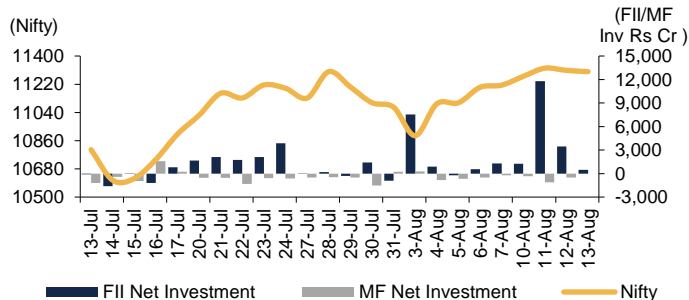


## Indian equity benchmark indices' returns

| Broad Indices    | Aug 14 | % chg week | % chg 3 Mon | % chg Year |
|------------------|--------|------------|-------------|------------|
| S&P BSE Sensex   | 37,877 | -0.43      | 21.70       | 1.52       |
| Nifty 50         | 11,178 | -0.32      | 22.27       | 1.35       |
| Nifty 500        | 9,214  | 0.17       | 22.62       | 2.71       |
| S&P BSE 100      | 11,314 | -0.03      | 21.92       | 1.71       |
| S&P BSE Midcap   | 14,434 | 1.51       | 25.12       | 7.10       |
| S&P BSE Smallcap | 13,855 | 1.36       | 29.41       | 10.22      |

## FII and mutual fund investment vs. Nifty



| Sectoral Indices     | Aug 14 | % chg week | % chg 3 Mon | % chg Year |
|----------------------|--------|------------|-------------|------------|
| S&P BSE CG           | 13,778 | 6.19       | 17.66       | -18.68     |
| S&P BSE Metal        | 8,742  | 3.59       | 40.50       | -2.66      |
| S&P BSE Power        | 1,578  | 2.00       | 9.91        | -16.31     |
| S&P BSE Healthcare   | 19,114 | 1.88       | 26.56       | 52.76      |
| S&P BSE Realty Index | 1,629  | 1.42       | 19.29       | -20.02     |
| S&P BSE Auto         | 17,298 | 1.16       | 31.47       | 11.11      |
| S&P BSE CD           | 22,181 | 0.50       | 20.96       | -2.41      |
| S&P BSE IT           | 18,195 | 0.18       | 35.78       | 16.60      |
| S&P BSE Bankex       | 24,598 | -0.40      | 12.77       | -22.29     |
| S&P BSE FMCG         | 11,595 | -0.68      | 15.24       | 6.02       |
| S&P BSE Oil & Gas    | 13,189 | -0.70      | 18.33       | 0.31       |

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

| Indicators     | Aug 14 | Previous Week | 1 month ago |
|----------------|--------|---------------|-------------|
| Call Rate      | 4.00%  | 2.50%         | 3.50%       |
| 10 Yr G-Sec*\$ | 5.96%  | 5.89%         | 5.82%       |

\*5.79% 2030 paper \$Weighted Average Yield

## Currencies vs INR

| Currency | Aug 14 | Week ago | 3 months ago | 1 year ago |
|----------|--------|----------|--------------|------------|
| USD      | 74.91  | 74.93    | 75.57        | 71.27      |
| GBP      | 97.88  | 98.12    | 92.23        | 86.07      |
| Euro     | 88.44  | 88.65    | 81.63        | 79.64      |
| Yen*     | 70.20  | 70.93    | 70.69        | 67.19      |

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equity indices S&P BSE Sensex and Nifty 50 fell about 0.4% each due to weak domestic and global cues.
- Sentiments were mainly affected by the uncertainty surrounding the additional stimulus package by the US and caution ahead of the US-China meeting over the weekend.
- A sell-off in oil & gas, fast moving consumer goods (FMCG) and banking firms also weighed on the market.
- Shares of Eicher Motors emerged the top laggard on the Nifty 50, settling 7.6% lower on week to settle at Rs 20144 per share. Sentiment for the stock took a hit following the announcement of its June quarter earnings.
- Some losses were cut short due to strong buying in capital goods, metal and power counters.
- Positive global cues including upbeat economic data from the US and China, and reports of a coronavirus vaccine getting registered in Russia also aided the benchmarks.
- Shares of JSW Steel emerged top gainer on the Nifty 50, rising 10.5% on week to settle at Rs 265.35 per share aided by positive sentiment surrounding metal stocks.

