SBM WEEKLY

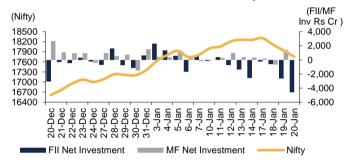
Weekly dose of knowledge capsule from SBM Bank India

January 22, 2022

Indian equity benchmark indices' returns

Broad Indices	Jan 21	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	59,037	-3.57	-3.10	18.97
Nifty 50	17,617	-3.50	-3.09	20.75
Nifty 500	15,181	-3.49	-1.98	26.34
S&P BSE 100	17,903	-3.44	-2.81	21.54
S&P BSE Midcap	24,952	-4.35	-3.35	31.41
S&P BSE Smallcap	29,967	-3.18	4.49	60.98

FII and mutual fund investment vs. Nifty



Sectoral Indices	Jan 21	% chg week	% chg 3 Mth	% chg Year
S&P BSE Power	3,949	2.65	13.20	86.50
S&P BSE Auto	26,107	-0.72	1.01	11.77
S&P BSE Oil & Gas	18,578	-1.57	-1.16	26.06
S&P BSE Bankex	42,940	-1.90	-6.18	17.69
S&P BSE Metal	19,828	-2.54	-5.35	65.26
S&P BSE FMCG	13,574	-2.58	-6.30	6.95
S&P BSE Realty Index	3,897	-3.58	-2.17	49.26
S&P BSE CG	29,734	-3.70	9.84	47.03
S&P BSE CD	43,897	-4.22	1.08	39.41
S&P BSE Healthcare	24,428	-5.20	-4.11	13.17
S&P BSE IT	35,924	-6.55	2.52	36.05
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Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Jan 21	Previous Week	1 month ago
Call Rate	3.35%	3.30%	3.90%
10 Yr G-Sec*^	6.62%	6.59%	6.47%

*6.54% 2032 paper ^Weighted Average Yield

Currencies vs INR

Currency	Jan 21	Week ago	3 months ago	1 year ago
USD	74.42	74.15	74.86	72.99
GBP	101.27	101.70	103.26	100.03
Euro	84.38	84.98	87.17	88.45
Yen*	65.46	65.15	65.64	70.47

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equities snapped four-week gains on persistent inflationary concerns and fears about a sooner-than-expected rate hike by the US Federal Reserve (Fed) in the policy meet next week. S&P BSE Sensex and Nifty 50 fell about 3.5% each.
- Further, the increasing number of daily cases of Covid-19 domestically, persistent foreign institutional investor (FII) selling and soaring oil prices also weighed on the investor sentiment.
- Most sectors ended negative with information technology (IT), healthcare and consumer durables declining the most. S&P BSE IT, S&P BSE Healthcare and S&P BSE Consumer Durables declined 6.6%, 5.2% and 4.2%, respectively.
- Shares of Hero MotoCorp emerged the top gainer on the Nifty 50, rising ~7% on week to settle at Rs 2750.10 per share after its board approved further investment of up to Rs 420 crore in Ather Energy.
- Shares of HCL Technologies emerged the top decliner on the Nifty 50, down ~13% on week to settle at Rs 1167.95 per share following disappointing third quarter results.

2. Debt

- Government bond prices extended the previous week's fall. The yield on the new 10-year benchmark 6.54% 2032 paper settled at 6.62% on January 21, 2022, compared with 6.60% on January 19, 2022, when it attained the benchmark status. The erstwhile benchmark 6.10% 2031 paper settled at 6.63% on January 21, 2022, compared with 6.58% on January 14, 2022.
- Bond prices began the week on a weaker note, following a sharp rally in the US Treasury yields amid the anticipation that the Federal Reserve might hike interest rates soon.
- A sporadic spike in crude oil also weighed on prices.
- Further fall was prevented by short covering and likely foreign inflows amid optimism over the possible inclusion of domestic bonds in global indices.
- Meanwhile, in the weekly gilt sale held on January 21, 2022, the RBI auctioned 4.56% GS (Government Security) 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 lower against the US dollar this week on concerns that soaring crude oil prices would create inflationary pressure and on dollar buying by banks on behalf of importers.
- Further, weak domestic equities and caution ahead of the Fed's policy meeting next week also kept the local unit under pressure.

International equity benchmark indices' returns

Indices	Jan 21	% chg week	% chg 3 Mth	% chg Year
DJIA*	34,715	-3.33	-2.51	11.31
Nasdaq Composite*	14,154	-4.97	-6.40	5.18
FTSE 100*	7,585	0.56	5.01	12.53
Nikkei 225	27,522	-2.14	-4.13	-4.29
Straits Times	3,295	0.39	3.34	9.20
Hang Seng	24,966	2.39	-4.04	-16.58
Shanghai Comp	3,523	0.04	-2.01	-2.73

*As of Jan 20

International debt market indicators

Indicators	Jan 21	Jan 14
US 10-Year*	1.83%	1.78%
UK 10-Year*	1.23%	1.15%
German 10-Year*	-0.03%	-0.05%
Japan 10-Year	0.13%	0.15%
3-M USD Libor*	0.26%	0.24%
6-M USD Libor*	0.45%	0.40%
1-Y USD Libor*	0.80%	0.73%

