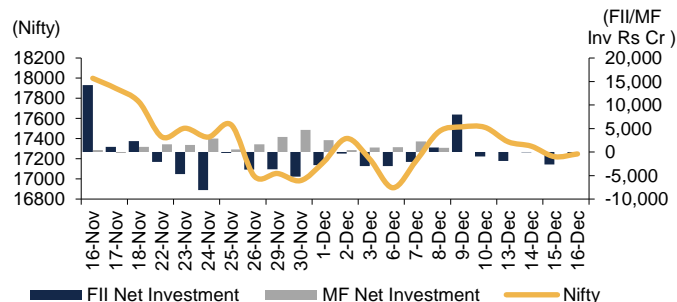


## Indian equity benchmark indices' returns

Broad Indices	Dec 17	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	57,012	-3.02	-3.40	21.59
Nifty 50	16,985	-3.00	-3.41	23.61
Nifty 500	14,673	-3.18	-2.36	29.32
S&P BSE 100	17,278	-3.21	-3.32	24.64
S&P BSE Midcap	24,542	-4.53	-2.01	37.38
S&P BSE Smallcap	28,455	-2.75	1.60	59.76

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Dec 17	% chg week	% chg 3 Mth	% chg Year
S&P BSE IT	35,962	1.78	3.19	57.46
S&P BSE CG	28,057	-1.55	7.74	50.81
S&P BSE Power	3,537	-1.74	14.30	69.37
S&P BSE CD	42,356	-2.23	3.55	44.19
S&P BSE Healthcare	24,504	-2.47	-7.72	14.93
S&P BSE Metal	19,178	-3.17	-6.35	68.43
S&P BSE Oil & Gas	17,704	-3.50	0.49	22.05
S&P BSE Auto	24,153	-3.80	3.74	16.35
S&P BSE Bankex	40,488	-3.88	-6.41	14.68
S&P BSE FMCG	13,375	-4.49	-11.16	6.58
S&P BSE Realty Index	3,776	-7.48	14.45	56.60

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Dec 17	Previous Week	1 month ago
Call Rate	3.25%	3.25%	3.25%
10 Yr G-Sec^A	6.41%	6.37%	6.36%

\*6.10% 2031 paper ^Weighted Average Yield

## Currencies vs INR

Currency	Dec 17	Week ago	3 months ago	1 year ago
USD	76.08	75.77	73.48	73.58
GBP	101.57	99.95	101.18	99.97
Euro	86.41	85.50	86.37	89.99
Yen*	67.11	66.64	66.84	71.35

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equities snapped a two-week gaining streak on concerns surrounding an increase in the number of omicron cases, surging global inflation and persistent foreign fund outflow. S&P BSE Sensex and Nifty 50 declined ~3% each.
- Unwinding of global stimulus packages by central banks further dented market sentiment.
- Most sectors ended in the red, with realty and fast-moving consumer goods (FMCG) counters losing the most. S&P BSE Realty and S&P BSE FMCG fell 7.5% and 4.5%, respectively.
- However, some losses were offset by buying in information technology (IT) stocks. S&P BSE IT rose ~2%.
- Shares of Wipro emerged the top gainer on the Nifty 50, rising ~5% on week to settle at Rs 670.8 per share on tracking broad based buying in the IT sector.
- Shares of Bajaj Finserv emerged the top decliner on the Nifty 50, down ~9% on week to settle at Rs 16204.2 per share following a brokerage downgrade.

#### 2. Debt

- Government bond prices ended lower in the week due to weak domestic and overseas cues. Yields on the 10-year benchmark 6.10% 2031 paper settled at 6.41% on December 17, compared with 6.37% on December 10.
- Bonds began the week on a flat note as investors remained on the sidelines ahead of the release of domestic economic data and outcome of the US Federal Reserve's policy meet.
- However, rise in core inflation and the US Federal Reserve's decision to double the quantum of scaling back its monthly bond purchases dragged bond prices down.
- Meanwhile, in the weekly gilt sale on December 17, the RBI auctioned 6.10% GS (Government Security) 2031, GOI FRB 2034 and 6.95% GS 2061 papers for a total notified amount of Rs 24,000 crore.

