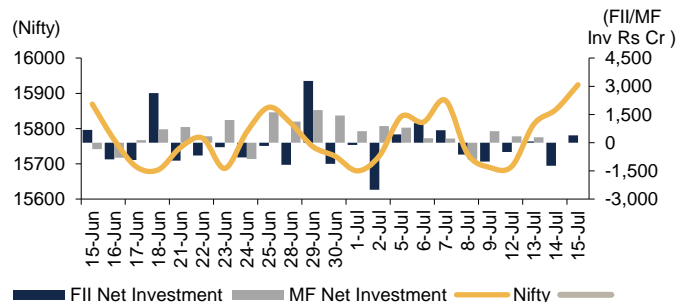


## Indian equity benchmark indices' returns

Broad Indices	Jul 16	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	53,140	1.44	8.82	45.70
Nifty 50	15,923	1.49	8.93	48.26
Nifty 500	13,742	1.58	11.74	56.76
S&P BSE 100	16,231	1.35	9.61	50.18
S&P BSE Midcap	23,130	1.39	14.75	73.60
S&P BSE Smallcap	26,462	2.27	25.90	109.32

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Jul 16	% chg week	% chg 3 Mth	% chg Year
S&P BSE Realty Index	3,163	8.55	27.39	105.30
S&P BSE CG	23,869	3.95	16.83	86.47
S&P BSE Metal	19,499	2.74	21.06	159.32
S&P BSE Bankex	40,500	2.09	11.61	65.54
S&P BSE Healthcare	26,307	1.67	14.34	55.28
S&P BSE IT	30,114	1.66	12.24	75.14
S&P BSE CD	36,032	0.81	11.11	75.71
S&P BSE Power	2,722	0.53	10.98	81.22
S&P BSE Auto	23,310	0.25	5.34	46.81
S&P BSE FMCG	13,593	0.09	5.22	17.92
S&P BSE Oil & Gas	15,706	-0.96	6.48	24.14

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Jul 16	Previous Week	1 month ago
Call Rate	3.30%	3.00%	3.05%
10 Yr G-Sec <sup>^</sup>	6.13%	6.10%	6.05%

<sup>\*</sup>6.10% 2031 paper <sup>^</sup>Weighted Average Yield

## Currencies vs INR

Currency	Jul 16	Week ago	3 months ago	1 year ago
USD	74.55	74.63	74.35	75.19
GBP	103.10	102.99	102.46	94.32
Euro	88.13	88.48	89.07	85.77
Yen <sup>*</sup>	67.69	67.90	68.31	70.20

<sup>\*</sup>exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equities halted two-week losing streak owing to some better-than expected quarterly corporate earnings and a slight pullback in domestic inflation.
- Sentiments also got a boost from strong Chinese exports data and after US Federal Reserve Chairman Jerome Powell, in his testimony to Congress, reiterated loose monetary policy stance despite a rise in inflation.
- Strong buying interest was seen in realty, capital goods and metal stocks this week.
- Shares of Wipro emerged the top gainer on the Nifty 50, rising 9.9% on week to settle at Rs 577.75 per share after the company reported its earnings for the June quarter of FY22.
- However, worries over global economic growth due to rapid spread of Delta variant of Covid-19 virus capped a sharper rise in the market.
- Shares of Adani Ports and SEZ emerged the top laggard on the Nifty 50, declining 5.6% on week to settle at Rs 687.6 per share weighed by weak investor sentiment.

#### 2. Debt

- Government bond prices ended slightly lower. The yield of the new 10-year benchmark 6.10% 2031 paper settled at 6.13% on July 16 compared with 6.10% on July 9.
- A lower-than-expected retail inflation print in June raised bets that monetary policy will stay accommodative for longer, and supported bonds.
- Towards the end of the week, domestic bonds were under some pressure as participants trimmed positions ahead of the weekly debt auction.
- Gilts got support from RBI Governor Shaktikanta Das's remarks. In an interview, he reiterated the central bank was only interested in an orderly evolution of the yield curve.
- The finance ministry's reiteration that its borrowing programme for the remainder of the first half of the current fiscal will remain unchanged propped up the appetite for bonds.

