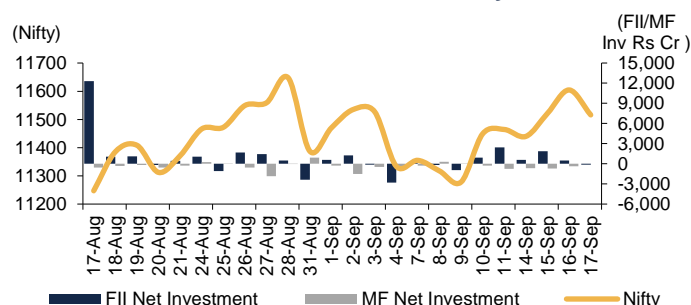


## Indian equity benchmark indices' returns

Broad Indices	Sep 18	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	38,846	-0.02	13.56	6.24
Nifty 50	11,505	0.35	14.00	6.13
Nifty 500	9,560	1.20	15.40	7.68
S&P BSE 100	11,647	0.67	14.29	6.13
S&P BSE Midcap	15,048	2.65	18.74	11.97
S&P BSE Smallcap	15,300	5.09	26.33	18.66

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Sep 18	% chg week	% chg 3 Mth	% chg Year
S&P BSE Healthcare	20,405	8.34	26.19	58.39
S&P BSE IT	19,852	6.19	36.00	24.41
S&P BSE Realty Index	1,792	5.76	15.83	-10.26
S&P BSE CD	24,082	3.13	18.01	0.27
S&P BSE Auto	18,445	2.63	24.59	16.98
S&P BSE Power	1,708	1.10	12.37	-10.96
S&P BSE CG	13,931	0.82	12.24	-17.86
S&P BSE Oil & Gas	13,163	-0.91	4.68	-1.60
S&P BSE FMCG	11,288	-1.27	5.25	3.04
S&P BSE Metal	8,647	-1.32	19.65	-3.36
S&P BSE Bankex	25,036	-1.84	4.90	-18.37

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Sep 18	Previous Week	1 month ago
Call Rate	2.50%	3.25%	2.80%
10 Yr G-Sec^A	6.01%	6.03%	5.98%

\*5.77% 2030 paper ^Weighted Average Yield

## Currencies vs INR

Currency	Sep 18	Week ago	3 months ago	1 year ago
USD	73.46	73.54	76.14	71.24
GBP	95.39	94.32	95.35	88.70
Euro	87.08	87.07	85.59	78.69
Yen*	70.40	69.25	71.14	65.85

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equities registered mixed performance. S&P BSE Sensex fell marginally, while Nifty 50 rose 0.4%.
- A sell-off in banking stocks weighed on the market earlier. S&P BSE Bankex was the biggest sectoral decliner – down nearly 2%.
- A pullback in metal and fast-moving consumer goods (FMCG) firms brought in more losses in the market. S&P BSE Metal and S&P BSE FMCG and fell 1.3% each.
- Border tensions with China and some negative global cues including US Federal Reserve raising caution on economic recovery also dented sentiments.
- Shares of SBI declined the most on week on the Nifty 50, settling ~5% lower at Rs 194 per share impacted by weak sentiment surrounding banking stocks.
- However, most losses were erased as pharma stocks rallied after Dr. Reddy's Labs inked a deal with Russia's sovereign wealth fund to conduct a clinical trial and distribution of Sputnik V (Covid-19 vaccine) in India. S&P BSE Healthcare was the topmost sectoral gainer – up 8.3%.
- Shares of Dr. Reddy's Labs emerged the top gainer on the Nifty 50, rising 21% on week to settle at Rs 5333 per share.
- Modification in asset allocation norms for multi-cap funds announced by SEBI and upbeat Chinese data also cheered the investors.

#### 2. Debt

- Government bond prices ended higher. The yield of the 10-year benchmark 5.77% 2030 paper settled at 6.01% on September 18, compared with 6.04% on September 11.
- Bond prices rose slightly ahead of the release of domestic inflation data for August. Prices remained supported as the retail inflation figures released for August were lower than expected.
- The RBI Governor's remarks also aided sentiment. The RBI chief said that the Indian economy was showing some signs of stability, but added that economic recovery is likely to be gradual.
- More bond buying was witnessed after the central bank announced its first outright bond purchase auction for the financial year.
- Some gains were erased as market players trimmed positions ahead of the weekly debt auction.

#### 3. Forex

- The rupee's exchange rate against the greenback see-sawed through the week before settling higher.
- The local unit was supported by renewed hopes of a coronavirus vaccine, and upbeat Asian cues midweek.
- Intermittent dollar demand from state-owned banks, however, put the rupee under pressure.
- The US Federal Reserve's guidance turned out to be less dovish than expected, thereby prompting investor risk aversion and weighing further on the local unit.

## International equity benchmark indices' returns

Indices	Sep 18	% chg week	% chg 3 Mth	% chg Year
DJIA*	27,902	0.85	6.82	2.78
Nasdaq Composite*	10,910	0.52	10.09	33.42
FTSE 100*	6,050	0.30	-3.25	-17.28
Nikkei 225	23,360	-0.20	4.49	6.37
Straits Times	2,498	0.31	-6.30	-21.13
Hang Seng	24,455	-0.20	-0.04	-8.59
Shanghai Comp	3,338	2.38	13.57	11.80

\*As of Sep 17

## International debt market indicators

Indicators	Sep 18	Sep 11
US 10-Year*	0.68	0.67
UK 10-Year*	0.18	0.18
German 10-Year*	-0.49	-0.48
Japan 10-Year	0.01	0.02
3-M USD Libor*	0.23%	0.25%
6-M USD Libor*	0.28%	0.28%
1-Y USD Libor*	0.38%	0.41%

