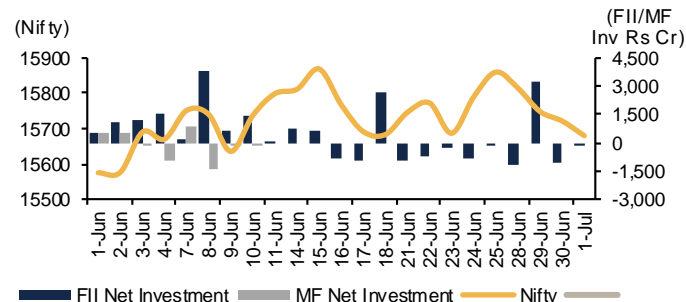


## Indian equity benchmark indices' returns

Broad Indices	Jul 2	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	52,485	-0.83	4.91	46.43
Nifty 50	15,722	-0.87	5.75	49.00
Nifty 500	13,494	-0.33	8.14	56.04
S&P BSE 100	16,015	-0.66	6.45	50.40
S&P BSE Midcap	22,506	-0.19	9.70	70.30
S&P BSE Smallcap	25,567	2.28	21.33	103.83

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Jul 2	% chg week	% chg 3 Mth	% chg Year
S&P BSE Healthcare	26,004	3.60	20.79	59.68
S&P BSE CD	36,058	1.17	9.90	73.17
S&P BSE FMCG	13,583	0.86	5.56	19.60
S&P BSE IT	30,030	-0.09	12.18	96.22
S&P BSE Auto	23,945	-0.09	5.99	52.65
S&P BSE Realty Index	2,746	-0.60	2.52	73.96
S&P BSE CG	22,776	-1.33	6.19	76.63
S&P BSE Bankex	39,451	-1.44	3.17	58.50
S&P BSE Metal	18,433	-1.45	21.85	152.82
S&P BSE Oil & Gas	16,093	-2.49	6.68	24.80
S&P BSE Power	2,681	-4.26	5.39	69.70

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Jul 2	Previous Week	1 month ago
Call Rate	3.40%	2.90%	3.00%
10 Yr G-Sec <sup>^</sup>	6.06%	6.02%	6.02%

<sup>^</sup>5.85% 2030 paper <sup>^</sup>Weighted Average Yield

## Currencies vs INR

Currency	Jul 2	Week ago	3 months ago	1 year ago
USD	74.75	74.20	73.11	75.01
GBP	102.79	103.18	100.77	93.90
Euro	88.38	88.60	85.78	84.74
Yen*	67.04	66.98	66.08	69.74

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equities ended on a negative note this week owing to the rise in cases of the more virulent Delta variant of Covid-19 globally. S&P BSE Sensex and Nifty 50 declined about 1% each.
- Markets sentiments were also dented after a cut in India's gross domestic product (GDP) growth forecast by a global credit rating agency, and a brokerage firm's valuation concerns regarding domestic equities.
- Further, announcement of fresh relief measures by the finance minister to prop up the economy, also failed to enthuse investors.
- Sell-off was witnessed in power, oil & gas and metal counters this week.
- Shares of Shree Cement emerged the top laggard on the Nifty 50, declining 6% on week to settle at Rs 27014.9 per share weighed by weak investor sentiment.
- Some losses were recouped due to buying interest in healthcare and consumer durables stocks.
- Divis Laboratories, among other healthcare firms, emerged the top gainer on the Nifty 50, rising 6.4% on week to settle at Rs 4519.65 per share after the National Pharmaceuticals Pricing Authority (NPPA) issued multiple notifications over pricing regulations of various drugs, which is seen enhancing revenue.

#### 2. Debt

- Government bond prices moved in a narrow range and ended the week slightly lower. The yield of the 10-year benchmark 5.85% 2030 paper settled at 6.06% on July 2 compared with 6.03% on July 25.
- Higher crude oil prices exacerbated concerns of acceleration in local inflation and dented sentiment.
- Expectation of heavy supply pressure in the September quarter and the lack of any announcements from the banking regulator regarding bond purchases weighed further on prices.
- Quarter-end value buying by investors provided some price support.
- In the weekly debt sale, the RBI devolved almost the entire quantum of the 5.63% 2026 paper on primary dealerships. The central bank also used the green shoe option in the case of the 6.64% 2035 paper.

