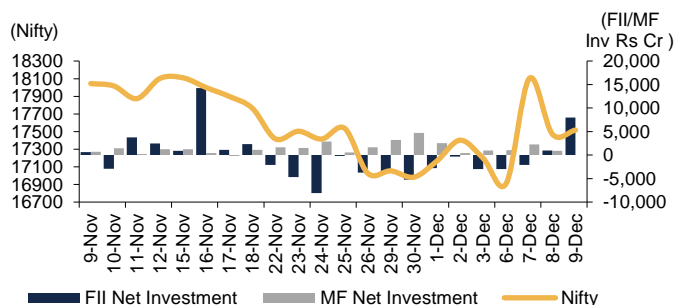


## Indian equity benchmark indices' returns

Broad Indices	Dec 10	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	58,787	1.89	0.83	27.91
Nifty 50	17,511	1.83	0.82	29.92
Nifty 500	15,155	2.01	2.15	36.02
S&P BSE 100	17,851	1.80	1.14	31.14
S&P BSE Midcap	25,707	2.08	4.06	46.94
S&P BSE Smallcap	29,261	2.95	5.84	67.56

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Dec 10	% chg week	% chg 3 Mth	% chg Year
S&P BSE Realty Index	4,081	5.42	22.84	78.04
S&P BSE Metal	19,807	4.69	-4.33	79.68
S&P BSE CG	28,500	3.38	10.61	61.11
S&P BSE Oil & Gas	18,345	3.20	5.27	29.19
S&P BSE Auto	25,108	2.88	10.64	20.61
S&P BSE Bankex	42,122	2.26	0.74	20.77
S&P BSE FMCG	14,003	1.99	-6.28	11.27
S&P BSE Power	3,599	1.75	18.26	76.52
S&P BSE IT	35,333	0.81	2.95	55.49
S&P BSE CD	43,322	0.53	7.65	54.49
S&P BSE Healthcare	25,123	-0.11	-5.25	18.97

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Dec 10	Previous Week	1 month ago
Call Rate	3.25%	2.50%	3.25%
10 Yr G-Sec^A	6.37%	6.37%	6.33%

\*6.10% 2031 paper ^Weighted Average Yield

## Currencies vs INR

Currency	Dec 10	Week ago	3 months ago	1 year ago
USD	75.77	75.18	73.50	73.66
GBP	99.95	99.86	101.56	98.36
Euro	85.50	84.92	86.97	89.07
Yen*	66.64	66.32	66.93	70.53

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Domestic equities ended higher for the second consecutive week as investors' concerns eased over the impact of the omicron variant on the economy. The S&P BSE Sensex and Nifty 50 gained ~2% each
- The Reserve Bank of India's (RBI) continuation of its accommodative monetary policy stance and persistent buying by domestic institutional investors also boosted the sentiments
- Most of the sectors ended in the positive territory, with realty, metal, capital goods and oil and gas gaining the most. The S&P BSE Realty was up 5.4%, S&P BSE Metal 4.7%, S&P BSE Capital Goods 3.4% and S&P BSE Oil & Gas 3.2%
- However, investors remained cautious ahead of the US inflation data and the Federal Reserve's (Fed) policy meet outcome. The S&P BSE Healthcare fell 0.1%
- Shares of Hindalco emerged the top gainer on the Nifty 50, rising ~7% on week to settle at Rs 455.1 per share on reports that the government has recommended positive changes in the import duty structure for aluminium
- Shares of Coal India emerged the top decliner on the Nifty 50, down ~5% on week to settle at Rs 151.3 per share as the stock went ex-dividend

#### 2. Debt

- Government bond prices ended flat in the week amid volatility. Yield on the 10-year benchmark 6.10% 2031 paper settled at 6.37% on December 10, unchanged from the previous week
- Bonds began the week on a bright note amid worries about the impact of the new coronavirus variant on the economy
- Prices rose further after the MPC kept the key rates unchanged and decided to continue with its accommodative stance
- However, the gains were offset by an uptick in US Treasury yields and crude oil price
- In the weekly gilt sale on December 10, the RBI auctioned the 4.56% GS 2023, 5.74% GS 2026, 6.67% GS 2035, and 6.99% GS 2051 papers for a total notified Rs 24,000 crore

#### 3. Forex

- The rupee plummeted against the US dollar as investors turned cautious ahead of the Fed's policy meet outcome, the US inflation data and global growth worries due to impact of the new virus variant
- The local unit declined further following a rebound in crude oil price and as foreign investors continued to trim their positions in the Indian markets
- However, positive sentiments from the domestic equity market gave some support to the local currency

## International equity benchmark indices' returns

Indices	Dec 10	% chg week	% chg 3 Mth	% chg Year
DJIA*	35,755	3.40	2.07	18.91
Nasdaq Composite*	15,517	2.86	3.27	25.76
FTSE 100*	7,321	2.79	3.40	11.53
Nikkei 225	28,438	1.46	-6.40	6.28
Straits Times	3,136	1.09	1.19	11.00
Hang Seng	23,996	0.96	-8.43	-9.14
Shanghai Comp	3,666	1.63	-0.99	8.69

\*As of Dec 9

## International debt market indicators

Indicators	Dec 10	Dec 3
US 10-Year*	1.50%	1.34%
UK 10-Year*	0.76%	0.75%
German 10-Year*	-0.35%	-0.38%
Japan 10-Year	0.05%	0.05%
3-M USD Libor*	0.20%	0.19%
6-M USD Libor*	0.29%	0.27%
1-Y USD Libor*	0.50%	0.46%

\*As of Dec 9

## Commodities

Commodity	Dec 10	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	74.42	6.50	4.16	52.31
Indian gold (Rs per 10 gm)	47,816.00	0.57	1.39	-2.51
Indian Silver (Rs per Kg)	60,155.00	-1.13	-6.11	-3.32

