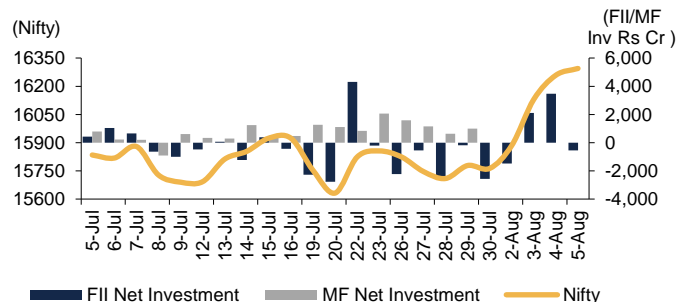


Indian equity benchmark indices' returns

| Broad Indices | Aug 6 | % chg week | % chg 3 Mth | % chg Year |
|------------------|--------|------------|-------------|------------|
| S&P BSE Sensex | 54,278 | 3.22 | -3.51 | 42.74 |
| Nifty 50 | 16,238 | 3.01 | -1.34 | 44.98 |
| Nifty 500 | 13,955 | 2.13 | 1.81 | 52.19 |
| S&P BSE 100 | 16,551 | 2.75 | -0.59 | 46.52 |
| S&P BSE Midcap | 23,205 | 0.51 | 6.20 | 65.55 |
| S&P BSE Smallcap | 26,806 | 0.07 | 16.17 | 97.65 |

FII and mutual fund investment vs. Nifty



| Sectoral Indices | Aug 6 | % chg week | % chg 3 Mth | % chg Year |
|----------------------|--------|------------|-------------|------------|
| S&P BSE Bankex | 40,731 | 3.93 | -7.07 | 65.55 |
| S&P BSE IT | 31,678 | 2.69 | 5.21 | 72.41 |
| S&P BSE Auto | 22,978 | 2.18 | -9.09 | 35.39 |
| S&P BSE Power | 2,672 | 2.12 | 13.91 | 74.79 |
| S&P BSE Oil & Gas | 15,762 | 2.08 | 4.55 | 19.50 |
| S&P BSE FMCG | 13,684 | 1.50 | -0.62 | 17.96 |
| S&P BSE Realty Index | 3,219 | 1.15 | -10.64 | 100.01 |
| S&P BSE Healthcare | 26,370 | 0.82 | 10.28 | 40.11 |
| S&P BSE Metal | 21,150 | 0.66 | 51.44 | 152.48 |
| S&P BSE CD | 36,579 | 0.53 | -0.16 | 62.87 |
| S&P BSE CG | 23,782 | 0.47 | -4.79 | 84.18 |

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

| Indicators | Aug 6 | Previous Week | 1 month ago |
|--------------------------|-------|---------------|-------------|
| Call Rate | 3.40% | 3.35% | 3.00% |
| 10 Yr G-Sec [^] | 6.23% | 6.20% | 6.17% |

[^]6.10% 2031 paper [^]Weighted Average Yield

Currencies vs INR

| Currency | Aug 6 | Week ago | 3 months ago | 1 year ago |
|----------|--------|----------|--------------|------------|
| USD | 74.15 | 74.41 | 73.77 | 74.92 |
| GBP | 103.16 | 103.99 | 102.65 | 98.65 |
| Euro | 87.56 | 88.54 | 88.86 | 88.79 |
| Yen* | 67.54 | 67.91 | 67.61 | 70.96 |

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equities rallied this week, with the S&P BSE Sensex and Nifty 50 surging around 3% each.
- The market rose initially as robust July auto sales numbers indicated a pick-up in economic activity.
- Encouraging domestic manufacturing and services activity data and upbeat corporate earnings boosted the sentiments further.
- All the sectors ended in green this week with strong buying interest seen in banking, information technology and auto stocks. The S&P BSE Bankex rose about 4%, S&P BSE IT 3% and S&P BSE Auto 2%.
- Shares of Eicher Motors emerged the top gainer on the Nifty 50, rising 8.6% on week to settle at Rs 2747.35 per share after reporting strong sales numbers in July.
- However, a sharper rise was checked as the Reserve Bank of India (RBI), in its August policy meet, revised upward its inflation target for fiscal 2022 to 5.7% from earlier 5.1% indicating it may soon unwind its accommodative stance that focused on reviving growth from the pandemic lows.
- Shares of UPL Ltd. emerged the biggest laggard on the Nifty 50, declining 3.9% on week to settle at Rs 777.3 per share weighed by weak investor sentiment.

