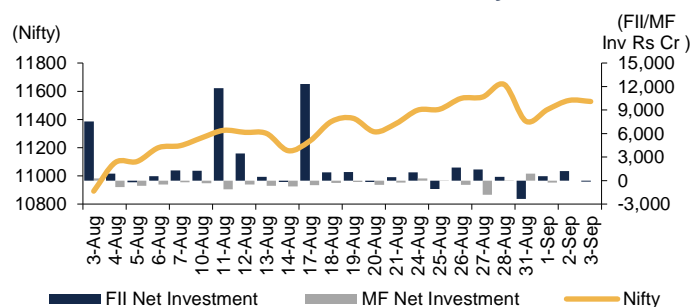


Indian equity benchmark indices' returns

Broad Indices	Sep 4	% chg week	% chg 3 Mon	% chg Year
S&P BSE Sensex	38,357	-2.81	12.88	4.45
Nifty 50	11,334	-2.69	13.01	4.51
Nifty 500	9,378	-2.73	14.56	6.17
S&P BSE 100	11,446	-2.77	12.92	4.52
S&P BSE Midcap	14,817	-2.76	20.14	11.71
S&P BSE Smallcap	14,603	-2.59	26.27	17.71

FII and mutual fund investment vs. Nifty



Sectoral Indices	Sep 4	% chg week	% chg 3 Mon	% chg Year
S&P BSE IT	18,129	-0.28	23.47	11.82
S&P BSE CD	23,360	-0.52	13.51	3.96
S&P BSE Auto	18,051	-1.32	22.38	18.45
S&P BSE FMCG	11,383	-1.76	2.82	4.54
S&P BSE CG	13,989	-2.01	10.98	-16.14
S&P BSE Power	1,697	-2.25	10.73	-8.53
S&P BSE Metal	8,912	-2.61	24.47	6.20
S&P BSE Healthcare	18,734	-2.83	16.37	46.67
S&P BSE Oil & Gas	12,935	-3.11	4.67	-0.16
S&P BSE Realty Index	1,732	-6.14	12.77	-13.34
S&P BSE Bankex	26,134	-6.30	11.50	-14.36

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Sep 4	Previous Week	1 month ago
Call Rate	2.80%	2.20%	2.80%
10 Yr G-Sec*\$	5.93%	6.15%	5.77%

*5.77% 2030 paper \$Weighted Average Yield

Currencies vs INR

Currency	Sep 4	Week ago	3 months ago	1 year ago
USD	73.14	73.39	75.56	72.12
GBP	97.23	97.39	94.54	87.94
Euro	86.63	87.38	84.63	79.43
Yen*	68.89	69.23	69.34	67.82

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equity indices recorded disappointing performance in the week. S&P BSE Sensex and Nifty 50 lost nearly 3% each.
- Market fell sharply due to flaring up geopolitical tensions between India and China on Ladakh border.
- Market was affected further by disappointing core sector, gross domestic product (GDP) and services sector data and after SEBI implemented the new margin system from September 1.
- A sell-off in banking, realty, oil & gas and healthcare counters also weighed on the market.
- Shares of Axis Bank emerged the top laggard on the Nifty 50, falling 10.6% on week to settle at Rs 455.2 per share weighed by diminished demand for banking stocks.
- Some losses were recouped on intermittent bargain buying by investors.
- Shares of Bharti Infratel emerged the top gainer on the Nifty 50, rising 6.6% on week to settle at Rs 214.85 per share after the company got board approval for the merger with Indus Towers.

2. Debt

- Government bond prices rose on week. The yield of the new 10-year benchmark 5.77% 2030 paper settled at 5.93% on September 4, compared with 6.15% on August 28.
- Bonds rose at the start of the week on hopes that the central bank would make gilt market supportive announcements.
- Apart from announcing more auctions under special open-market operations, the central bank also temporarily increased banks' investment limit under the held-to-maturity (HTM) portfolios.
- The contraction in domestic GDP in the June quarter also led to an expectation that the central bank would maintain an accommodative stance for an extended period, thereby supporting bond prices.
- Further bond price gains were limited as the cutoffs in the weekly gilt auction suggested that yields may not dip very sharply.

3. Forex

- The rupee's exchange rate see-sawed during the week before settling higher.
- The local unit began the week under pressure. Renewed geopolitical tensions between India and China, coupled with month-end dollar demand from importers, dented sentiment.
- Strength in the greenback following the release of upbeat US manufacturing activity data, and intermittent declines in Indian equity indices, also pulled the rupee down.
- Remarks from the RBI supported the local unit mid-week. The central bank said the recent appreciation in the rupee has helped contain imported inflationary pressures. The comments provided an indication that the central bank may allow the domestic currency to strengthen further.

International equity benchmark indices' returns

Indices	Sep 4	% chg week	% chg 3 mon	% chg Year
DJIA*	28,293	-1.26	7.70	7.35
Nasdaq Composite*	11,458	-2.03	18.33	43.64
FTSE 100*	5,851	-1.89	-8.33	-19.97
Nikkei 225	23,205	1.41	2.25	12.38
Straits Times	2,510	-1.18	-7.30	-19.83
Hang Seng	24,695	-2.86	1.35	-6.89
Shanghai Comp	3,355	-1.42	14.94	13.46

*As of Sep 3

International debt market indicators

Indicators	Sep 4	Aug 28
US 10-Year*	0.62	0.72
UK 10-Year*	0.23	0.31
German 10-Year*	-0.49	-0.41
Japan 10-Year	0.04	0.05
3-M USD Libor*	0.25%	0.24%
6-M USD Libor*	0.29%	0.31%
1-Y USD Libor*	0.43%	0.45%