*As of Jan 20

Commodities

Commodity	Jan 21	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	88.38	2.70	2.98	57.60
Indian gold (Rs per 10 gm)	48,608.00	0.98	2.40	-1.69
Indian Silver (Rs per Kg)	64,941.00	4.98	-0.09	-3.20

*As of Jan 20

Source: Respective commodity exchanges, ibjrates.com

B. International

1. Equity

- Global equities ended mixed this week due to region-specific cues.
- US stocks plunged this week as US Treasury yields rose amid worries about potential monetary policy tightening by the Fed at its policy meet next week, eventually impacting the growth of the economy.
- Markets were also pressurised by soaring crude oil prices and disappointing corporate earnings from some banks.
- Britain's FTSE rose 0.6% due to gains in healthcare, energy, mining and consumer staples stocks.
- However, sharp gains were capped on concerns over the US interest rate hikes and their impact on the global economy.
- Asian equities ended mixed. Japan's Nikkei declined 2% following a jump in US bond yields and as the Bank of Japan (BoJ) raised its inflation forecast.
- Hong Kong's Hang Seng rallied 2.4% on gains in technology and property stocks after China's central bank cut rates.
- Some gains were reduced on concerns over the Chinese regulatory crackdown and a possible rate hike by the Fed.
- China's Shanghai Composite ended flat this week as gains on the back of strong growth data and unexpected rate cut by the country's central bank were offset by profit booking and tech crackdown by the nation's regulators.

2. Commodity

- Crude oil prices spurted in this week on supply constraints following concerns over geopolitical tensions in the Middle East and intermittent weakness in dollar.
- Gold prices rose in this week tracking similar trend in the global metal prices and on caution ahead of the Federal Reserve monetary policy meet next week.
- Indian silver prices advanced tracking upbeat gold and industrial metals.

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C. News summary

1. Domestic

- India's retail inflation for farm and rural workers rose to 4.78% and 5.03% respectively in December 2021 due to higher price of certain food items.
- Prime Minister Narendra Modi said India's growth in next 25 years would be 'green and clean' as well as 'sustainable and reliable'.
- India-China bilateral trade reached a record high of over \$125 billion in 2021.
- Cabinet approved infusion of Rs 1500 crore in Indian Renewable Energy Development Agency Limited (IREDA) to enable it to lend Rs 12000 crore to green energy projects.
- Finance Ministry released Rs 95082 crore to states, including an advance installment of tax devolution of Rs 47541 crore.
- Government received about Rs 6600 crore as dividend from a dozen Central Public Sector Enterprises (CPSEs), including GAIL, NMDC and Power Grid.
- RBI said that the liquidity rebalancing proceeded on a pre-announced glide path and evolved satisfactorily.
- According to RBI data, bank credit rose 9.16% to Rs 116.83 lakh crore and deposits rose 10.28% to Rs 162.41 lakh crore for the fortnight ended December 31, 2021.
- RBI's digital payment index came in at 304.06 during September 2021 compared to 270.59 in March 2021 and 217.74 in September 2020.
- SEBI eased pricing norms and lock-in requirements making easier companies to raise funds through preferential allotment of shares.
- SEBI unveiled its mobile App 'Saa₹thi' to create awareness among investors about the basic concepts of securities market.

2. International

- US existing home sales fell 4.6% to a seasonally adjusted annual rate of 6.18 million in December compared to 6.48 million in November.
- UK GDP grew by 0.9% in November compared to a 0.2% growth in October.
- China's economy grew 4% on-year in the fourth quarter compared to 4.9% growth in third quarter. The economy grew 8.1% in 2021 compared to a revised 2.2% growth in 2020.
- The People's Bank of China slashed the 1-year loan prime rate (LPR) by 10 bps to 3.7% and the 5-year LPR by 5 bps to 4.60%.
- Bank of Japan kept its key short-term interest rate unchanged at -0.1%.
- Japan's industrial production rose 5.1% on-year in November compared to a 4.1% decline in October.

D. Week ahead		
Day	Events	
Monday, Jan 24,	US Markit Flash Manufacturing PMI, January	
2022	Eurozone Markit Manufacturing PMI, January	
	UK Markit Manufacturing PMI, January	
Tuesday, Jan 25,	US Consumer Confidence, January	
2022	 US S&P/Case-Shiller Home Price Index November 	
Wednesday, Jan	US Fed Interest Rate Decision	
26, 2022	US New Home Sales, December	
	US Advance Goods Trade Balance, December	
	Japan Leading Economic Index, November	
	Japan Coincident Index, November	
Thursday, Jan 27,	• US GDP Q4, 2021	
2022	US Pending Homes Index, December	
	• US Initial Jobless Claims, January 21	
	US Durable Goods Orders, December	
	China Industrial Profits, December	
Friday, Jan 28,	US Personal Income & Spending, December	
2022	US PCE Price Index, December	
	US University of Michigan Consumer Sentiment Index, January	
	Eurozone Consumer & Economic Confidence	

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- Eurozone Consumer & Economic Confidence, January
- India Foreign Exchange Reserves, January 21

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