2. Debt

- Government bond prices ended lower. Yield on the 10-year benchmark 6.10% 2031 paper settled at 6.23% on August 6 compared with 6.20% on July 30.
- Bond prices were locked in a tight range for most of the week as market players awaited the RBI's monetary policy statement for further cues.
- A decline in global crude oil price supported domestic gilt prices to an extent.
- Yields hardened in the final session of the week despite the RBI keeping policy rate on hold as it raised inflation forecast for the current fiscal to 5.7% from 5.1% earlier.
- At the weekly gilt auction, the central bank cancelled the sale of the 10-year benchmark note.
- A rise in US bond yields following the release of the latest US weekly jobless claims report also had some impact on Indian gilt prices.

3. Forex

- The rupee ended higher against the US dollar.
- The rupee advanced tracking gains in other Asian equities and currencies following the release of encouraging factory orders data from the US.
- State-owned banks' dollar purchases on behalf of importers curbed the rupee's rise.
- Gains registered by the US dollar index over the week also put pressure on the rupee.

International equity benchmark indices' returns

| Indices | Aug 6 | % chg week | % chg 3 Mth | % chg Year |
|-------------------|--------|------------|-------------|------------|
| DJIA* | 35,064 | 0.37 | 2.44 | 28.91 |
| Nasdaq Composite* | 14,895 | 1.52 | 9.66 | 35.43 |
| FTSE 100* | 7,120 | 1.25 | 1.15 | 16.64 |
| Nikkei 225 | 27,820 | 1.97 | -6.14 | 24.10 |
| Straits Times | 3,177 | 0.32 | -1.67 | 24.15 |
| Hang Seng | 26,179 | 0.84 | -4.72 | 5.01 |
| Shanghai Comp | 3,458 | 1.79 | 2.13 | 2.12 |

*As of Aug 5

International debt market indicators

| Indicators | Aug 6 | Jul 30 |
|-----------------|-------|--------|
| US 10-Year* | 1.22 | 1.24 |
| UK 10-Year* | 0.53 | 0.57 |
| German 10-Year* | -0.50 | -0.46 |
| Japan 10-Year | 0.01 | 0.01 |
| 3-M USD Libor* | 0.13% | 0.12% |
| 6-M USD Libor* | 0.15% | 0.15% |
| 1-Y USD Libor* | 0.23% | 0.24% |

*As of Aug 5

Commodities

| Commodity | Aug 6 | % chg week | % chg 3 Mth | % chg Year |
|----------------------------------|----------|------------|-------------|------------|
| Brent Crude Oil (\$ per barrel)* | 71.29 | -6.60 | 4.70 | 57.83 |
| Indian gold (Rs per 10 gm) | 47647.00 | -1.62 | 1.39 | -14.24 |
| Indian Silver (Rs per Kg) | 66727.00 | -1.95 | -3.71 | -8.37 |

* As of Aug 5

Source: Respective commodity exchanges, ibjrates.com

B. International

1. Equity

- Global equities ended higher this week tracking strong region-specific economic data and corporate earnings.
- US stocks ended higher this week. Investors' sentiments were boosted after a fall in jobless claims and strong service activity data indicated an uptick in economic activity.
- US initial jobless claims slipped to 385,000 for the week ended July 31, a decrease of 14,000 from the previous week's revised level of 399,000.
- US ISM services PMI came in at 64.1 in July, up from 60.1 in June.
- However, weak manufacturing data and spread of the delta variant curbed any sharper gains in the market.
- Britain's FTSE ended 1.25% higher this week on optimism about swift economic recovery after upbeat second quarter earnings report.
- The BoE's Monetary Policy Committee unanimously decided to leave the key interest rate unchanged at 0.10%; it also retained the existing stock of corporate bond purchases at 20 billion pounds and the government bond purchases at 875 billion pounds.
- Other European equities rallied this week with France's CAC 40 gaining 2.6% and Germany's DAX 1.3%. Investors cheered after strong economic data and upbeat corporate earnings indicated growth recovery in the region.
- Eurozone GDP rebounded 13.7% on-year in Q2 2021 after shrinking 1.3% in the first quarter.
- Asian equities ended higher this week. Japan's Nikkei gained 2% on upbeat second quarter earnings from major companies.
- However, worries over surge in infections checked any major gains.
- Hong Kong's Hang Seng gained 0.8% on low-level buying after previous week's plunge and gains in technology firms.
- China's Shanghai Composite gained 1.8% this week tracking positive sentiment in the US markets and bargain hunting after the previous week's steep fall.
- However, continued spread of delta variant and regulatory actions kept the Chinese investors unsettled.

