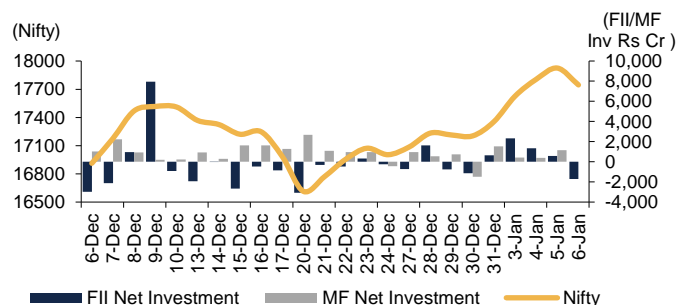


Indian equity benchmark indices' returns

Broad Indices	Jan 7	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	59,745	2.56	0.11	24.23
Nifty 50	17,813	2.64	0.13	26.00
Nifty 500	15,349	2.35	0.38	30.45
S&P BSE 100	18,092	2.65	0.02	26.15
S&P BSE Midcap	25,473	2.01	-1.27	34.44
S&P BSE Smallcap	30,032	1.95	3.24	59.98

FII and mutual fund investment vs. Nifty



Sectoral Indices	Jan 7	% chg week	% chg 3 Mth	% chg Year
S&P BSE Bankex	43,046	6.53	0.09	17.96
S&P BSE Oil & Gas	18,440	5.32	-2.43	27.19
S&P BSE Metal	19,854	3.16	-2.07	55.42
S&P BSE Auto	25,575	3.05	3.16	20.18
S&P BSE Power	3,581	2.84	7.91	69.39
S&P BSE CD	45,495	1.62	3.88	46.76
S&P BSE CG	29,089	1.18	10.64	47.93
S&P BSE FMCG	13,937	1.11	-5.83	11.26
S&P BSE Realty Index	3,853	0.30	-9.29	51.13
S&P BSE IT	37,257	-1.55	6.10	49.33
S&P BSE Healthcare	25,634	-2.18	-2.43	16.45

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Jan 7	Previous Week	1 month ago
Call Rate	3.25%	3.15%	3.25%
10 Yr G-Sec^A	6.54%	6.46%	6.39%

*6.10% 2031 paper ^Weighted Average Yield

Currencies vs INR

Currency	Jan 7	Week ago	3 months ago	1 year ago
USD	74.30	74.33	74.78	73.31
GBP	100.67	100.44	101.56	99.68
Euro	84.09	84.21	86.41	89.97
Yen*	64.15	64.59	67.15	70.77

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equities ended higher for the third consecutive week. S&P BSE Sensex and Nifty 50 advanced about 2.6% each.
- The market rallied following broad-based buying and publishing of data which showed expansion in manufacturing activity in December, albeit at a slightly slower pace.
- Investors' anticipation of a strong start to the corporate earnings season also aided the upside.
- Most sectors ended positive. Banking, oil & gas and metal counters gained the most. S&P BSE Bankex, S&P BSE Oil & Gas and S&P BSE Metal rose 6.5%, 5.3% and 3.2%, respectively.
- Gains were capped on concerns over the economic impact of the rise in Covid-19 cases and the US Federal Reserve's (Fed) hawkish tone.
- Shares of Grasim Industries emerged the top gainer on the Nifty 50, rising ~11% on week to settle at Rs 1797.65 following a brokerage upgrade.
- Shares of Tech Mahindra emerged the top decliner on the Nifty 50, down ~5% on week to settle at Rs 1703.85 per share on profit booking.

2. Debt

- Government bond prices plunged in the week. Yield of the 10-year benchmark 6.10% 2031 paper settled at 6.54% on January 07, 2022 compared with 6.45% on December 31, 2021.
- Bond prices began the week on a flat note on lack of fresh triggers.
- However, a sharp rally in US Treasury yields following the Fed's hawkish stance in its latest meeting minutes put prices under pressure.
- Meanwhile, in the weekly gilt sale held on January 07, the RBI auctioned GS (government security) 4.56% GS 2023, 5.74% GS 2026 (partially devolved on primary dealers), 6.67% GS 2035 and 6.99% GS 2051 for a total notified Rs 24,000 crore.

3. Forex

- The rupee ended flat against the US dollar as gains owing to strong domestic equities and persistent dollar selling by the central bank were cut off due to strong dollar index and rise in US Treasury yield.
- The local unit was under pressure on concerns over outflows from the domestic markets after the Fed's December monetary policy meeting minutes hinted that the central bank might hike rates sooner than expected citing strong jobs markets and inflationary pressure.

International equity benchmark indices' returns

Indices	Jan 7	% chg week	% chg 3 Mth	% chg Year
DJIA*	36,236	-0.28	5.29	17.54
Nasdaq Composite*	15,081	-3.61	3.99	18.37
FTSE 100*	7,450	0.89	6.50	8.89
Nikkei 225	28,479	-1.09	2.89	3.60
Straits Times	3,205	2.61	3.36	10.26
Hang Seng	23,493	0.41	-4.89	-14.72
Shanghai Comp	3,580	-1.66	0.32	0.09

*As of Jan 6

International debt market indicators

Indicators	Jan 7	Dec 31
US 10-Year*	1.73%	1.51%
UK 10-Year*	1.15%	0.97%
German 10-Year*	-0.07%	-0.18%
Japan 10-Year	0.14%	0.06%^
3-M USD Libor*	0.23%	0.21%
6-M USD Libor*	0.37%	0.34%
1-Y USD Libor*	0.65%	0.58%