#### 2. Debt

- Government bond prices ended lower. The yield of the 10-year benchmark 5.79% 2030 paper settled at 5.97% on August 14 compared with 5.89% on August 7
- Prices moved in a narrow range in the absence of strong triggers in the first half of the week
- Participants remained weary over the supply of debt in the market, and expectation that the central bank would intervene and manage this supply via open market bond purchase operations persisted
- The weak demand for debt in the auction weighed on bonds. Around Rs 4,638 crore of the 10-year 5.77% 2030 paper, compared with the security's notified amount of Rs 18,000 crore, was partially devolved on primary dealerships
- Prices also fell sharply in the last session in response to the release of domestic consumer inflation figures for July.

#### 3. Forex

- The rupee gave up midweek gains to end nearly level against the US dollar weighed by dollar demand from nationalized banks and due to weakness in local equities
- A rise in the US dollar following the release of US non-farm payrolls data, and discouraging domestic industrial production figures put the rupee under some pressure
- Intermittent dollar inflows into the local financial market, sporadic weakness in the US dollar index, and a boost to investor risk appetite on hopes that the US would finalise and announce additional fiscal stimulus measures for its economy, augured well for the local unit

## International equity benchmark indices' returns

| Indices           | Aug 14 | % chg week | % chg 3 mon | % chg Year |
|-------------------|--------|------------|-------------|------------|
| DJIA*             | 27,897 | 1.69       | 20.00       | 9.49       |
| Nasdaq Composite* | 11,043 | 0.29       | 24.59       | 42.05      |
| FTSE 100*         | 6,186  | 2.54       | 4.77        | -13.46     |
| Nikkei 225        | 23,289 | 4.30       | 16.95       | 12.75      |
| Straits Times     | 2,581  | 1.41       | 2.34        | -17.99     |
| Hang Seng         | 25,183 | 2.66       | 5.68        | -0.47      |
| Shanghai Comp     | 3,360  | 0.18       | 17.06       | 19.62      |

\*As of Aug 13

## International debt market indicators

| Indicators      | Aug 14 | Aug 7  |
|-----------------|--------|--------|
| US 10-Year*     | 0.72%  | 0.56%  |
| UK 10-Year*     | 0.25%  | 0.14%  |
| German 10-Year* | -0.41% | -0.51% |
| Japan 10-Year   | 0.04%  | 0.01%  |
| 3-M USD Libor*  | 0.28%  | 0.25%  |
| 6-M USD Libor*  | 0.34%  | 0.31%  |
| 1-Y USD Libor*  | 0.46%  | 0.45%  |

\*As of Aug 13

## Commodities

| Commodity                        | Aug 14   | % chg week | % chg 3 mon | % chg Year |
|----------------------------------|----------|------------|-------------|------------|
| Brent Crude Oil (\$ per barrel)* | 44.96    | 1.26       | 44.43       | -24.41     |
| Gold (\$ per troy ounce)*        | 1944.25  | -4.28      | 12.28       | 28.48      |
| Silver (\$ per ounce)*           | 26.25    | -7.34      | 69.03       | 53.37      |
| Indian gold (Rs per 10 gm)       | 52688.00 | -5.78      | 14.58       | 40.22      |
| Indian Silver (Rs per Kg)        | 67317.00 | -8.73      | 55.18       | 54.51      |

\*As of Aug 13

Source: Respective commodity exchanges, LBMA, MCX

## B. International

### 1. Equity

- Global equities advanced in the week amid expectations of additional stimulus package from the US.
- US stocks were buoyed by encouraging domestic jobs and consumer prices data.
- US non-farm payrolls jumped by 1.8 mn jobs in July after surging up by 4.8 mn jobs in the previous month; the unemployment rate dropped to 10.2% in July from 11.1% in June.
- US producer price index for final demand rose by 0.6% in July after dipping by 0.2% in June.
- US consumer price index climbed by 0.6% in July, matching the increase seen in June.
- A rally in energy and cyclical stocks brought in more gains into the market.
- Some gains were cut short due to rising US-China tensions.
- Britain's FTSE index rose 2.5% owing to gains in oil stocks, upbeat Chinese data and hopes of additional monetary and fiscal measures.
- Further rally was capped on the back of stock specific selling.
- UK gross domestic product (GDP) contracted by 20.4% sequentially in the second quarter, following a 2.2% drop in the first quarter.
- UK RICS house price balance rose to +12 in July from June's -13.
- Asian equities registered robust performance. Japan's Nikkei index soared 4.3% on hopes of additional stimulus measures from the US, and rally in technology and exporters' stocks.
- Hong Kong's Hang Seng index surged nearly 3% buoyed by rally in consumer and financial stocks, and as investors looked for more stimulus measures to counter the economic damage done by the COVID-19 pandemic.
- China's Shanghai Composite rose slightly as gains on hopes of an economic recovery were cut short by Sino-US tensions.
- China's exports rose 7.2% in July from a year earlier while imports fell 1.4%, resulting in a trade surplus of \$62.33 bn, beating the surplus of \$46.42 bn recorded in June.
- China's consumer price index rose 2.7% in July up from the 2.5% gain in June, while the producer price index fell 2.4% on year in July from the 3% drop in June.
- Chinese banks extended 992.7 billion yuan in new yuan loans in July, down sharply from 1.81 trillion yuan in June.

