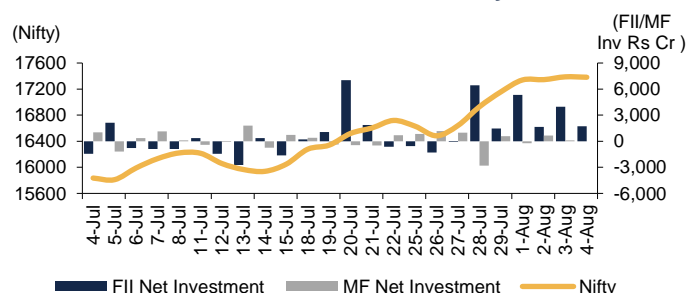


## Indian equity benchmark indices' returns

Broad Indices	Aug 5	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	58,388	1.42	4.82	7.15
Nifty 50	17,398	1.39	4.28	6.77
Nifty 500	14,900	1.60	3.51	6.57
S&P BSE 100	17,775	1.40	3.69	7.10
S&P BSE Midcap	24,479	1.78	3.66	5.73
S&P BSE Smallcap	27,605	2.03	-0.25	3.27

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Aug 5	% chg week	% chg 3 Mth	% chg Year
S&P BSE IT	30,386	3.05	-4.36	-3.96
S&P BSE Power	4,687	2.87	-2.59	77.13
S&P BSE Auto	29,366	2.22	20.54	28.00
S&P BSE Oil & Gas	19,337	1.78	-0.61	22.77
S&P BSE CD	40,111	1.37	0.46	9.28
S&P BSE Healthcare	23,185	1.24	-0.55	-12.29
S&P BSE Bankex	43,551	0.97	7.31	6.74
S&P BSE FMCG	15,639	0.97	13.33	14.18
S&P BSE Metal	18,354	0.90	-14.00	-13.65
S&P BSE CG	29,699	-0.06	11.08	24.55
S&P BSE Realty Index	3,486	-2.93	3.60	7.20

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Aug 5	Previous Week	1 month ago
Call Rate	5.30%	4.25%	4.00%
10 Yr G-Sec <sup>^</sup>	7.32%	7.32%	7.38%

<sup>^</sup>6.54% 2032 paper <sup>^</sup>Weighted Average Yield

## Currencies vs INR

Currency	Aug 5	Week ago	3 months ago	1 year ago
USD	79.24	79.26	76.26	74.17
GBP	96.06	96.30	95.56	103.23
Euro	80.91	80.89	80.81	87.76
Yen*	59.33	59.49	58.82	67.72

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equity indices extended their gains for the third consecutive week following upbeat monthly manufacturing data and after the Reserve Bank of India (RBI) raised the policy rate in line with expectations. S&P BSE Sensex and Nifty 50 rose about 1.4% each.
- Further, an intermittent decline in oil prices and buying by foreign investors in July aided the sentiment.
- Most of the sectors ended positive with information technology (IT), power and auto stocks rising the most. S&P BSE IT, S&P BSE Power and S&P BSE Auto advanced about 3.1%, 2.9% and 2.2%, respectively.
- However, worries over a global economic recession and weak global economic data limited some of the gains.
- A sell-off in realty stocks also chipped off some gains. S&P BSE Realty lost nearly 3%.
- Shares of Mahindra & Mahindra emerged the top gainer on the Nifty 50, up ~6% on week to settle at Rs 1235.9 per share after posting upbeat quarterly earnings.
- Shares of GAIL (India) emerged the top decliner on the Nifty 50, down ~9% on week to settle at Rs 132.9 per share on concerns about gas supply disruptions.

