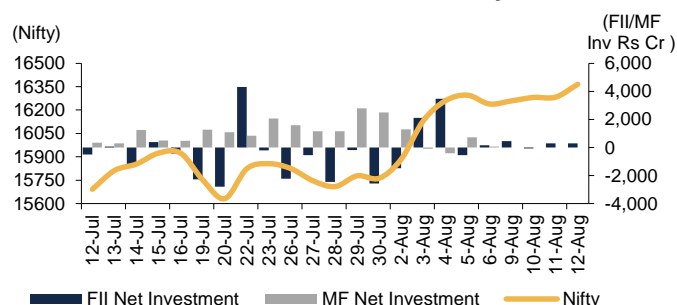


Indian equity benchmark indices' returns

| Broad Indices | Aug 13 | % chg week | % chg 3 Mth | % chg Year |
|------------------|--------|------------|-------------|------------|
| S&P BSE Sensex | 55,437 | 2.14 | -5.54 | 44.71 |
| Nifty 50 | 16,529 | 1.79 | -3.08 | 46.27 |
| Nifty 500 | 14,065 | 0.79 | 0.24 | 51.11 |
| S&P BSE 100 | 16,770 | 1.32 | -2.19 | 46.62 |
| S&P BSE Midcap | 22,941 | -1.14 | 4.19 | 57.32 |
| S&P BSE Smallcap | 26,355 | -1.68 | 14.50 | 89.07 |

FII and mutual fund investment vs. Nifty



| Sectoral Indices | Aug 13 | % chg week | % chg 3 Mth | % chg Year |
|----------------------|--------|------------|-------------|------------|
| S&P BSE IT | 32,952 | 4.02 | 1.42 | 80.44 |
| S&P BSE CG | 24,317 | 2.25 | -2.71 | 75.24 |
| S&P BSE Power | 2,711 | 1.44 | 18.46 | 71.17 |
| S&P BSE Bankex | 41,151 | 1.03 | -9.64 | 63.64 |
| S&P BSE Metal | 21,164 | 0.07 | 55.31 | 143.98 |
| S&P BSE FMCG | 13,692 | 0.06 | 1.82 | 16.45 |
| S&P BSE CD | 36,593 | 0.04 | -3.66 | 65.08 |
| S&P BSE Oil & Gas | 15,751 | -0.07 | 7.07 | 17.77 |
| S&P BSE Auto | 22,781 | -0.86 | -8.73 | 28.40 |
| S&P BSE Healthcare | 25,881 | -1.85 | 11.97 | 36.42 |
| S&P BSE Realty Index | 3,148 | -2.22 | -11.53 | 91.55 |

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

| Indicators | Aug 13 | Previous Week | 1 month ago |
|--------------------------|--------|---------------|-------------|
| Call Rate | 3.00% | 3.40% | 2.90% |
| 10 Yr G-Sec [^] | 6.23% | 6.23% | 6.10% |

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

Currencies vs INR

| Currency | Aug 13 | Week ago | 3 months ago | 1 year ago |
|----------|--------|----------|--------------|------------|
| USD | 74.24 | 74.15 | 73.42 | 74.84 |
| GBP | 102.49 | 103.16 | 103.79 | 97.88 |
| Euro | 87.23 | 87.56 | 89.10 | 88.52 |
| Yen* | 67.33 | 67.54 | 67.51 | 70.10 |

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equities ended at record highs due to encouraging domestic inflation and industrial production data. S&P BSE Sensex and Nifty 50 rallied about 2% each
- Strong buying in information technology (IT), capital goods and power counters boosted the market further
- Tech Mahindra emerged the top gainer on the Nifty 50, rising 9.4% on week to settle at Rs 1383.15 per share as investors remained bullish about growth prospects and after the company announced that it would be expanding its collaboration with Microsoft to strengthen hybrid cloud capabilities
- Sentiments were also buoyed by a clarification on newly enacted 'add-on price framework' by the BSE
- Some gains were cut short owing to selling in realty and healthcare stocks
- Shares of Eicher Motors emerged the top laggard on the Nifty 50, declining 7.3% on week to settle at Rs 2546.8 per share after the company reported its earnings for the June quarter and announced that the CEO of Royal Enfield had resigned