### 2. Commodity

- Crude oil prices advanced in this week tracking a dip in US oil supply and demand hopes following reports of coronavirus vaccine.
- Indian gold declined this week owing to profit booking at higher level after the report vaccine to cure coronavirus.
- Indian silver prices fell this week due profit booking after the recent gains.

## • News summary

### 1. Domestic

- India's industrial production (IIP) contracted 16.6% in June as against 33.9% contraction in May.
- India's retail inflation spiked to 6.93% in the month of July mainly on account of higher food prices; the retail inflation for the month of June 2020 was also revised to 6.23%.
- India's Wholesale Price Index continued to be in the deflationary territory for the fourth straight month in July; data showed that WPI inflation came in -0.58% year-on-year, compared with -1.81% in June and a 4.5-year low of -3.37% in May.
- International Monetary Fund says emerging market (EM) economies like India are likely to face an uphill task in reviving their economies as their outlook remains clouded by considerable uncertainty, given the persistent spread of the coronavirus pandemic and rising corporate default risks.
- Prime Minister (PM) Narendra Modi launched a financing facility of Rs 1 lakh cr under the Agriculture Infrastructure Fund. He also unveiled Transparent Taxation platform to benefit honest taxpayers. Further, he released Rs 17000 cr directly into bank account of 85 mn farmers under the PM-KISAN scheme.
- Government released Rs 553 cr to states under a scheme to promote mechanization in the agriculture sector.
- RBI announced the formation of a five-member expert committee to recommend parameters related to the debt recast window and vet resolution plans of Rs 1500 cr and more.
- RBI tightened norms for core investment companies (CIC) by putting a cap of two CICs within a corporate group and asks such companies to form a group risk management committee (GRMC).

### 2. International

- US consumer borrowing rose at an annual rate of 2.6% in June to \$8.9 bn, compared with a 4.2% decline in May.
- US producer price index for final demand rose by 0.6% in July after dipping by 0.2% in June, while consumer price index climbed by 0.6% in July, matching the increase seen in June.
- UK gross domestic product (GDP) contracted by 20.4% sequentially in the second quarter, following a 2.2% drop in the first quarter.
- China's producer price index (PPI) fell 2.4% on year in July. The reading narrowed from the 3% drop in June.
- China's consumer price index (CPI) rose 2.7% in July, up from the 2.5% gain in June.

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## Week ahead

| Day                        | Events   |
|----------------------------|--|
| Monday, August 17, 2020    | <ul style="list-style-type: none"> <li>• US NAHB Housing Market Index, August</li> <li>• US NY Empire State Manufacturing Index, August</li> <li>• Japan GDP, Q2 2020</li> </ul>   |
| Tuesday, August 18, 2020   | <ul style="list-style-type: none"> <li>• US Housing Starts and Building Permits, July</li> </ul>   |
| Wednesday, August 19, 2020 | <ul style="list-style-type: none"> <li>• Eurozone Consumer Prices, July</li> <li>• UK Consumer Prices, July</li> <li>• UK Producer Prices, July</li> </ul>   |
| Thursday, August 20, 2020  | <ul style="list-style-type: none"> <li>• US Leading Index, July</li> </ul>   |
| Friday, August 21, 2020    | <ul style="list-style-type: none"> <li>• US Manufacturing, Services &amp; Composite PMI, August</li> <li>• US Existing Home Sales, July</li> <li>• Eurozone Consumer Confidence, August</li> <li>• Eurozone Manufacturing, Services &amp; Composite PMI, August</li> <li>• UK Manufacturing, Services &amp; Composite PMI, August</li> </ul> |



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