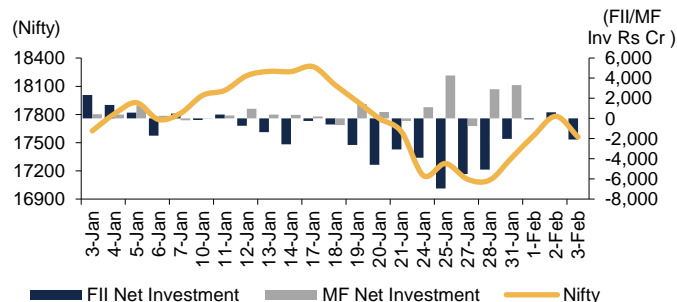


## Indian equity benchmark indices' returns

| Broad Indices    | Feb 4  | % chg week | % chg 3 Mth | % chg Year |
|------------------|--------|------------|-------------|------------|
| S&P BSE Sensex   | 58,645 | 2.53       | -2.37       | 15.87      |
| Nifty 50         | 17,516 | 2.42       | -2.24       | 17.59      |
| Nifty 500        | 15,085 | 2.46       | -1.90       | 22.79      |
| S&P BSE 100      | 17,806 | 2.44       | -2.21       | 18.32      |
| S&P BSE Midcap   | 24,751 | 2.33       | -4.78       | 26.31      |
| S&P BSE Smallcap | 29,703 | 2.63       | 2.77        | 55.12      |

## FII and mutual fund investment vs. Nifty



| Sectoral Indices     | Feb 4  | % chg week | % chg 3 Mth | % chg Year |
|----------------------|--------|------------|-------------|------------|
| S&P BSE Metal        | 20,298 | 6.91       | -0.83       | 65.88      |
| S&P BSE CD           | 43,069 | 5.31       | -2.97       | 35.77      |
| S&P BSE Healthcare   | 24,725 | 3.73       | -2.34       | 14.30      |
| S&P BSE FMCG         | 13,823 | 3.42       | -2.49       | 8.68       |
| S&P BSE IT           | 34,980 | 3.42       | 1.63        | 36.34      |
| S&P BSE CG           | 29,673 | 2.75       | 5.59        | 36.00      |
| S&P BSE Bankex       | 44,391 | 2.62       | -1.67       | 11.14      |
| S&P BSE Realty Index | 3,754  | 1.61       | -14.01      | 39.63      |
| S&P BSE Power        | 3,954  | 0.95       | 14.84       | 77.57      |
| S&P BSE Auto         | 26,091 | 0.54       | 0.68        | 6.36       |
| S&P BSE Oil & Gas    | 18,352 | -0.33      | -0.21       | 24.32      |

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

| Indicators               | Feb 4 | Previous Week | 1 month ago |
|--------------------------|-------|---------------|-------------|
| Call Rate                | 2.95% | 3.25%         | 3.25%       |
| 10 Yr G-Sec <sup>^</sup> | 6.89% | 6.78%         | 6.52%       |

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

## Currencies vs INR

| Currency | Feb 4  | Week ago | 3 months ago | 1 year ago |
|----------|--------|----------|--------------|------------|
| USD      | 74.69  | 75.04    | 74.45        | 72.96      |
| GBP      | 101.36 | 100.52   | 101.50       | 99.12      |
| Euro     | 85.64  | 83.54    | 86.27        | 87.48      |
| Yen*     | 65.00  | 64.94    | 65.39        | 69.32      |

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equities snapped two-week losses as investors cheered after the Union Budget 2022-23 stepped up capital expenditure allocation by 35% for fiscal 2023. S&P BSE Sensex and Nifty 50 rose around 2.5% each.
- Markets also gained as the Economic Survey 2022 projected India's gross domestic product (GDP) in real terms at 8.0-8.5% in fiscal 2023.
- Most sectors ended positive with metals, consumer durables and healthcare counters gaining the most. S&P BSE Metal, S&P BSE Consumer Durables and S&P BSE Healthcare rose 6.9%, 5.3% and 3.7%, respectively.
- However, sporadic profit booking and mixed global cues following major central banks' key announcements and ongoing Ukraine-Russia crisis kept gains in check.
- Shares of Divi's Laboratories emerged the top gainer on the Nifty 50, rising ~9% on week to settle at Rs 4304.5 per share on expectations of positive growth prospects.
- Shares of NTPC emerged the top decliner on the Nifty 50, down ~4% on week to settle at Rs 134.2 per share on profit booking