*As of Jan 6 ^As of Dec 30

Commodities

Commodity	Jan 7	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	81.99	5.41	1.12	50.99
Indian gold (Rs per 10 gm)	47,583.00	-1.04	1.42	-6.46
Indian Silver (Rs per Kg)	59,991.00	-3.21	-2.27	-12.29

*As of Jan 6

Source: Respective commodity exchanges, ibjrates.com

B. International

1. Equity

- Global equities ended mixed this week amid US rate hike bets.
- US Treasury prices plummeted due to hawkish stance of the central bank on interest rate hikes.
- US stocks closed lower this week after minutes of the Fed's December policy meet indicated that it may raise interest rates sooner than expected and reduce its overall asset holdings to curb high inflation.
- However, a sharp fall in the markets was prevented by gains in banking and industrial stocks.
- Britain's FTSE gained nearly 1% on optimism that the omicron variant is less likely to derail the global economic recovery.
- However, the Fed's hawkish tone to hike rates sooner than expected kept gains under check.
- Other European equities closed higher with France's CAC 40 up about 1.4%, while Germany's DAX gained 1% owing to stock-specific buying.
- However, gains were kept under check after the Fed hinted that it might hike rates sooner than expected.
- Asian equities ended mixed. Japan's Nikkei lost 1%, mirroring a similar trend in the US after the Fed's December policy meeting minutes hinted at sooner-than-expected interest rate hikes.
- Hong Kong's Hang Seng ended 0.4% higher due to gains in technology and property stocks.
- China's Shanghai Composite fell 1.7% tracking weakness in the global markets after the Fed's December meeting minutes pointed at a faster-than-expected rise in interest rates.

2. Commodity

- Crude oil prices extended gains in this week due to supply worries from Libya and US, escalating unrest in Kazakhstan and after OPEC+ allies reiterated mild impact of Omicron on demand and decided to stick to their plan to gradually boost output in February.
- Gold prices fell in this week tracking similar trend in the global metal prices after the Fed's policy minutes hinted rate hike.
- Indian silver prices declined tracking weak gold and industrial metals.

C. News summary

1. Domestic

- The government's first advance estimates showed that Indian economy is expected to grow up to 9.2% in fiscal 2022, as against 7.3% contraction in fiscal 2021.
- India's IHS Markit manufacturing Purchasing Managers' Index (PMI) slowed to 55.5 in December from 57.6 in November, while services PMI fell to 55.5 in December from 58.1 in November. Composite PMI fell to 56.4 in December from 59.2 in November.
- Goods and Services Tax (GST) collection grew 13% on-year to Rs 1.29 lakh crore in December due to rise in economic activity and anti-evasion steps.
- India's exports surged 37% on-year to \$37.29 billion in December, while imports rose 38% on-year to \$59.27 billion, leaving a trade deficit of \$21.99 billion.
- The Cabinet approved Rs 12,000 crore for the intra-state transmission system green energy corridor phase-II.
- The government released Rs 9,871 crore as revenue deficit grant to 17 states.
- Prime Minister Narendra Modi released over Rs 20,900 crore to more than 10.09 crore farmers across as 10th installment of financial aid under the PM-KISAN scheme.
- The Reserve Bank of India (RBI) increased the threshold limit for banks to maintain the liquidity coverage ratio (LCR) on deposits and other extension of funds received from non-financial small business customers to Rs 7.5 crore from Rs 5 crore.
- The RBI unveiled a framework to enable small value digital payments in offline mode in proximity, using cards, wallets and mobile devices.

2. International

- US non-farm payrolls came in at 199,000 in December compared to 249,000 in November. The unemployment rate fell to 3.9% in December from 4.2% in November.
- US ADP Employment Report showed that private payrolls rose by 807,000 jobs in December compared with a revised 505,000 in November.
- US ISM manufacturing index fell to 58.7 in December compared with 61.1 in November.
- Eurozone IHS Markit manufacturing PMI printed at 58 in December compared with 58.4 in November.
- China Caixin manufacturing PMI increased to 50.9 in December from 49.9 in November.
- Japan consumer confidence index came in at 39.1 in December compared to 39.2 in November.

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D. Week ahead

Day	Events
Monday, Jan 10, 2022	<ul style="list-style-type: none"> • US Wholesale Inventories, November 2021 • Eurozone Sentix Index, January 2022
Tuesday, Jan 11, 2022	<ul style="list-style-type: none"> • China Consumer Price Index, December 2021 • China Producer Price Index, December 2021 • Japan Coincident Index, November 2021
Wednesday, Jan 12, 2022	<ul style="list-style-type: none"> • Eurozone Industrial Production, November 2021 • US Consumer Prices, December 2021 • India Industrial Production, November 2021 • India Consumer Prices, December 2021
Thursday, Jan 13, 2022	<ul style="list-style-type: none"> • US Producer Prices, December 2021 • UK RICS House Price Balance, December 2021 • China Trade Balance, December 2021
Friday, Jan 14, 2022	<ul style="list-style-type: none"> • US Retail Sales, December 2021 • US Industrial Production, December 2021 • US Import / Export Prices, December 2021 • Eurozone Trade Balance, November 2021 • UK GDP, November 2021 • UK Industrial Output, November 2021 • UK Retail Sales, December 2021 • India WPI Inflation, December 2021 • India Trade Balance, December 2021



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