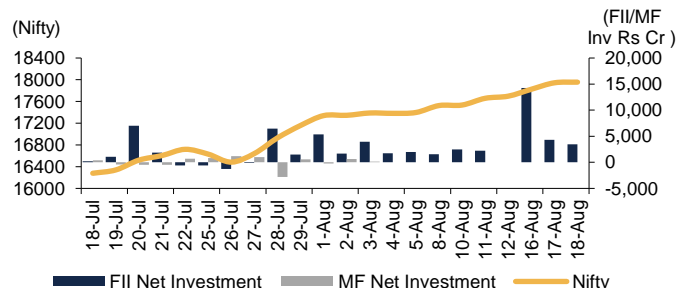


## Indian equity benchmark indices' returns

| Broad Indices    | Aug 19 | % chg week | % chg 3 Mth | % chg Year |
|------------------|--------|------------|-------------|------------|
| S&P BSE Sensex   | 59,646 | 0.31       | 12.98       | 7.22       |
| Nifty 50         | 17,758 | 0.34       | 12.33       | 7.18       |
| Nifty 500        | 15,237 | 0.63       | 12.44       | 8.10       |
| S&P BSE 100      | 18,176 | 0.55       | 12.47       | 8.06       |
| S&P BSE Midcap   | 24,966 | 0.81       | 13.12       | 7.97       |
| S&P BSE Smallcap | 28,175 | 0.97       | 9.20        | 7.38       |

## FII and mutual fund investment vs. Nifty



| Sectoral Indices     | Aug 19 | % chg week | % chg 3 Mth | % chg Year |
|----------------------|--------|------------|-------------|------------|
| S&P BSE Power        | 5,038  | 3.71       | 16.40       | 85.97      |
| S&P BSE CG           | 31,497 | 1.79       | 22.96       | 31.01      |
| S&P BSE Realty Index | 3,588  | 1.61       | 17.16       | 16.12      |
| S&P BSE FMCG         | 15,651 | 1.16       | 13.15       | 12.44      |
| S&P BSE CD           | 41,106 | 0.88       | 12.82       | 12.24      |
| S&P BSE IT           | 30,510 | 0.52       | 5.69        | -9.11      |
| S&P BSE Auto         | 29,733 | 0.39       | 22.77       | 31.82      |
| S&P BSE Bankex       | 44,738 | -0.04      | 16.17       | 10.59      |
| S&P BSE Healthcare   | 22,981 | -0.29      | 3.24        | -12.28     |
| S&P BSE Oil & Gas    | 19,683 | -0.45      | 5.87        | 23.56      |
| S&P BSE Metal        | 18,882 | -1.86      | 1.71        | -9.10      |

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

| Indicators               | Aug 19 | Previous Week | 1 month ago |
|--------------------------|--------|---------------|-------------|
| Call Rate                | 4.95%  | 4.75%         | 4.40%       |
| 10 Yr G-Sec <sup>^</sup> | 7.27%  | 7.29%         | 7.44%       |

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

## Currencies vs INR

| Currency | Aug 19 | Week ago | 3 months ago | 1 year ago |
|----------|--------|----------|--------------|------------|
| USD      | 79.78  | 79.65    | 77.72        | 74.24      |
| GBP      | 94.73  | 97.03    | 96.35        | 102.07     |
| Euro     | 80.36  | 82.05    | 81.60        | 87.00      |
| Yen*     | 58.28  | 59.79    | 60.82        | 67.72      |

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equity indices extended gains for the fifth consecutive week as a moderation in the WPI-based inflation number for July raised hopes of a slow pace of rate hikes by the RBI in the future. S&P BSE Sensex and Nifty 50 rose about 0.3% each.
- Further, upbeat quarterly earnings reports and intermittent decline in global crude oil prices also buoyed market sentiment.
- Most of the sectors ended positive, with power, capital goods and realty gaining the most. S&P BSE Power, S&P Capital Goods and S&P BSE Realty rose about 4%, 2% and 2%, respectively.
- However, gains were limited on profit booking, concerns over economic growth and global inflation outlook.
- A sell-off in metal, oil & gas and healthcare also restrained some gains. S&P BSE Metal, S&P BSE Oil & Gas and S&P BSE Healthcare fell 2%, 0.5% and 0.3%, respectively.
- Shares of Adani Port & SEZ emerged the top gainer on the Nifty 50, up ~11% on week to settle at Rs 871.8 per share following the introduction of draft Indian Ports Bill.
- Shares of ONGC emerged the top decliner on the Nifty 50, down ~3% on week to settle at Rs 134.6 per share owing to a decline crude oil price.