#### 2. Debt

- Government bond prices declined in the week. The yield on the 10-year benchmark 6.54% 2032 settled at 6.88% on February 4, 2022, compared with 6.77% on January 28, 2022.
- Prices fell sharply after the Finance Minister announced a record borrowing for the next fiscal. The government will borrow Rs 11.6 lakh crore in fiscal 2023 to meet its expenditure requirement, Rs 2 lakh crore higher than the amount of Rs 9.7 lakh crore budgeted for the current fiscal.
- A further fall in prices was prevented on sporadic bargain buying and as the government had directly switched notes with the central bank earlier in the week.
- Meanwhile, in the weekly gilt sale held on February 4, 2022, the RBI auctioned the GS (Government Security) 2023, GS 2026, GS 2035 and GS 2051 for a total notified Rs 24,000 crore.

#### 3. Forex

- The rupee advanced against the dollar, tracking gains in the Indian equities and weak dollar index.
- However, the gains in the local currency were restricted after the Finance Minister Nirmala Sitharaman announced higher-than-expected borrowing in the Union Budget 2022-23 and as crude oil prices soared.

## International equity benchmark indices' returns

| Indices           | Feb 4  | % chg week | % chg 3 Mth | % chg Year |
|-------------------|--------|------------|-------------|------------|
| DJIA*             | 35,111 | 1.11       | -2.89       | 14.28      |
| Nasdaq Composite* | 13,879 | 0.79       | -12.22      | 1.97       |
| FTSE 100*         | 7,529  | 0.84       | 3.86        | 15.69      |
| Nikkei 225        | 27,440 | 2.70       | -7.90       | -3.18      |
| Straits Times     | 3,331  | 2.62       | 3.47        | 14.66      |
| Hang Seng         | 24,573 | 4.34       | -2.58       | -15.59     |
| Shanghai Comp     | Closed | NA         | NA          | NA         |

\*As of Feb 3

## International debt market indicators

| Indicators      | Feb 4 | Jan 28 |
|-----------------|-------|--------|
| US 10-Year*     | 1.83% | 1.78%  |
| UK 10-Year*     | 1.38% | 1.24%  |
| German 10-Year* | 0.16% | -0.05% |
| Japan 10-Year   | 0.19% | 0.16%  |
| 3-M USD Libor*  | 0.32% | 0.32%  |
| 6-M USD Libor*  | 0.53% | 0.53%  |
| 1-Y USD Libor*  | 0.94% | 0.95%  |

\*As of Feb 3

## Commodities

| Commodity                        | Feb 4     | % chg week | % chg 3 Mth | % chg Year |
|----------------------------------|-----------|------------|-------------|------------|
| Brent Crude Oil (\$ per barrel)* | 91.11     | 1.20       | 11.12       | 55.85      |
| Indian gold (Rs per 10 gm)       | 48,273.00 | 0.75       | 1.55        | 2.14       |
| Indian Silver (Rs per Kg)        | 60,927.00 | -0.48      | -3.56       | -8.78      |

\*As of Feb 3

Source: Respective commodity exchanges, ibjrates.com

## B. International

### 1. Equity

- Global equities ended higher on region specific cues.
- US stocks ended higher this week following upbeat corporate earnings from major firms, such as Alphabet and Advanced Micro Devices.
- Britain's FTSE advanced 0.8% due to gains in the metal, mining, consumer staples, financial and banking stocks.
- However, a strong pound after the Bank of England (BoE) hiked rates and losses in health care and commodity-linked shares capped some upside in the market
- Other European equities ended higher with France's CAC 40 gaining 0.57% and Germany's DAX up 0.32% on the back of strong corporate earnings and stock-specific buying.
- However, sharp gains were capped after the BoE opted to hike rates and European Central Bank decided to discontinue with its asset-purchase programme, while keeping its rates unchanged.
- Asian equities ended higher. Japan's Nikkei surged around 3% after the premier said he is not considering new emergency lockdown and mirroring a similar trend in the global markets
- Hong Kong's Hang Seng rallied over 4% in the holiday-curtailed week, tracking positive sentiment from the global markets.