#### 2. Debt

- Government bond prices rose in the week ended August 05, 2022. The yield of the 10-year benchmark 6.54% 2032 settled at 7.30% on August 05, 2022 compared with 7.32% on July 29, 2022.
- Yield began the week on a lower note even as domestic manufacturing activity rose to an eight-month high in July.
- Intermittent fall in US treasury yield and global crude oil prices, coupled with fading expectations of aggressive rate hikes by the RBI, further elevated bond prices.
- Expectations that the RBI might pause further hike rates post Friday's policy outcome also kept yield on the lower end.
- However, intermittent short covering and the rate hike decision from the RBI prevented a further decline in the yield.
- Meanwhile, in the debt sale held on August 05, 2022, the RBI auctioned 6.69% government securities (GS) 2024, 7.10% GS 2029, 6.54% GS 2032 and 6.95% GS 2061 for a notified amount totaling Rs 33,000 crore.

#### 3. Forex

- The rupee ended marginally higher against the US dollar after dollar index slumped amid anticipation that the US Federal Reserve will not be more aggressive on rate hikes in the future.
- The currency also gained after the RBI hiked key rates in line with expectations to tame soaring inflationary pressure.
- Further, a fall in crude oil prices and fund inflows from foreign investors also aided the local unit.
- However, the rupee struggled to sustain gains on downbeat domestic services activity and a record high trade deficit.

## International equity benchmark indices' returns

Indices	Aug 5	% chg week	% chg 3 Mth	% chg Year
DJIA*	32,727	-0.36	-3.92	-5.94
Nasdaq Composite*	12,721	2.66	-1.88	-13.94
FTSE 100*	7,448	0.33	-0.61	4.55
Nikkei 225	28,176	1.35	5.06	1.61
Straits Times	3,283	2.22	-1.82	3.39
Hang Seng	20,202	0.23	-2.84	-22.91
Shanghai Comp	3,227	-0.81	5.19	-6.91

\*As of Aug 4

## International debt market indicators

Indicators	Aug 5	Jul 29
US 10-Year*	2.68%	2.64%
UK 10-Year*	1.89%	1.87%
German 10-Year*	0.80%	0.83%
Japan 10-Year	0.16%	0.18%
3-M USD Libor*	2.86%	2.79%
6-M USD Libor*	3.39%	3.33%
1-Y USD Libor*	3.88%	3.71%

\*As of Aug 4

## Commodities

Commodity	Aug 5	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	94.12	-14.44	-14.55	33.73
Indian gold (Rs per 10 gm)	52,019.00	1.07	0.45	8.36
Indian Silver (Rs per Kg)	57,362.00	-0.33	-9.43	-15.14

\*As of Aug 4

Source: Respective commodity exchanges, ibjrates.com

## B. International

### 1. Equity

- Global equity markets ended mostly higher on strong regional corporate earnings.
- US stocks ended mixed with Dow Jones falling 0.36% and Nasdaq gaining 2.66%.
- Markets fell, especially Dow Jones, owing to losses in energy stocks, tensions between China and the US and recession worries following weak manufacturing data.
- US ISM manufacturing PMI fell to 52.8 in July from 53 in June, while new orders fell to 48 in July from 49.2 in June.
- Investors also turned cautious ahead of key US monthly jobs data.
- However, some losses were curtailed, especially on the Nasdaq, on strong corporate earnings, upbeat factory orders data and a rise in technology stocks.
- US factory orders rose 2% on-month in June compared with a revised 1.8% gain in May.
- Britain's FTSE rose 0.33% on upbeat corporate earnings and strong European GDP growth data.
- However, the gains were cut short on a decline in oil and homebuilders' stocks, strength in sterling, potential US-China geopolitical tensions and rising recession fears following the biggest hike from the Bank of England.
- Asian equities ended higher, Japan's Nikkei rose 1.4% on upbeat corporate earnings and gains in technology shares.
- However, concerns over the global growth outlook, growing tensions between China and the US, and a stronger yen prevented further rise in the market.
- Hong Kong's Hang Seng gained 0.23% led by gains in technology shares and launch of new infrastructure projects by China.
- Some gains were trimmed due to fears of potential geopolitical tensions between the US and China.
- China's Shanghai Composite closed 0.81% lower as investors eyed developments around Sino-US tensions following US House Speaker Nancy Pelosi's visit to Taiwan.

