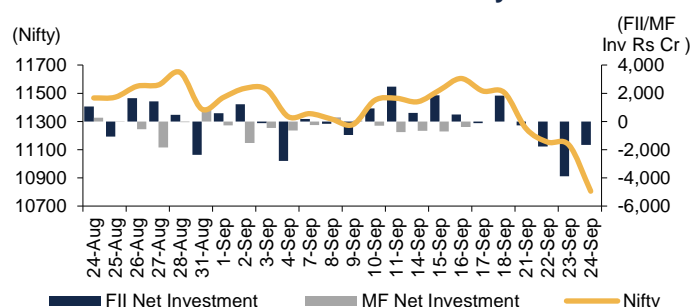


Indian equity benchmark indices' returns

Broad Indices	Sep 25	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	37,389	-3.75	7.31	-3.12
Nifty 50	11,050	-3.95	7.40	-3.41
Nifty 500	9,156	-4.22	7.72	-2.01
S&P BSE 100	11,184	-3.98	7.37	-3.38
S&P BSE Midcap	14,337	-4.73	8.43	0.78
S&P BSE Smallcap	14,496	-5.26	14.99	8.31

FII and mutual fund investment vs. Nifty



Sectoral Indices	Sep 25	% chg week	% chg 3 Mth	% chg Year
S&P BSE IT	19,788	-0.32	37.45	27.82
S&P BSE FMCG	10,969	-2.83	-2.72	-6.04
S&P BSE CG	13,455	-3.42	3.20	-27.36
S&P BSE Bankex	23,815	-4.87	-2.58	-28.65
S&P BSE CD	22,906	-4.88	11.47	-11.17
S&P BSE Healthcare	19,406	-4.89	17.05	51.51
S&P BSE Power	1,613	-5.61	0.03	-16.77
S&P BSE Auto	17,341	-5.99	13.50	3.66
S&P BSE Metal	8,095	-6.38	10.20	-10.21
S&P BSE Oil & Gas	12,301	-6.55	-3.32	-14.21
S&P BSE Realty Index	1,651	-7.86	0.18	-17.76

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Sep 25	Previous Week	1 month ago
Call Rate	3.50%	2.50%	3.40%
10 Yr G-Sec^A	6.03%	6.01%	6.14%

*5.77% 2030 paper ^Weighted Average Yield

Currencies vs INR

Currency	Sep 25	Week ago	3 months ago	1 year ago
USD	73.62	73.46	75.66	71.04
GBP	94.02	95.39	94.13	88.09
Euro	86.01	87.08	85.05	78.09
Yen*	69.96	70.40	70.43	66.20

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equities declined sharply in the week. S&P BSE Sensex and Nifty 50 lost around 4% each.
- Worries about the pace of economic recovery amid rising Covid-19 cases globally and back home weighed on the market.
- Warning from the US Federal Reserve chief that US economic recovery would suffer if the lawmakers failed to pass a new fiscal package and introduction of the new lockdown restrictions in the UK also dented the sentiments.
- Geopolitical tensions between India and China induced further selling in the market.
- The benchmarks also declined owing to a sell-off in realty, oil & gas, metal and auto stocks.
- Shares of IndusInd Bank emerged the top laggard on the Nifty 50, falling 16% on week to settle at Rs 514.85 per share, impacted alongside other banking stocks by the Financial Crimes Enforcement Network (FinCEN) leaks that alleged that almost all Indian banks could be part of suspicious transactions.
- However, some losses were recouped on expectations of a stimulus package from the domestic government ahead of the festive season.
- Shares of HCL Tech rose 2.1% on week to settle at Rs 827.7 per share aided by positive investor sentiment surrounding the stock.

2. Debt

- Government bond prices ended off midweek highs. The yield of the 10-year benchmark 5.77% 2030 paper settled at 6.04% on September 25 compared to 6.01% on September 18.
- Bonds began the week on a dim note as the government's gilt switch auction added to the longer duration supply.
- Prices gained ahead of the central bank's first outright open market bond purchase auction for the financial year. Supply concerns put prices under pressure towards the end of the week.
- Significant devolvement of the 10 year benchmark bond in the weekly debt sale dented sentiment further - nearly the entire quantum of the benchmark 5.77% 2030 paper was devolved on primary dealerships.

3. Forex

- The rupee's exchange rate settled lower against the US dollar weighed by sporadic dollar demand from state-owned banks and tracking intermittent weakness in local equities.
- Global risk aversion amid concerns that fresh lockdowns announced in Europe to keep in check the spread of Covid - 19 could derail global economic recovery, dented sentiment.
- Concerns about US fiscal stimulus and periodic strength in the US dollar index, pulled the rupee down further.
- Expectation of dollar inflows into the local financial market and exporters' dollar sales provided the rupee some support.

International equity benchmark indices' returns

Indices	Sep 25	% chg week	% chg 3 Mth	% chg Year
DJIA*	26,815	-3.04	5.38	-0.58
Nasdaq Composite*	10,672	-1.12	7.70	32.13
FTSE 100*	5,823	-3.07	-4.91	-20.13
Nikkei 225	23,205	-0.67	4.24	5.38
Straits Times	2,472	-1.02	-4.55	-20.91
Hang Seng	23,235	-4.99	-6.24	-10.44
Shanghai Comp	3,219	-3.56	8.05	8.93

*As of Sep 24

International debt market indicators

Indicators	Sep 25	Sep 18
US 10-Year*	0.67	0.70
UK 10-Year*	0.21	0.18
German 10-Year*	-0.51	-0.49
Japan 10-Year	0.01	0.01
3-M USD Libor*	0.23%	0.23%
6-M USD Libor*	0.27%	0.28%
1-Y USD Libor*	0.37%	0.37%