2. Debt

- Government bond prices ended marginally lower. Yield on the 10-year benchmark 6.10% 2031 paper settled at 6.24% on August 13 compared with 6.23% on August 6
- Bond prices remained range-bound intraweek in the absence of strong triggers
- The RBI's bond purchase auction on August 12 supported prices
- Lower than expected domestic consumer inflation figures for July also aided sentiment
- Prices dipped slightly in the final session after the RBI sold notes totalling more than the initially notified amount in the weekly auction
- Green shoe amounts were accepted for all the four papers on sale, as against the total notified amount of Rs 31,000 crore

3. Forex

- The rupee fell earlier in the week, but recovered the losses later
- Gains registered by the US dollar index following the release of US economic data, including the latest non-farm payrolls report, put the rupee under pressure. The report suggested that the US Fed could begin tapering its monthly bond purchases sooner than expected
- Comments from various US Fed officials added to the pressure on the rupee
- Intermittent weakness in other Asian currencies amid concerns over the delta variant of Covid-19, put the rupee under further pressure
- A decline in the US dollar index towards the end of the week following the release of the latest US consumer inflation figures, helped the rupee recoup losses
- Gains registered by local equities after data showed retail inflation to have eased in July, also supported the rupee

International equity benchmark indices' returns

| Indices | Aug 13 | % chg week | % chg 3 Mth | % chg Year |
|-------------------|--------|------------|-------------|------------|
| DJIA* | 35,500 | 0.83 | 5.69 | 26.89 |
| Nasdaq Composite* | 14,816 | -0.13 | 13.69 | 34.54 |
| FTSE 100* | 7,193 | 0.99 | 2.69 | 14.54 |
| Nikkei 225 | 27,977 | 0.56 | -0.61 | 20.33 |
| Straits Times | 3,165 | -0.37 | 1.35 | 21.94 |
| Hang Seng | 26,392 | 0.81 | -6.52 | 4.60 |
| Shanghai Comp | 3,516 | 1.68 | 1.55 | 5.89 |

*As of Aug 12

International debt market indicators

| Indicators | Aug 13 | Aug 6 |
|-----------------|--------|-------|
| US 10-Year* | 1.37 | 1.30 |
| UK 10-Year* | 0.60 | 0.61 |
| German 10-Year* | -0.46 | -0.45 |
| Japan 10-Year | 0.02 | 0.02 |
| 3-M USD Libor* | 0.12% | 0.13% |
| 6-M USD Libor* | 0.16% | 0.15% |
| 1-Y USD Libor* | 0.24% | 0.24% |

*As of Aug 12

Commodities

| Commodity | Aug 13 | % chg week | % chg 3 Mth | % chg Year |
|----------------------------------|----------|------------|-------------|------------|
| Brent Crude Oil (\$ per barrel)* | 71.31 | 0.86 | 2.87 | 56.97 |
| Indian gold (Rs per 10 gm) | 46702.00 | -1.98 | -2.22 | -10.94 |
| Indian Silver (Rs per Kg) | 62612.00 | -6.17 | -11.75 | -6.15 |

* As of Aug 12

Source: Respective commodity exchanges, ibjrates.com

B. International

1. Equity

- Global equities mostly ended higher this week amid region-specific cues.
- US stocks ended mixed this week, with Dow Jones rising 0.83%, while Nasdaq fell 0.13%
- Markets gained earlier in the week following the passage of a massive infrastructure package by the Senate
- Sentiments got a further boost after the ease in inflation and strong labour market data raised expectations of economic recovery
- The US Senate approved the \$1.2 trillion infrastructure investment plan backed by President Joe Biden
- US CPI rose 0.5% in July after rising 0.9% in June
- However, stock-specific selling erased the gains, especially from the Nasdaq
- Britain's FTSE ended 1% higher for the fourth consecutive week, posting its biggest weekly winning streak since November 2020
- Strong corporate earnings coupled with buying in defensive, travel and leisure, financial and export-oriented stocks aided the upside trend of the market
- However, further rally was capped as investors were concerned that an improving economic outlook might push the Bank of England to taper stimulus sooner than expected
- Other European equities advanced this week with France's CAC 40 and Germany's DAX rising about 1% each on tracking intermittent strength in the US markets and strong second quarter earnings
- Asian equities ended in the green. Japan's Nikkei rose 0.6% following strong corporate quarter earnings by major companies
- Hong Kong's Hang Seng went up nearly 1% tracking similar gains in regional peers and due to rise in banking, property and technology stocks
- However, further gains were capped after Beijing rolled out a five-year plan for further regulation on various industries
- China's Shanghai Composite surged nearly 2% on tracking sporadic positive cues from the US markets, and gains in the consumer staples, real estate and liquor stocks