#### 3. Forex

- The rupee ended lower against the dollar.
- Higher crude oil prices, intermittent weakness in other Asian units, and month-end dollar demand from importers dented sentiment.
- Concerns over the spread of the Delta Covid-19 strain added to the pressure on the local unit.
- The rupee declined further weighed by a rally in the US dollar index following the release of some strong US economic indicators such as the weekly jobless claims and ADP employment report that raised bets that the United States (US) Fed could tighten policy sooner than expected.

## International equity benchmark indices' returns

Indices	Jul 2	% chg week	% chg 3 Mth	% chg Year
DJIA*	34,634	0.58	4.47	34.58
Nasdaq Composite*	14,522	1.13	7.73	43.01
FTSE 100*	7,125	-0.15	5.76	15.71
Nikkei 225	28,783	-0.97	-3.59	29.97
Straits Times	3,129	0.24	-1.66	18.67
Hang Seng	28,310	-3.34	-2.17	12.68
Shanghai Comp	3,519	-2.46	0.99	13.85

\*As of Jul 1

## International debt market indicators

Indicators	Jul 2	Jun 25
US 10-Year*	1.48	1.54
UK 10-Year*	0.73	0.78
German 10-Year*	-0.20	-0.15
Japan 10-Year	0.04	0.05
3-M USD Libor*	0.14%	0.15%
6-M USD Libor*	0.16%	0.17%
1-Y USD Libor*	0.24%	0.25%

\*As of Jul 1

## Commodities

Commodity	Jul 2	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	75.84	-0.45	23.42	80.44
Indian gold (Rs per 10 gm)	47587.00	0.81	6.36	-1.22
Indian Silver (Rs per Kg)	68975.00	0.74	8.26	42.59

\*As of Jul 1

Source: Respective commodity exchanges, ibjrates.com

## B. International

### 1. Equity

- Global equities ended mostly lower on worries about the economic recovery amid spread of the Delta variant of Covid-19 in many countries.
- US stocks extended their positive trend this week, as improvement in jobs markets and strong economic data supported investors' confidence that there was economic recovery in the first half of 2021.
- Gains in the energy and technology stocks also aided the markets.
- US ADP said that private sector jobs 692,000 in June compared with May's revised 886,000.
- US initial jobless claims slid 51,000 to 364,000 in the week ended June 26.
- Britain's FTSE fell 0.2% on worries that a recent spike in Covid-19 cases in the country could hamper economic growth.
- The UK GDP contracted 1.6% sequentially in the first quarter of 2021 compared with 1.3% growth in the fourth quarter of 2020; on an annualized basis, the economy contracted 6.1% compared a 7.3% contraction.
- However, sharp losses were prevented on gains in shares of energy firms and upbeat corporate updates.
- Other European equities ended lower, with France's CAC 40 and Germany's Dax declining 1% and 0.03%, respectively, on mounting concern over the more infectious Delta variant, which has led to the imposition of new travel restrictions across the region.
- Asian equities too ended on a negative note. Japan's Nikkei lost around 1% on rising worries that the resurgence of Covid-19 infections could extend restrictions and slow down economic recovery.
- Further, investors remained cautious ahead of the release of US nonfarm payroll data.
- Hong Kong's Hang Seng plunged 3.3% on tracking losses in Asian markets amid rise in new Covid-19 variant cases and weak Chinese factory activity data.
- China's Shanghai Composite declined 2.5% on concerns over economic health of the country after weak manufacturing data.
- China's official manufacturing PMI fell to 50.9 in June from 51.0 in May, while non-manufacturing PMI fell to 53.5 from 55.2.
- China's Caixin manufacturing PMI fell to 51.3 in June from 52.0 in May.