### 2. Commodity

- Crude oil prices declined in this week on worries over global oil demand outlook following weak manufacturing data in several countries amid potential global economic recession, a surge in crude and gasoline stockpiles and after OPEC+ agreed to raise oil output by 100000 bpd.
- Gold prices rose this week on safe-haven demand following surging concerns over economic recession and intermittent weakness in dollar index.
- Silver prices fell this week on demand worries for industrial metals due to recession fear.

## C. News summary

### 1. Domestic

- RBI's Monetary Policy Committee (MPC) hiked the policy repo rate by 50 bps to 5.40%.
- RBI retained the GDP and inflation projection for fiscal 2023 at 7.2% and 6.7%, respectively.
- India S&P Global manufacturing purchasing managers' index (PMI) soared to an eight-month high of 56.4 in July from 53.9 in June and the services PMI fell to 55.5 in July from 59.2 in June.
- India's trade deficit widened to \$31.02 billion in July from \$26.18 billion in June.
- Prime Minister Narendra Modi rolled out 'India International Bullion Exchange (IIBX)' – the country's first international bullion exchange in Gandhinagar, Gujarat.
- The goods and service tax (GST) collection in July rose 28% on-year to Rs 1.49 lakh crore, second highest since the introduction of GST.
- The government widened the ambit of e-invoicing for businesses by lowering the mandatory turnover threshold to Rs 10 crore from Rs 20 crore under the GST regime effective October 1.
- The government garnered about Rs 1.5 lakh crore in the 5G telecom spectrum auction.
- RBI decided to permit Standalone Primary Dealers (SPDs) to offer all foreign exchange market-making facilities as currently permitted to Category-I Authorised Dealers, subject to prudential guidelines.
- RBI proposed to enable Bharat Bill Payment System (BBPS) to accept cross-border inward payments
- RBI Governor Das said that credit information companies will have their own internal ombudsmen system and the central bank will set up a panel to examine MIBOR benchmark, alternatives.

### 2. International

- US non-farm payrolls rose by 528000 in July compared to an upwardly revised 398000 in June; while the unemployment rate edged lower to 3.5% in July from 3.6% in June.
- Eurozone annual producer price inflation eased to 35.8% in June from 36.2% in May.
- Bank of England raised its main interest rate by 50 bps to 1.75%, the biggest hike since 1995, to counter surging inflation. It also projected that the country's economy would enter a recession at the end of the year.
- China official manufacturing PMI fell to 49.0 in July from 50.2 in June, while non-manufacturing PMI declined to 53.8 in July from 54.7 in June.

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## D. Week ahead

Day	Events
Monday, Aug 8, 2022	<ul style="list-style-type: none"> <li>• Japan Current Account, June</li> <li>• Japan Eco Watchers Survey Outlook, July</li> </ul>
Tuesday, Aug 9, 2022	<ul style="list-style-type: none"> <li>• US Non-farm Productivity QoQ Preliminary, Q2</li> </ul>
Wednesday, Aug 10, 2022	<ul style="list-style-type: none"> <li>• US Consumer Prices, July</li> <li>• US Wholesale Inventories, June</li> <li>• China Inflation Rate, July</li> <li>• China Producer Prices, July</li> <li>• Japan Producer Prices, July</li> </ul>
Thursday, Aug 11, 2022	<ul style="list-style-type: none"> <li>• US Producer Prices, July</li> <li>• US Initial Jobless Claims, August 5</li> <li>• China New Yuan Loans, July</li> </ul>
Friday, Aug 12, 2022	<ul style="list-style-type: none"> <li>• US Michigan Consumer Sentiment, August</li> <li>• US Export/Import Prices, July</li> <li>• Eurozone Industrial Production, June</li> <li>• UK GDP Growth Rate Preliminary, Q2</li> <li>• UK Industrial Production, June</li> <li>• UK Trade Balance, June</li> <li>• India Industrial Production, June</li> <li>• India Inflation Rate, July</li> </ul>



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