### 2. Commodity

- Crude oil prices surged in this week amid concerns over tight global supplies and geopolitical tensions in Eastern Europe and the Middle East.
- Gold prices rose in this week tracking similar trend in the global metal prices, intermittent weakness in dollar and UK-Russia geopolitical tension.
- Indian silver prices fell in this week amid mixed global cues.

## C. News summary

### 1. Domestic

- Union Budget 2022-23 Highlights
- The government has projected growth at 8-8.5% for fiscal 2023 compared with an estimated 9.2% for fiscal 2022 and a 6.6% contraction in the previous year
- The government proposed to increase the economy's annual spending to Rs 39.5 lakh crore to support growth plans for the year beginning April
- Announced 30% tax on proceeds of virtual/digital assets. 1% TDS will be levied on payments made on the transfer of digital assets
- The RBI will introduce a digital rupee based on blockchain and other technologies in fiscal 2023
- Indian economy contracted by 6.6% in fiscal 2021 compared to a downwardly revised 3.7% in fiscal 2020.
- India's core sector growth grew by 3.8% on-year in December compared to revised 3.4% rise in November, owing to growth in all sectors barring crude oil and steel.
- Government approved the sale of Neelachal Ispat Nigam Ltd to Tata Steel Long Products for Rs 12100 crore.
- Government permitted cumulative additional borrowing of Rs 7309 crore to Rajasthan and Andhra Pradesh for undertaking the stipulated reforms in the power sector.
- RBI came out with a public notice asking people to follow safe digital banking practices to prevent any possible financial loss.

### 2. International

- US nonfarm payrolls rose by 467,000 in January compared to a revised 510,000 jobs added in December. The unemployment rate rose to 4.0% in January from 3.9% in December.
- Eurozone economy expanded 4.6% on-year in fourth quarter compared to 3.9% growth in the third quarter. In the year 2021, the GDP grew 5.2% following a 6.4% contraction in 2020.
- European Central Bank kept the benchmark refinancing rate unchanged at 0% and confirmed that it will discontinue net asset purchases at the end of March 2022.
- Bank of England (BoE) increased the main Bank Rate by 0.25% to 0.5%. The central bank also decided to begin reducing its bond buying program, by ceasing to reinvest in maturing assets.
- China's Caixin manufacturing PMI tumbled to 49.1 in January from 50.9 in December.

## D. Week ahead

| Day                     | Events  |
|-------------------------|---|
| Monday, Feb 07, 2022    | <ul style="list-style-type: none"> <li>• Eurozone Sentix Investor Confidence, February 2022</li> <li>• China Caixin Services PMI, January 2022</li> </ul>   |
| Tuesday, Feb 08, 2022   | <ul style="list-style-type: none"> <li>• US Goods Trade Balance, December 2021</li> <li>• US Consumer Credit, December 2021</li> <li>• Japan Eco Watchers Survey, January 2022</li> </ul>   |
| Wednesday, Feb 09, 2022 | <ul style="list-style-type: none"> <li>• US Wholesale Inventories, December 2021</li> <li>• Japan Producer Price Index, January 2022</li> <li>• RBI Interest Rate Decision</li> </ul>   |
| Thursday, Feb 10, 2022  | <ul style="list-style-type: none"> <li>• US Consumer Price Index, January 2022</li> <li>• US Federal Budget, January 2022</li> <li>• US Initial Jobless Claims, February 4, 2022</li> <li>• China New Yuan Loans, January 2022</li> </ul>   |
| Friday, Feb 11, 2022    | <ul style="list-style-type: none"> <li>• US Michigan Consumer Sentiment Index, February 2022</li> <li>• UK GDP, Q4 2021</li> <li>• UK Industrial Output, December 2021</li> <li>• UK Goods Trade Balance, December 2021</li> <li>• India Industrial Output, December 2021</li> <li>• India Foreign Exchange Reserves, February 4, 2022</li> </ul> |

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