#### 2. Debt

- Government bond prices ended higher in the holiday-shortened week ended August 19, 2022. The yield of the 10-year benchmark 6.54% 2032 settled at 7.26% on August 19 compared with 7.29% on August 12.
- A sharp fall in global crude oil prices and easing domestic inflation numbers for July kept yield on the lower side.
- Sentiments were further buoyed by reports of possible inclusion of Indian bonds in global indices.
- However, profit booking capped the gain in bond prices.
- Gilts declined further as a higher-than-expected cut-off yield for a new 10-year bond at the weekly debt auction, indicating weak demand.
- Meanwhile, in the debt sale held on August 19, the RBI auctioned 6.69% GS (government security) 2024, 7.10% GS 2029, New GS 2032, and 6.95% GS 2061 for a total notified amount of Rs 33,000 crore.

#### 3. Forex

- The rupee closed lower against the US dollar after dollar index strengthened on worries over global economic recession and as minutes of the Federal Reserve's (Fed) latest meeting hinted that interest rates would remain high for a longer period.
- However, sharp losses in the local currency were limited on gains in the domestic equity markets and persistent foreign capital inflows.
- Further, easing crude oil prices and moderation in domestic WPI-inflation also supported the local unit.

## International equity benchmark indices' returns

| Indices           | Aug 19 | % chg week | % chg 3 Mth | % chg Year |
|-------------------|--------|------------|-------------|------------|
| DJIA*             | 33,999 | 0.70       | 7.97        | -2.75      |
| Nasdaq Composite* | 12,965 | -0.63      | 13.55       | -10.74     |
| FTSE 100*         | 7,542  | 0.55       | 1.39        | 5.20       |
| Nikkei 225        | 28,930 | 1.34       | 9.57        | 6.05       |
| Straits Times     | 3,247  | -0.70      | 1.75        | 5.17       |
| Hang Seng         | 19,773 | -2.00      | -1.73       | -21.90     |
| Shanghai Comp     | 3,258  | -0.57      | 5.20        | -5.99      |

\*As of Aug 18

## International debt market indicators

| Indicators      | Aug 19 | Aug 12 |
|-----------------|--------|--------|
| US 10-Year*     | 2.88%  | 2.85%  |
| UK 10-Year*     | 2.30%  | 2.11%  |
| German 10-Year* | 1.11%  | 0.98%  |
| Japan 10-Year   | 0.21%  | 0.19%  |
| 3-M USD Libor*  | 2.98%  | 2.92%  |
| 6-M USD Libor*  | 3.51%  | 3.51%  |
| 1-Y USD Libor*  | 4.00%  | 3.96%  |

\*As of Aug 18

## Commodities

| Commodity                        | Aug 19    | % chg week | % chg 3 Mth | % chg Year |
|----------------------------------|-----------|------------|-------------|------------|
| Brent Crude Oil (\$ per barrel)* | 96.59     | -1.59      | -11.47      | 41.57      |
| Indian gold (Rs per 10 gm)       | 51,802.00 | -1.26      | 2.21        | 9.57       |
| Indian Silver (Rs per Kg)        | 55,881.00 | -4.23      | -8.52       | -11.78     |

\*As of Aug 18

Source: Respective commodity exchanges, ibjrates.com

## B. International

### 1. Equity

- Global equity markets ended mixed on region-specific cues.
- US stocks ended mixed this week, with Dow Jones gaining 0.7% and Nasdaq falling 0.63%.
- Markets gained, especially Dow Jones, on strong corporate earnings and as updated manufacturing data eased concerns over economic recession.
- US Philadelphia Fed manufacturing index rose to 6.2 in August from -12.3 in July.
- However, these gains were restricted in Nasdaq, on losses in growth and technology shares and lack of clear direction on interest rate hikes after the Fed's July policy minutes release.
- Britain's FTSE rose 0.55% owing to a rally in commodity and consumer shares, and after upbeat earnings reports.
- However, sharp upside in the market was capped after the UK's inflation increased to its highest level since 1982 in July, which further raised rate hike bets by the Bank of England.
- Asian equities mostly ended lower. Japan's Nikkei advanced 1.34% buoyed by upbeat corporate earnings reports and stock-specific gains.
- However, some gains were limited on weak economic data from China, uncertainty over the Fed's rate hike, and sell-off in energy-related and shipping stocks.
- Hong Kong's Hang Seng slumped 2% as global inflationary pressure raised concerns over potential rate hike by central banks in the future, and on economic growth uncertainty in China amid weak economic data and fresh Covid-19 cases.
- China's Shanghai Composite dropped 0.57% due to rise in Covid-19 cases and worries over economic growth following weak data, indicating slowdown in economic activities and credit expansion.
- However, losses were limited on rally in property and real estate developers on expectations that authorities would support the sector.
- The People's Bank of China trimmed its rate on a one-year loan to 2.75% from 2.85% and infused an extra 400 billion yuan in lending markets.
- China's industrial production rose 3.8% on-year in July compared with 3.9% gain in June.