\*As of Dec 9

Source: Respective commodity exchanges, ibjrates.com

## B. International

### 1. Equity

- Global equities ended higher this week on easing concerns about the omicron variant.
- US stocks rallied this week as worries of a surge in infections due to the new variant eased. Also, there were reports that Pfizer and BioNTech's vaccines were effective against omicron in a laboratory test
- However, weak jobs data, sporadic sell-off in technology stocks and caution ahead of the inflation and the Fed's policy meet kept the gains under check
- US non-farm payrolls came in at 210,000 in November compared with a revised 546,000 in October. The unemployment rate fell to 4.2% in November from 4.6% in October
- Britain's FTSE advanced nearly 3% tracking positive news on the Covid-19 vaccines, gains in mining stocks and strong corporate earnings outlook
- However, sharper gains in the market were restricted after Britain re-imposed Covid-19-related restrictions
- Other European equities ended higher with France's CAC 40 rising about 4% and Germany's DAX 3%
- The markets rallied tracking similar sentiments from the global market on vaccines amid receding worries over the impact of the omicron variant.
- Asian equities ended higher. Japan's Nikkei gained 1.5% on easing concerns over economic recovery
- However, investors' wariness ahead of the US inflation data and the Fed policy meet chipped off some gains
- Hong Kong's Hang Seng ended higher about 1% mirroring similar global trend and gains in the casino, property and healthcare stocks. Hopes of more stimulus support from the Chinese central bank supported the market
- China's Shanghai Composite advanced 1.6% on hope of more stimulus measures after the country's central bank cut banks' reserve requirement ratios and as the producer prices decelerated in November
- China's producer prices accelerated to 12.9% annually in November following a 13.5% surge in October
- However, investors' sentiments were underpinned on caution over the progress of the Evergrande debt issue and weak money and credit data

### 2. Commodity

- Crude oil prices rose in this week following easing of concerns over the impact of Omicron variant on global fuel demand
- Gold prices rose in this week on safe haven buying even as uncertainty over the Omicron variant abated
- Indian silver prices fell in this week as investors remained on the sidelines of the US inflation data and Fed meet

## C. News summary

### 1. Domestic

- The RBI's Monetary Policy Committee (MPC) decided to keep repo rate and reverse repo rate unchanged at 4% and 3.35%, respectively. The marginal standing facility rate (MSF) and the bank rate were kept unchanged at 4.25%
- The RBI maintained its GDP growth forecast at 9.5% and retained its CPI inflation projection at 5.3% for this fiscal. It expects the inflation to ease to around 5% next fiscal
- India's index of industrial production (IIP) grew 3.2% in October, compared to a revised 3.3% rise in September, and 4.5% growth in October 2020
- The Asian Development Bank approved Rs 2,645 crore loan to India to improve its urban services
- The RBI increased the investment limit via UPI in initial public offerings (IPOs) and RBI Retail Direct Scheme for G-secs to Rs 5 lakh from Rs 2 lakh earlier
- The central bank decided that banks need not seek prior approval to infuse capital in their overseas branches and repatriate profits, subject to fulfilling of certain regulatory capital requirements
- It proposed an 'on-device' wallet in UPI apps with an aim to conserve banking systems' resources for small-ticket transactions
- The Securities and Exchange Board of India (SEBI) said portfolio management services will undertake at least 10% of their transactions through the request for quote platform with effect from 1 April 2022
- It proposed regulatory framework for algorithmic trading by retail investors

### 2. International

- US consumer prices rose 6.8% on-year in November compared to 6.2% gain in October
- US trade deficit fell to \$67.1 billion in October from a revised \$81.4 billion deficit in September
- Eurozone economy grew 3.9% on-year in the third quarter following an upwardly 14.4% growth in the previous quarter
- UK retail sales rose 0.8% on-month in October compared to flat growth in September
- China's annual consumer price inflation rate increased to 2.3% in November from 1.5% in October
- Japan growth contracted 3.6% on an annualized basis in Q3 2021, compared to initial estimates of 3% fall, and 2% increase in the second quarter

## D. Week ahead

Day	Events
Monday, Dec 13, 2021	<ul style="list-style-type: none"> <li>India CPI Inflation, November 2021</li> </ul>
Tuesday, Dec 14, 2021	<ul style="list-style-type: none"> <li>US Producer Price Index, November 2021</li> <li>Eurozone Industrial Production, October 2021</li> <li>UK ILO Unemployment Rate, October 2021</li> <li>Japan Industrial Output, October 2021</li> <li>Japan Jibun Bank Composite/Manufacturing PMI, December 2021</li> <li>India WPI Inflation, November 2021</li> </ul>
Wednesday, Dec 15, 2021	<ul style="list-style-type: none"> <li>US Fed Interest Rate Decision</li> <li>US Retail Sales, November 2021</li> <li>US Export/ Import Prices, November 2021</li> <li>UK CPI &amp; PPI, November 2021</li> <li>China Industrial Output, November 2021</li> <li>China Retail Sales, November 2021</li> <li>India Trade Balance, November 2021</li> </ul>
Thursday, Dec 16, 2021	<ul style="list-style-type: none"> <li>US Housing Starts &amp; Building permits, November 2021</li> <li>US Industrial Production, November 2021</li> <li>European Central Bank interest rate decision</li> <li>UK BOE Bank Rate, December 2021</li> <li>Japan Trade Balance, November 2021</li> </ul>
Friday, Dec 17, 2021	<ul style="list-style-type: none"> <li>Eurozone Consumer Price Index, November 2021</li> <li>UK Gfk Consumer Confidence, December 2021</li> <li>Bank of Japan monetary policy statement</li> </ul>

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