\*As of Sep 17

## Commodities

Commodity	Sep 18	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	43.30	8.71	4.31	-31.92
Gold (\$ per troy ounce)*	1936.25	-0.57	12.61	28.78
Silver (\$ per ounce)*	26.75	-0.48	51.83	49.83
Indian gold (Rs per 10 gm)	51619.00	0.52	9.13	37.50
Indian Silver (Rs per Kg)	65454.00	0.39	35.91	43.20

\*As of Sep 17

Source: Respective commodity exchanges, LBMA, MCX

## B. International

### 1. Equity

- Most global equities ended in the green on hopes of development of Covid-19 vaccine.
- US stocks closed higher on hopes of Covid-19 vaccine, a flurry of initial public offerings and reports that Oracle will partner with TikTok's parent.
- Gains were cut short following dismal domestic jobs data and the US Federal Reserve (Fed) indicated that risks to the economy remain.
- The Fed kept interest rates unchanged at near-zero and indicated that it would likely stay there until at least 2023 given the outlook for inflation and employment in the wake of the coronavirus pandemic.
- Britain's FTSE index rose 0.3% led by gains in mining stocks.
- However, concerns about a disorderly Brexit weighed on the sentiments.
- Other European equities ended marginally higher as gains on tracking robust Chinese industrial output data were set off by Fed's cautious outlook for the US economy. France's CAC 40 and Germany's Dax rose 0.1% and 0.04%, respectively.
- Asian equities posted mixed performance. Hong Kong's Hang Seng index lost 0.2% after the Fed stopped short of offering fresh stimulus to boost the economy.
- The benchmark rose earlier buoyed by upbeat China economic data and encouraging signs of progress in development of Covid-19 vaccine.
- China's Shanghai Composite jumped 2.4% on hopes of fresh stimulus measures and after the country's securities regulator approved the first batch of ETFs, which are expected to attract fresh funds into the market.
- China industrial production growth improved to 5.6% year-on-year in August from 4.8% in July.
- China retail sales advanced 0.5% on year-on-year, in contrast to a 1.1% drop in July.
- Japan's Nikkei index fell 0.2% on profit booking and as a stronger yen affected exporters' stocks.

### 2. Commodity

- Crude oil prices ended higher this week owing to worries over supply constraints after more than a quarter of offshore Gulf of Mexico crude production was shut down due to Hurricane and falling US crude oil supply.
- Indian gold rose marginally this week as economic growth worries increases the demand for safe haven asset.
- Indian silver prices gained this week in response to rising offtake of coins and industrial metal.

## • News summary

### 1. Domestic

- India's retail inflation softened slightly to 6.69% in August; the government has revised downwards the retail inflation for July to 6.73%.
- India's Wholesale Price Index (WPI) increased 0.16% in August as compared to -0.58% in July, 2020 due to rising prices of manufactured products; WPI had consistently fallen since June, when it reached a 4.5-year high of 3.37%.
- India's trade deficit of \$6.77 bn in August, compared to a shortfall of \$13.86 bn in the same month last year. Exports in August stood at \$22.7 bn while imports were \$29.47 bn.
- The Asian Development Bank (ADB) said India's economy is expected to contract by 9% this fiscal - worse than the 4% contraction it had forecast three months ago. However, it expects the economy to recover strongly and grow 8% in next fiscal.
- Organization for Economic Co-operation and Development (OECD) expected Indian economy to contract 10.2% in the current fiscal against its earlier estimate of 3.7-7.3% contraction, following the extended lockdowns to contain the spread of the Covid-19 pandemic.
- RBI Governor said the central bank will focus on five areas to assist a revival of the economy in the coming few months.
- Finance Minister Nirmala Sitharaman sought Parliament nod for additional spending of Rs 2.36 lakh cr, including Rs 40000 cr towards enhanced expenditure under Mahatma Gandhi National Rural Employment Guarantee Program.
- RBI proposed allowing foreign portfolio investors (FPIs) to undertake exchange-traded rupee interest rate derivatives transactions subject to an overall ceiling of Rs 5000 cr.
- SEBI said that the closing net asset values (NAV) of the day will be applicable when units of mutual fund schemes are purchased, irrespective of the size and time of such transaction, with effect from January 1; the new rules will not apply to liquid and overnight funds, and cut-off timings for all such schemes will remain unchanged.

### 2. International

- US Federal Reserve kept interest rates unchanged at near-zero and indicated that it would likely stay there until at least 2023 given the outlook for inflation and employment in the wake of the coronavirus pandemic.
- Eurozone industrial production rose 4.1% in July compared to 9.5% growth in June.
- UK gross domestic product expanded 6.6% in July compared to a 8.7% gain in June.

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## Week ahead

Day	Events
Monday, September 21, 2020	<ul style="list-style-type: none"> <li>US Chicago Fed National Activity Index, August</li> </ul>
Tuesday, September 22, 2020	<ul style="list-style-type: none"> <li>US Existing Home Sales, August</li> <li>Eurozone Consumer Confidence, September</li> <li>Japan Manufacturing PMI, September</li> </ul>
Wednesday, September 23, 2020	<ul style="list-style-type: none"> <li>US Housing Price Index, July</li> <li>US Manufacturing, Services &amp; Composite PMI, September</li> <li>UK Manufacturing, Services &amp; Composite PMI, September</li> <li>Eurozone Manufacturing, Services &amp; Composite PMI, September</li> <li>Japan Total Industry Activity, July</li> </ul>
Thursday, September 24, 2020	<ul style="list-style-type: none"> <li>US Chicago Fed National Activity Index, July</li> <li>US New Home Sales, August</li> </ul>
Friday, September 25, 2020	<ul style="list-style-type: none"> <li>US Durable Goods Orders, August</li> </ul>



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