2. Commodity

- Crude oil prices fell in this week due to surge in US crude inventories, weak US economic data and concerns that a rise in Delta variant of Covid-19 infection may cut fuel demand.
- Gold prices fell in this week on tracking weak global metal prices and after a Fed top official hinted rate hike by end of 2020.
- Indian silver prices fell in this week on demand uncertainty, weakness in gold and industrial metals.

C. News summary

1. Domestic

- India's retail inflation for industrial workers rose to 5.57% in June, mainly due to rising prices of certain food items. The growth rate was 5.24% in the previous month.
- India's Services Business Activity Index rose from 41.2 in June to 45.4 in July; the composite PMI rose from 43.1 in June to 49.2 in July.
- Government modified the Securities Contracts (Regulation) Rules, 1957 to exempt any listed state-owned firms from the minimum public shareholding norm, which mandates at least 25% public float for all listed entities.
- Lok Sabha passed a bill to amend the general insurance law to allow the government to pare its stake in state-owned insurers.
- Lok Sabha passed the Taxation Laws (Amendment) Bill, 2021, which will likely help settle disputes with Cairn Energy Plc, Vodafone Group Plc and 15 other companies over retrospective tax demands raised by the Union government.
- The Reserve Bank of India (RBI) kept the repo rate unchanged at 4%.
- The RBI retained the GDP growth forecast at 9.5% for FY22.
- The RBI raised the CPI inflation forecast to 5.7% for FY22 compared to 5.1% projected earlier.
- The RBI decided to conduct fortnightly variable reverse repo rate (VRRR) auctions of Rs 2.5 lakh crore on August 13, 2021; Rs 3 lakh crore on August 27, 2021; Rs 3.5 lakh crore on September 9, 2021; and Rs 4 lakh crore on September 24, 2021.
- The RBI proposed to conduct two auctions of Rs 25,000 crore each on August 12 and August 26, 2021 under G-SAP 2.0.
- SEBI amended its foreign portfolio investors (FPIs) rules, allowing resident Indian fund managers to be constituents of FPIs.

2. International

- US non-farm payroll employment spiked by 943,000 jobs in July after surging by an upwardly revised 938,000 jobs in June; the unemployment rate slid to 5.4% in July from 5.9% in June.
- US trade deficit widened to a new record high of \$75.7 billion in June from a revised \$71.0 billion in May.
- Eurozone retail sales came at 5% on year in June, lower compared to downward revision of 8.6% in May.
- China Caixin general manufacturing PMI dropped to 50.3 in July from 51.3 in June.
- Japan consumer confidence index increased to 37.5 in July from 37.4 in June.

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D. Week ahead

| Day | Events |
|-------------------------|---|
| Monday, Aug 9, 2021 | <ul style="list-style-type: none"> Eurozone Sentix Index, August 2021 China Consumer Prices, July 2021 China Producer Prices, July 2021 |
| Tuesday, Aug 10, 2021 | <ul style="list-style-type: none"> US Non-Farm Productivity, Q2 2021 Eurozone ZEW Survey – Economic Sentiment, August 2021 Japan Current Account Balance, June 2021 Japan Eco – Watchers Survey, July 2021 |
| Wednesday, Aug 11, 2021 | <ul style="list-style-type: none"> US Consumer Prices, July 2021 UK RICS Housing Price Balance, July 2021 Japan Producer Price Index, July 2021 Japan Machine Tool Orders, July 2021 |
| Thursday, Aug 12, 2021 | <ul style="list-style-type: none"> US Producer Prices, July 2021 Eurozone Industrial Production, June 2021 UK GDP, Q2 2021 UK Goods Trade Balance, June 2021 UK Industrial Production, June 2021 India Consumer Prices, July 2021 India Industrial Production, June 2021 |
| Friday, Aug 13, 2021 | <ul style="list-style-type: none"> University of Michigan Consumer Sentiment, August 2021 US Import / Export Prices, July 2021 Eurozone Trade Balance, June 2021 India Trade Balance, July 2021 |



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