2. Commodity

- Crude oil prices rose in this week on signs of increasing fuel demand in the US and Europe and after the Biden administration said that oil output would not be increased by the US producers
- Gold prices fell in this week tracking weak metal prices after firm jobs data raised concerns that the Federal Reserve may taper stimulus in near term
- Indian silver prices fell in this week on tracking weakness in gold

C. News summary

1. Domestic

- India consumer price index (CPI) based inflation cooled to 5.59% in July from 6.26% in June, following a moderation in food prices
- India of Industrial Production (IIP) rose to 13.6% in June, due to low base effect compared to 16.6% contraction in June 2020 and 28.6% growth in May
- Minister of State for Commerce and Industry said India's trade deficit with China has declined from \$53.57 billion in 2018-19 to \$44.02 billion in 2020-21
- Prime Minister Narendra Modi transferred about Rs 19500 crore to over 9.75 crore beneficiaries farmers under the government's PM-KISAN scheme. He also launched Ujjwala 2.0 by handing over LPG connections in Mahoba in Uttar Pradesh
- Finance Ministry released its 5th monthly installment of Post Devolution Revenue Deficit (PDRD) Grant of Rs 9871 crore to 17 states
- Rajya Sabha passed a bill to allow privatisation of state-run general insurance companies
- RBI proposed allowing Indian promoters to issue personal guarantees for overseas firms in which they have acquired a controlling stake, although with limits
- RBI asked banks and white label automated teller machine (ATM) operators to put in place a robust system that will allow them to monitor the availability of cash in ATMs and ensure timely replenishment to avoid cash-out situations
- SEBI reduced the minimum lock-in period for promoters post IPO from 3 years to 18 months subject to certain conditions; also approved the concept of 'controlling shareholders'

2. International

- US consumer credit expanded at a pace of \$37.69 billion in June following a \$36.69 billion rise in May
- US labor productivity rose by 2.3% in the second quarter after soaring by a downwardly revised 4.3% in the first quarter; labor costs rose by 1.0% in the second quarter compared to a revised 2.8% decrease in the first quarter
- UK industrial production came in at 0.7% in June from 0.6% in May. On an annualized basis, the industrial output rose by 8.3% in June compared with 20.7% growth in May
- China's new yuan loans stood at 1.08 trillion yuan in July. This was well below June's 2.12 trillion yuan
- Japan producer price index rose 1.1% on-month in July compared to a 0.6% rise in June

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D. Week ahead

| Day | Events |
|-------------------------|---|
| Monday, Aug 16, 2021 | <ul style="list-style-type: none"> US New York Fed Manufacturing Index, August 2021 China Retail Sales, July 2021 China Industrial Production, July 2021 Japan GDP, Q2 2021 Japan Industrial Production, June 2021 India Wholesale Prices, July 2021 |
| Tuesday, Aug 17, 2021 | <ul style="list-style-type: none"> US Retail Sales, July 2021 US Industrial Production, July 2021 US Business Inventories, June 2021 US NAHB Housing Market Index, August 2021 Eurozone GDP, Q2 2021 UK ILO Unemployment Rate, June 2021 Japan Tertiary Industry Activity, June 2021 |
| Wednesday, Aug 18, 2021 | <ul style="list-style-type: none"> US Housing Starts / Building Permits, July 2021 Eurozone Consumer Prices, July 2021 UK Consumer Prices, July 2021 UK Producer Prices, July 2021 |
| Thursday, Aug 19, 2021 | <ul style="list-style-type: none"> US Philly Fed Business Index, August 2021 Eurozone Current Account Balance, June 2021 |
| Friday, Aug 20, 2021 | <ul style="list-style-type: none"> UK Retail Sales, July 2021 UK GfK Consumer Confidence, August 2021 China Loan Prime Rate 1Y / 5Y |



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