#### 3. Forex

- The rupee ended higher against the US dollar.
- Expectation of dollar inflows into the domestic financial market and dollar sales by foreign banks supported sentiment for the rupee.
- The rupee rose further benefitting from a broad dollar decline following the US Fed Chairman's remarks that more progress was needed on employment before withdrawing the stimulus.
- However, a higher-than-expected increase in US consumer prices raised concerns that the US Fed may let go of its accommodative stance soon, and erased some of the rupee's gains.
- Mid-month dollar demand from importers also put the rupee under some pressure.

## International equity benchmark indices' returns

Indices	Jul 16	% chg week	% chg 3 Mth	% chg Year
DJIA*	34,987	0.34	2.79	30.21
Nasdaq Composite*	14,543	-1.08	3.59	37.84
FTSE 100*	7,012	-1.54	0.41	11.43
Nikkei 225	28,003	0.22	-6.14	22.98
Straits Times	3,152	0.67	-1.67	20.15
Hang Seng	28,005	2.41	-4.72	12.15
Shanghai Comp	3,539	0.43	2.13	10.26

\*As of Jul 15

## International debt market indicators

Indicators	Jul 16	Jul 9
US 10-Year*	1.30	1.36
UK 10-Year*	0.67	0.66
German 10-Year*	-0.33	-0.29
Japan 10-Year	0.02	0.03
3-M USD Libor*	0.13%	0.13%
6-M USD Libor*	0.15%	0.15%
1-Y USD Libor*	0.24%	0.24%

\*As of Jul 15

## Commodities

Commodity	Jul 16	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	73.47	-2.75	16.38	67.78
Indian gold (Rs per 10 gm)	48273.00	0.86	2.66	-1.64
Indian Silver (Rs per Kg)	68912.00	0.18	-0.08	32.60

\* As of Jul 15

Source: Respective commodity exchanges, ibjrates.com

## B. International

### 1. Equity

- Global equities ended mixed this week amid region-specific cues.
- US stocks ended mixed this week with the Dow Jones gaining 0.34% and the Nasdaq declining 1.08%.
- Markets had gained earlier following encouraging economic data and corporate earnings, and after Chairman Powell reassured the US Fed will stick to accommodative monetary policy.
- US industrial production rose 0.4% in June after increasing a downwardly revised 0.7% in May.
- Initial jobless claims fell to 360,000 for the week ended July 10, a decrease of 26,000 from the previous week's revised level of 386,000.
- However, sell-off in the technology stocks and a rise in consumer price index (CPI) weighed on the markets, especially the Nasdaq.
- US CPI was up 0.9% in June after rising 0.6% in May. On an annualised basis, the CPI rose 5.4% in the month, the largest on-year gain since 2008.
- Britain's FTSE ended lower (down 1.5%) this week due to a surge in domestic inflation and heightening concerns over slower reopening of the economy due to an increase in Covid-19 afflictions.
- Other European equities ended lower, with France's CAC 40 falling 0.55% and Germany's DAX 0.37%. New restrictions in the region to arrest the spread of Delta variant dented the sentiment.
- Asian equities ended higher. Japan's Nikkei rose 0.2% on hopes of global recovery and positive second quarter earnings.
- Hong Kong's Hang Seng rose 2.4% after China's decision to cut banks' reserve requirement and the Bank of England's decision to remove dividend restrictions on bank.
- China's Shanghai Composite rose 0.4% after the People's Bank of China cut banks' reserve requirement ratio (RRR), and tracking positive data.
- The country's industrial production grew 8.3% on-year in June compared with 8.8% rise in May.
- However, lower-than-expected growth of the Chinese economy in the second quarter weighed on the positive trend.
- The country's GDP grew 7.9% in the second quarter compared with 18.3% growth in the first quarter.