### 2. Commodity

- Crude oil prices rose in this week due to drop in US crude stockpiles, rise in expectations of global fuel demand recovery and tracking an OPEC report that anticipated an undersupplied market this year.
- Gold prices rose in this week due to rise in global metal prices.
- Indian silver prices rose in this week on tracking firm gold prices.

## C. News summary

### 1. Domestic

- India's eight core sectors grew 16.8% year-on-year in May compared to April's 60.9% rise.
- India's current account balance showed a deficit of 1% of GDP (\$8.1 bn) in the fourth quarter ended March 2021 (Q4FY21). The current account was in surplus at 0.1% (\$0.6 bn) in the fourth quarter of last year (Q4FY20). For FY21, the current account balance showed a surplus of 0.9% of GDP.
- India's fiscal deficit in April-May came in at Rs 1.23 lakh cr or 8.2% of the budget estimates (BE), as compared to 59% in the same period last year.
- India's manufacturing PMI contracted for the first time in 11 months to 48.1 in June, compared to 50.8 in May, amid Covid-19 crisis.
- Finance Minister (FM) Nirmala Sitharaman raised ECLGS limit by 50% to Rs 4.5 lakh cr for the MSME sector facing liquidity crunch.
- FM announced a Rs 1.1 lakh cr loan guarantee scheme for Covid-affected sectors, including Rs 50,000 cr for health infrastructure and Rs 60,000 cr for sectors other than health.
- RBI extended a scheme providing interest subsidy for post and pre-shipment export credit by three months till September.
- According to RBI's financial stability report (FSR), non-performing loans at scheduled commercial banks in the country could rise to 9.8% by March 2022 from 7.48% in March 2021.
- SEBI reduced the minimum application value for retail investors of the Real Estate Investment Trusts (REITs) and infrastructure investment trusts (InvITs) to be within the range of Rs 10,000-15,000 from current Rs 50,000 and also revised the trading lot to just one unit, bringing it to at par with equity shares.

### 2. International

- US non-farm payroll employment spiked by 850,000 jobs in June after surging by an upwardly revised 583,000 jobs in May.
- US ADP said that private sector jobs grew by 692,000 in June compared with May's revised 886,000.
- UK gross domestic product (GDP) contracted 1.6% sequentially in Q1 2021 compared with 1.3% growth in Q4 2020; on an annualized basis, the economy contracted 6.1% in Q1 2021 compared to a 7.3% contraction in Q4 2020.
- China Caixin manufacturing PMI fell to 51.3 in June from 52.0 in May.
- Japan's industrial production in May slumped 5.9% on-month, compared with an upwardly revised 2.9% rise in April.

## D. Week ahead

Day	Events
Monday, July 5, 2021	<ul style="list-style-type: none"> <li>UK Markit Composite / Services PMI, June 2021</li> <li>Eurozone Sentix Index, July 2021</li> <li>Eurozone Markit Composite / Services PMI, June 2021</li> <li>Japan Services PMI, June 2021</li> <li>China Caixin Services PMI, June 2021</li> <li>India Services PMI, June 2021</li> </ul>
Tuesday, July 6, 2021	<ul style="list-style-type: none"> <li>US ISM Non-Manufacturing Index, June 2021</li> <li>US Markit Composite / Services PMI, June 2021</li> <li>Eurozone Construction PMI, June 2021</li> <li>Eurozone Retail Sales, May 2021</li> <li>UK Construction PMI, June 2021</li> </ul>
Wednesday, July 7, 2021	<ul style="list-style-type: none"> <li>Japan Leading / Coincident Economic Index, May 2021</li> </ul>
Thursday, July 8, 2021	<ul style="list-style-type: none"> <li>Japan Current Account Balance, May 2021</li> <li>Japan Eco-Watchers Survey, June 2021</li> </ul>
Friday, July 9, 2021	<ul style="list-style-type: none"> <li>UK GDP Estimate, Mar-May 2021</li> <li>UK Goods Trade Balance, May 2021</li> <li>China Consumer Prices, June 2021</li> <li>China Producer Prices, June 2021</li> </ul>

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