a surge in new covid-19 cases in several parts of Europe and uncertainty over the Brexit trade deal.
- Asian equities ended mixed. Japan's Nikkei index fell nearly 1% due to worries about rising covid-19 cases across the globe and as hopes of US stimulus bill faded.
- Hong Kong's Hang Seng index rose 1% following China's policy measures to support the economic growth and upbeat trade data from the country.
- Some gains were cut as hopes that US leaders will agree to a new stimulus package before the election dampened.
- China's Shanghai Composite rose 2% following Beijing's latest policy support for equity markets and upbeat exports & imports data.
- China's exports rose 9.9% year-on-year in September compared with 9.5% growth in August, while imports jumped 13.2% in September from 2.1% slump in August. The trade surplus for September came in at \$37 bn compared with \$58.93 bn surplus in August.
- China's consumer price index rose 1.7% from a year earlier in September, compared with a 2.4% rise in August. The producer price index fell 2.1% from a year earlier in September compared with a 2% fall in August.

### 2. Commodity

- Crude oil prices ended little changed as earlier losses on reports that production in Libya, Norway and the Gulf of Mexico has started recovering were offset by OPEC members' commitment to output cuts.
- Indian gold prices ended higher this week on safe haven buying amid uncertainty surrounding US Presidential elections and fiscal stimulus measures.
- Indian silver prices rose this week on demand from coin-makers and increased industrial offtake.

## • News summary

### 1. Domestic

- India's industrial production declined by 8% in August after contracting by 10.8% the month before.
- India's retail inflation rose to 7.34% in September from 6.69% in August, mainly on account of higher food prices.
- India's trade deficit narrowed to \$2.72 bn in September 2020, compared to a shortfall of \$11.67 bn in the year ago-month. Exports in September rose 5.99% year-on-year to \$27.58 bn while imports fell 19.6% to \$30.31 bn in the month.
- International Monetary Fund (IMF) projected India's economy to contract at a higher rate of 10.3% in current fiscal compared to its earlier prediction of 4.5%, due to rise in Covid-19 cases. However, it sees the economy rebounding 8.8% in the next fiscal.
- The Centre will borrow a revised total of Rs 4.88 lakh cr for the period starting October 19 to March 31 to operationalise a special borrowing window meant for states to bridge their GST revenue gap. The total borrowing for the Centre for the current fiscal will stand at Rs 13.1 lakh cr, compared to Rs 12 lakh cr it said on September 30.
- Finance Minister Nirmala Sitharaman said additional budget of Rs 25000 cr will be provided as capital expenditure to develop roads, defence, water supply, urban development and domestically produced capital equipment.
- Finance Minister Nirmala Sitharaman announced a payment of cash in lieu of LTC and Rs 10,000 festival advance to government employees to stimulate consumer demand during the festival season and boost the economy.
- Government permitted 20 states to raise Rs 68825 cr through open market borrowings to bridge the GST revenue shortfall.
- RBI increased banks' maximum aggregate retail exposure limit to entities with turnover up to Rs 50 cr to Rs 7.5 cr, up from Rs 5 cr.

### 2. International

- US consumer price index rose by 0.2% in September after climbing by 0.4% in August.
- UK gross domestic product climbed 2.1% month-on-month in August, slower than the 6.4% expansion seen in July.
- China's exports rose 9.9% year-on-year in September compared with 9.5% growth in August, while imports jumped 13.2% in September from 2.1% slump in August.
- China's consumer price index rose 1.7% from a year earlier in September, compared with a 2.4% rise in August.

## Week ahead

Day	Events
Monday, October 19, 2020	<ul style="list-style-type: none"> <li>US NAHB Housing Market Index, October 2020</li> <li>China GDP, Q3 2020</li> <li>China Industrial Production, September 2020</li> <li>China Retail Sales, September 2020</li> </ul>
Tuesday, October 20, 2020	<ul style="list-style-type: none"> <li>US Housing Starts &amp; Building Permits, September 2020</li> <li>People's Bank of China Interest Rate Decision</li> </ul>
Wednesday, October 21, 2020	<ul style="list-style-type: none"> <li>UK Consumer Prices, September 2020</li> </ul>
Thursday, October 22, 2020	<ul style="list-style-type: none"> <li>US Existing Home Sales, September 2020</li> <li>Eurozone Consumer Confidence, October 2020</li> <li>UK GfK Consumer Confidence, October 2020</li> <li>Japan Manufacturing PMI, October 2020</li> <li>Japan All Industry Activity Index, August 2020</li> </ul>
Friday, October 23, 2020	<ul style="list-style-type: none"> <li>US Manufacturing, Services &amp; Composite PMI, October 2020</li> <li>Eurozone Manufacturing, Services &amp; Composite PMI, October 2020</li> <li>UK Retail Sales, September 2020</li> <li>UK Manufacturing, Services &amp; Composite PMI, October 2020</li> </ul>

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