### 2. Commodity

- Crude oil prices fell in this week on concerns over rise in Covid-19 variants that may slowdown global economic recovery, and following an agreement between Saudi Arabia and UAE that would open an OPEC deal to increase global oil supply.
- Gold prices rose in this week on safe haven appeal on rising Delta variant of Covid-19 virus and on tracking gains in global metal prices.
- Indian silver prices rose in this week on tracking firm industrial metals and gold.

## C. News summary

### 1. Domestic

- India's industrial production grew 29.3% in May 2021 compared to a growth of 134.6% in April 2021 and a contraction of 33.4% in May 2020.
- India's retail inflation eased slightly to 6.26% in June compared to 6.3% in May. The inflation stayed above the RBI's tolerance range of 2-6% following high fuel and food prices.
- Government released Rs 75000 cr to the states and Union Territories to compensate them for the shortfall in GST revenue.
- Government asked state-owned banks to examine all legal aspects and carry out proper due diligence before moving forward with stake sale in their non-core assets.
- Government approved extension of Rebate of State and Central Taxes and Levies (RoSCTL) scheme till March 2024 for textile exporters.
- RBI introduced a dedicated window for retail investors, who can now buy or sell government debt securities directly. They can open a "Retail Direct Gilt Account" with the central bank, which is for the first time giving such direct access to individuals, who otherwise invest through mutual fund plans.
- RBI allowed small finance banks and respective holding companies to apply for the amalgamation of holding company with small finance bank.
- RBI issued guidelines allowing primary urban cooperative banks (UCBs) to augment capital through issuance of equity shares, preference shares and debt instruments.
- RBI extended the deadline till March 2022 for banks to use only lockable cassettes for replenishing cash in ATMs.
- SEBI revised rules on valuation of debt securities with multiple put options.

### 2. International

- US industrial production rose by 0.4% in June after rising by a downwardly revised 0.7% in May; capacity utilization for the industrial sector rose to 75.4% in June from 75.1% in May.
- UK gross domestic product grew 0.8% on-month in May, but slower than the revised 2% growth posted in April.
- China's GDP grew 7.9% in the second quarter compared with 18.3% growth in the first quarter.
- Japan industrial production fell a seasonally adjusted 6.5% on-month in May. In the initial estimate, output decreased 5.9%.
- The Bank of Japan (BoJ) board voted 8-1, to hold the interest rate at -0.1% on current accounts that financial institutions maintain at the central bank.

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## D. Week ahead

Day	Events
Monday, July 19, 2021	<ul style="list-style-type: none"> <li>US NAHB Housing Market Index, July 2021</li> <li>Eurozone Construction Output, May 2021</li> <li>Japan Consumer Prices, June 2021</li> </ul>
Tuesday, July 20, 2021	<ul style="list-style-type: none"> <li>US Housing Starts / Building Permits, June 2021</li> <li>Eurozone Current Account Balance, May 2021</li> <li>China Loan Prime Rate 1Y / 5Y</li> <li>Japan Trade Balance, June 2021</li> </ul>
Wednesday, July 21, 2021	<ul style="list-style-type: none"> <li>UK Public Sector Net Borrowing, June 2021</li> <li>Japan Trade Balance, June 2021</li> <li>Bank of Japan Meeting Minutes</li> </ul>
Thursday, July 22, 2021	<ul style="list-style-type: none"> <li>US Chicago Fed National Activity Index, June 2021</li> <li>US Existing Home Sales, June 2021</li> <li>Eurozone Consumer Confidence, July 2021</li> <li>European Central Bank (ECB) Interest Rate Decision</li> </ul>
Friday, July 23, 2021	<ul style="list-style-type: none"> <li>US Manufacturing, Services &amp; Composite PMI, July 2021</li> <li>Eurozone Manufacturing, Services &amp; Composite PMI, July 2021</li> <li>UK Manufacturing, Services &amp; Composite PMI, July 2021</li> <li>UK GfK Consumer Confidence, July 2021</li> <li>UK Retail Sales, June 2021</li> </ul>



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