#### 3. Forex

- The rupee plunged against the US dollar after investors continued to fret over the impact of rising omicron cases on global economic recovery, coupled with a persistent sell-off by foreign investors.
- The local currency declined further on concerns over the impact of rising crude oil prices on domestic inflation and the current account deficit.
- However, the rupee found some relief after the dollar index weakened following the Fed's decision to end its bond-buying programme by March.

## International equity benchmark indices' returns

Indices	Dec 17	% chg week	% chg 3 Mth	% chg Year
DJIA*	35,898	-0.20	3.30	19.05
Nasdaq Composite*	15,180	-2.88	-0.01	19.93
FTSE 100*	7,261	-0.43	3.32	10.50
Nikkei 225	28,546	0.38	-6.41	6.49
Straits Times	3,112	-0.76	1.32	8.87
Hang Seng	23,193	-3.35	-6.93	-13.07
Shanghai Comp	3,632	-0.93	0.51	6.68

\*As of Dec 16

## International debt market indicators

Indicators	Dec 17	Dec 10
US 10-Year*	1.42%	1.49%
UK 10-Year*	0.75%	0.74%
German 10-Year*	-0.35%	-0.35%
Japan 10-Year	0.05%	0.04%
3-M USD Libor*	0.22%	0.20%
6-M USD Libor*	0.30%	0.29%
1-Y USD Libor*	0.52%	0.51%

\*As of Dec 16

## Commodities

Commodity	Dec 17	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	75.02	-0.17	-0.86	46.87
Indian gold (Rs per 10 gm)	48,791.00	2.04	5.36	-2.01
Indian Silver (Rs per Kg)	61,811.00	2.75	1.11	-6.81

\*As of Dec 16

Source: Respective commodity exchanges, ibjrates.com

## B. International

### 1. Equity

- Global equities ended mixed this week on global central bank policy decisions amid omicron scare.
- US stocks ended lower this week as investors weighed the impact of the omicron variant on economic recovery.
- The Fed kept the key interest rate unchanged at 0.0-0.25%, but said it would be buying \$60 billion of bonds a month starting in January 2022, half the level it bought prior to the November taper and \$30 billion less than in December.
- The US producer price index rose 9.6% on-year in November, compared with an 8.6% rise in October.
- However, sharp losses in the market were prevented after the Fed's decision came in line with market expectations. The Fed decided to double the pace of tapering its monthly bond purchases while keeping the rates steady, citing a positive economic outlook and inflationary pressures.
- US manufacturing PMI fell to 57.8 in December from 58.3 in November, while services PMI fell to 57.5 from 58.0.
- Britain's FTSE fell 0.4% owing to rise in inflation, concerns over stricter Covid-19-related restrictions, and a sell-off in financial and energy shares.
- However, some losses were recovered as banking stocks rose after the Bank of England raised its rates while keeping its monthly asset pressures intact due to improvement in the labour market and high inflation.
- Japan's Nikkei rose 0.4%, supported by gains in shares of technology firms and shippers, after the Fed's decision to wind down its bond purchases lifted investor risk sentiment.
- However, investors turned cautious as the Fed signalled a rate hike next year, keeping gains in check.
- The Bank of Japan kept rates unchanged but decided to dial back emergency pandemic funding citing improved financial conditions.
- Hong Kong's Hang Seng plummeted 3% tracking similar sentiments in Beijing, and on persistent concerns over the Chinese property sector and the omicron variant.
- China's Shanghai Composite declined about 1% after the US intensified regulatory sanctions on Chinese tech companies listed in the US market and a resurgence in Covid-19 cases.