*As of Sep 3

Commodities

Commodity	Sep 4	% chg week	% chg 3 mon	% chg Year
Brent Crude Oil (\$ per barrel)*	44.07	-2.18	10.20	-27.40
Gold (\$ per troy ounce)*	1940.45	-0.86	14.14	25.51
Silver (\$ per ounce)*	26.90	-1.65	51.55	39.34
Indian gold (Rs per 10 gm)	50917.00	-0.13	10.68	30.52
Indian Silver (Rs per Kg)	63754.00	-1.33	30.47	27.90

*As of Sep 3

Source: Respective commodity exchanges, LBMA, MCX

B. International

1. Equity

- Global equities ended mixed amid region specific cues.
- US stocks declined owing to heavy selling in technology stocks and worries about rising coronavirus cases.
- However, sentiments got some support from positive domestic manufacturing data, reports of stimulus talks in the White house and after US Federal Reserve's Beige Book reported modest increase in domestic business activity.
- US ISM manufacturing index rose to 56.0 in August from 54.2 in July.
- US ADP said private sector employment increased by 428,000 jobs in August after rising by an upwardly revised 212,000 jobs in July.
- US factory orders soared by 6.4% in July, matching the upwardly revised spike seen in June.
- Britain's FTSE index fell nearly 2% as exporters' stocks retreated following a stronger pound.
- Losses were cut short in response to upbeat house prices data.
- UK nationwide house prices advanced by more-than-expected at 2% month-on-month in August, faster than the 1.8% rise seen in the previous month.
- Asian equities posted mixed performance. Japan's Nikkei index rose 1.4% on optimism that Prime Minister Shinzo Abe's successor could continue his current policies.
- Sentiments were also buoyed by hopes of global and domestic stimulus measures.
- Hong Kong's Hang Seng index dipped nearly 3% following sell-off in financial, energy and consumer staples stocks.
- More losses were seen as technology stocks declined after India banned 118 Chinese apps.
- China's Shanghai Composite lost 1.4% following Sino-US tensions and profit booking in shares of financials, healthcare and consumer firms.
- China's official manufacturing Purchasing Managers Index (PMI) fell slightly to 51 in August from 51.1 in July, while non-manufacturing PMI rose to 55.2 in August compared to 54.2 in July.
- China's Caixin/Markit manufacturing PMI came in at 53.1 for August, compared to 52.8 in July, while services PMI fell to 54 in August from July's 54.1.

2. Commodity

- Crude oil prices declined this week on demand growth concerns and as output in the Gulf of Mexico witnessed a strong recovery from Hurricane Laura.
- Indian gold extended fall this week in response to lack of demand from the jewelers.
- Indian silver prices declined marginally this week owing to falling demand for coins and industrial metal.

• News summary

1. Domestic

- India's gross domestic product or GDP contracted 23.9% in the April-June period of 2020 compared to expansion of 3.1% in the previous quarter, and 5.2% in the same quarter a year ago.
- India's combined index of eight core industries contracted 9.6% in July from a year ago. The core sector output, which had contracted a sharp 37.9% in April as the country went into a stringent lockdown, had shrunk 22% in May and 12.9% in June.
- India's federal fiscal deficit in the four months to end July stood at Rs 8.21 lakh cr, or 103.1% of the budgeted target for the current fiscal year.
- India IHS Markit manufacturing Purchasing Managers' Index (PMI) stood at 52 in August, up from 46 in July, while the services PMI rose to 41.8 in August compared to 34.2 in July. The composite PMI came in at 46 in August, up from 37.2 in July.
- India's retail inflation for industrial workers slowed marginally to 5.33% in July compared to 5.98% in the same month last year due to lower prices of certain food items.
- Finance Minister Nirmala Sitharaman told banks to put in place a loan restructuring scheme for rescuing all viable business units affected by the Covid-19 pandemic by September 15.
- SEBI extended the relaxations provided to foreign portfolio investors (FPIs) and custodians for processing documents related to new investor registrations, if they belong to jurisdictions still under the lockdown.
- SEBI extended the relaxation given for default recognition on account of restructuring of debt, till December 31.

2. International

- US Federal Reserve's Beige Book showed that the US economy expanded in August, although many parts of the country experienced slower growth amid lingering anxiety over the coronavirus.
- US non-farm payroll employment surged up by 1.37 mn jobs in August after spiking by a downwardly revised 1.73 mn jobs in July; the unemployment rate fell to 8.4% in August from 10.2% in July.
- US ADP said private sector employment increased by 428,000 jobs in August after rising by an upwardly revised 212,000 jobs in July.
- Eurozone economic sentiment index rose for a fourth straight month in August to 87.7 from 82.4 in July.
- China's Caixin/Markit manufacturing PMI came in at 53.1 for August, compared to 52.8 in July.

Week ahead

Day	Events
Monday, September 7, 2020	<ul style="list-style-type: none"> Eurozone Sentix Investor Confidence, September 2020 Japan GDP, Q2 2020 Japan Current Account Balance, July 2020 Japan Leading / Coincident Index, July 2020 China Trade Balance, August 2020
Tuesday, September 8, 2020	<ul style="list-style-type: none"> US Consumer Credit, July 2020 Eurozone GDP, Q2 2020 China Consumer Prices, August 2020 Japan Eco-Watchers Survey, August 2020
Wednesday, September 9, 2020	<ul style="list-style-type: none"> UK RICS Housing Price Balance, August 2020
Thursday, September 10, 2020	<ul style="list-style-type: none"> US Producer Prices, August 2020 ECB Interest Rate Decision, September 2020 China New Loans, August 2020
Friday, September 11, 2020	<ul style="list-style-type: none"> US Consumer Prices, August 2020 UK GDP, May-Jul 2020 UK Industrial Output, July 2020 India Industrial Production, July 2020

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