### 2. Commodity

- Crude oil prices fell on concerns about a potential global recession.
- Gold prices fell this week tracking similar trend in the global metal prices, intermittent strength in US dollar index and weak global cues.
- Silver prices declined this week tracking similar trend in gold and industrial metals.

## C. News summary

### 1. Domestic

- India's wholesale price index (WPI)-based inflation eased to 13.93% on-year in July compared to 15.18% in June following a pullback in fuel and food prices.
- India's exports rose by 2.14% on-year to \$36.27 billion in July while imports surged by 43.61% to \$66.27 billion, resulting in a trade deficit of \$30 billion.
- Prime Minister Narendra Modi set the target of turning India into a developed nation by 2047.
- The Union Cabinet approved increasing the limit of Emergency Credit Line Guarantee Scheme (ECLGS) by Rs 50000 crore to Rs 5 lakh crore.
- The Union Cabinet gave approval for an interest subvention of 1.5% per annum on short-term agriculture loan up to Rs 3 lakh to ensure adequate credit flow in the agriculture sector.
- RBI tightened norms to crack down on unfair recovery practices and strong-arm tactics used by loan recovery agents.
- RBI came out with a discussion paper on "Charges in Payment Systems" for public feedback.
- SEBI joined RBI's account aggregator framework, with the move resulting in allowing customers to share information about their mutual fund and stock holdings with financial service providers.
- SEBI made it compulsory for investors to block securities on their respective dematerialized accounts for sale transactions from November 14, 2022.
- SEBI restructured its advisory committee on Investor Protection and Education Fund (IPEF).

### 2. International

- US industrial production rose 3.9% on-year in July compared to 4.2% rise in June.
- Eurozone annualized GDP expanded 3.90% in the second quarter of 2022, slower than 5.4% growth in the first quarter.
- Eurozone inflation came in at a record high of 8.9% on-year in July from 8.6% in June.
- UK annual inflation rate increased to highest level since 1982 of 10.1% in July, compared to 9.4% in June.
- China's industrial production rose 3.8% on-year in July compared to 3.9% gain in June.
- Japan's GDP grew an annualized 2.2% in the second quarter compared with upwardly revised 0.1% growth in the previous quarter.

## D. Week ahead

| Day                     | Events                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Monday, Aug 22, 2022    | <ul style="list-style-type: none"> <li>US Chicago Fed National Activity Index, July</li> <li>China Loan Prime Rate 1Y/5Y, August</li> </ul>                                                                                                                                                                                                                   |
| Tuesday, Aug 23, 2022   | <ul style="list-style-type: none"> <li>US Manufacturing/Services/Composite PMI Flash, August</li> <li>Eurozone Manufacturing/Services/Composite PMI Flash, August</li> <li>Eurozone Consumer Confidence, August</li> <li>UK Manufacturing/Services/Composite PMI Flash, August</li> <li>Japan Manufacturing/Services/Composite Index Flash, August</li> </ul> |
| Wednesday, Aug 24, 2022 | <ul style="list-style-type: none"> <li>US Durable Goods Orders, July</li> <li>US Pending Home Sales, July</li> </ul>                                                                                                                                                                                                                                          |
| Thursday, Aug 25, 2022  | <ul style="list-style-type: none"> <li>US GDP, Q2</li> <li>US Initial Jobless Claims, August 19</li> </ul>                                                                                                                                                                                                                                                    |
| Friday, Aug 26, 2022    | <ul style="list-style-type: none"> <li>US Personal Income, July</li> <li>US Michigan Consumer Sentiment Final, August</li> <li>Indian Foreign Exchange Reserves, August 19</li> </ul>                                                                                                                                                                         |

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