### 2. Commodity

- Crude oil prices rose in this week on easing concerns over the impact of omicron variant on global economic growth and fuel demand and drop in US crude oil inventories.
- Gold prices as weak global cues following dismal flash US PMI data boosted safe haven buying.
- Indian silver prices advanced in this week tracking a positive trend in gold and industrial metals.

## C. News summary

### 1. Domestic

- India's consumer price index (CPI)-based inflation rose 4.91% on-year in November compared to 4.48% rise in October and 6.93% gain in November 2020.
- India's wholesale price index (WPI) inflation soared to 14.2% on-year in November compared to 12.54% rise in October due to rise in manufacturing and food prices.
- India's exports rose 27.16% on-year to \$30.04 billion in November while imports in November increased 56.58% on-year to \$52.94 billion, resulting in a trade deficit of \$22.9 billion.
- The Union Cabinet gave nod to the implementation of the 'Pradhan Mantri Krishi Sinchayee Yojna' for 2021-26 with an outlay of Rs 93068 crore also cleared the production-linked incentive (PLI) scheme for semiconductors, envisaging an investment of Rs 76000 crore.
- The Union Cabinet approved a scheme with an expense of around Rs 1300 crore to provide incentives to encourage digital transactions through UPI and RuPay debit cards.
- RBI decided to make Legal Entity Identifier mandatory for cross-border transactions for capital or current account transactions of Rs 50 crore and above, from October 1, 2022.
- RBI allowed scheduled payment banks and small finance banks to conduct government businesses.
- SEBI constituted an advisory committee for guiding it to enhance technological capabilities for early detection of market anomalies.
- SEBI said from January 1, 2022, RTAs shall not process any service requests or complaints received from the holders, till PAN, KYC and nomination documents/details are received.

### 2. International

- US retail sales rose 0.3% on-month in November after rising by an upwardly revised 1.8% in October.
- US industrial production rose 5.3% on-year in November, same as that in October.
- The European Central Bank left its benchmark refinancing rate unchanged at 0%, but decided to briefly double asset purchases under the Asset Purchase Programme (APP) to cushion the end of its \$2.1 trillion Pandemic Emergency Purchase Programme (PEPP) in March.
- UK GDP grew 0.1% in October from 0.6% growth in September.
- China's industrial output went up 3.8% year on-year in November compared to 3.5% expansion in October.
- Japan's industrial production declined 4.1% on-year in October compared to 2.3% fall in September.

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## D. Week ahead

Day	Events
Monday, Dec 20, 2021	<ul style="list-style-type: none"> <li>China Loan Prime Rate 1Y/5Y, December 2021</li> </ul>
Tuesday, Dec 21, 2021	<ul style="list-style-type: none"> <li>US Current Account Q3, 2021</li> <li>Eurozone Markit Manufacturing PMI, December 2021</li> <li>Eurozone Consumer Confidence, December 2021</li> <li>UK Retail Sales, November 2021</li> </ul>
Wednesday, Dec 22, 2021	<ul style="list-style-type: none"> <li>US GDP Q3 2021</li> <li>US Existing Home Sales, November 2021</li> <li>UK GDP Q3 2021</li> <li>Bank of Japan Monetary Policy Meeting Minutes</li> </ul>
Thursday, Dec 23, 2021	<ul style="list-style-type: none"> <li>US Durable Goods Orders, November 2021</li> <li>US New Home Sales, November 2021</li> <li>US Initial Jobless Claims, December 17, 2021</li> <li>UK GfK Consumer Confidence, December 2021</li> <li>Japan Leading Economic Index, October 2021</li> </ul>
Friday, Dec 24, 2021	<ul style="list-style-type: none"> <li>Japan Inflation Rate, November 2021</li> <li>Japan Construction Orders, November 2021</li> <li>Japan Services PPI, November 2021</li> <li>India Foreign Exchange Reserves, December 17, 2021</li> </ul>



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