*As of Sep 24

Commodities

Commodity	Sep 25	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	41.94	-2.80	2.17	-32.78
Gold (\$ per troy ounce)*	1861.75	-4.57	5.99	21.78
Silver (\$ per ounce)*	22.22	-17.89	26.75	19.66
Indian gold (Rs per 10 gm)	49589.00	-3.93	3.27	30.48
Indian Silver (Rs per Kg)	57323.00	-12.42	20.57	21.00

*As of Sep 24

Source: Respective commodity exchanges, LBMA, MCX

B. International

1. Equity

- Renewed concerns about the global economic recovery amid a rebound in Covid-19 cases dented equities across the world.
- US stocks declined on worries about rising Covid-19 cases, a sell-off in technology stocks and stalemate over more fiscal measures.
- US existing home sales rose 2.4% to 6 mn in August compared to a revised 5.86 mn in July.
- US new home sales jumped by 4.8% to an annual rate of 1.01 mn in August after skyrocketing by 14.7% to an upwardly revised rate of 965,000 in July.
- US manufacturing PMI was 53.5 in September compared to 53.1 in August, while services PMI was 54.6 in September compared to 55 in August.
- Some losses were recouped following intermittent buying in some technology firms.
- Britain's FTSE index fell 3% following a pullback in banking stocks amid reports that some banks moved allegedly illicit funds over nearly two decades, and as surge in the Covid-19 cases raised fears of another round of lockdown.
- Market fell further after the government scaled-back job support for workers hit by the pandemic.
- However, some losses were cut short owing to a weaker pound, gains in oil stocks and as the new lockdown restrictions were not as tough as feared.
- UK retail sales increased 0.8% month-on-month in August, slower than July's 3.7% increase.
- UK RICS consumer confidence rose to -25 in September from -27 in August.
- Asian equities ended in the red. Japan's Nikkei index fell nearly 1% in the holiday curtailed week mainly on worries about rising Covid-19 cases and a delay in US fiscal stimulus measures.
- Hong Kong's Hang Seng index plunged 5% as resurgence in Covid-19 cases raised worries about pace of the global economic recovery.
- China's Shanghai Composite lost 3.6% on renewed concerns over global economic recovery amid a rise in Covid-19 cases, and as consumer staples and financial stocks fell after central bank left benchmark lending rate unchanged.
- People's Bank of China kept key lending rate unchanged at 3.85%.

2. Commodity

- Crude oil prices ended lower this week owing to demand growth concerns following spike in the covid-19 cases globally.
- Indian gold declined this week due to persistent worries regarding festive buying in spot market.
- Indian silver prices fell this week owing to lack of demand for coins and industrial metal.

• News summary

1. Domestic

- According to Finance Ministry's estimates, Indian economy might rebound 19% in the next fiscal without adjusting for inflation.
- United Nations Conference on Trade and Development (UNCTAD) expects the Indian economy to contract 5.9% in 2020, but forecasts the economy to grow 3.9% next year.
- India's external debt rose by 2.8% to \$558.5 bn at March-end.
- Net direct tax collection during April-August fell 31% year-on-year to Rs 1.92 lakh cr.
- India's retail inflation for farm workers and rural labourers cooled down to 6.32% and 6.28%, respectively, in August compared to the year ago period mainly due to the softening of prices of some food items.
- Finance Minister (FM) Nirmala Sitharaman asked Asian Development Bank (ADB) to raise its lending to India as the country can absorb \$5.5 bn in loans a year.
- FM said law provides for carrying out insolvency and bankruptcy proceedings against corporate debtors as well personal guarantors together.
- A RBI working paper said the consumer price index (CPI) should continue as the anchor for the monetary policy and interest rate decisions.
- SEBI chief Ajay Tyagi clarified that the markets regulator was not considering revising the upfront margin rules; he also said that the regulator is not forcing anyone to invest in mid or small cap companies, as it has only asked fund houses to keep their schemes "true to label".
- SEBI allowed foreign portfolio investors (FPI) to write off shares of all the companies, which they are unable to sell.

2. International

- US Federal Reserve Chairman said failure to deliver more government aid to households could precipitate a wave of mortgage defaults and evictions.
- US manufacturing PMI was 53.5 in September compared to 53.1 in August.
- Eurozone consumer confidence improved to -13.9 in September from -14.7 in August.
- People's Bank of China kept key lending rate unchanged at 3.85%.
- Bank of Japan (BoJ) Governor Haruhiko Kuroda said central bank is ready to extend its programmes aimed at easing corporate funding strains that expire early next year, as the coronavirus pandemic keeps the economic outlook highly uncertain.

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Week ahead

Day	Events
Monday, September 28, 2020	<ul style="list-style-type: none"> • Japan Leading Index, July 2020
Tuesday, September 29, 2020	<ul style="list-style-type: none"> • US Case-Shiller House Price Index, July 2020 • US Advance Goods Trade Balance, August 2020 • Eurozone Consumer Confidence, September 2020
Wednesday, September 30, 2020	<ul style="list-style-type: none"> • US GDP, Q2 2020 • US ADP Employment, September 2020 • US Chicago PMI, September 2020 • US Pending Home Sales, August 2020 • Eurozone Consumer Prices, September 2020 • UK GDP, Q2 2020
Thursday, October 1, 2020	<ul style="list-style-type: none"> • US ISM Manufacturing Index, September 2020 • US Markit Manufacturing PMI, September 2020 • US Construction Spending, August 2020 • US Personal Income & Spending, August 2020
Friday, October 2, 2020	<ul style="list-style-type: none"> • US Nonfarm Payrolls & Unemployment Rate, September 2020



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