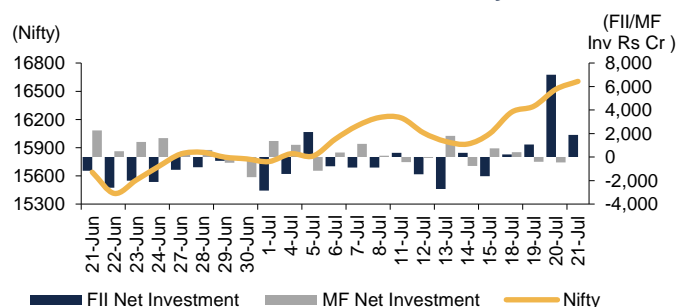


Indian equity benchmark indices' returns

Broad Indices	Jul 22	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	56,072	4.30	-1.97	6.12
Nifty 50	16,719	4.18	-2.64	5.66
Nifty 500	14,337	3.96	-3.75	4.87
S&P BSE 100	17,089	4.07	-3.19	5.78
S&P BSE Midcap	23,660	3.53	-4.20	2.70
S&P BSE Smallcap	26,773	3.86	-8.46	1.42

FII and mutual fund investment vs. Nifty



Sectoral Indices	Jul 22	% chg week	% chg 3 Mth	% chg Year
S&P BSE IT	28,729	5.92	-12.13	-5.75
S&P BSE Bankex	42,405	5.82	2.02	7.73
S&P BSE Metal	16,819	5.62	-24.56	-12.98
S&P BSE CG	29,009	4.97	5.01	20.62
S&P BSE Realty Index	3,501	4.67	-1.62	11.39
S&P BSE CD	39,158	2.59	-8.84	8.23
S&P BSE Oil & Gas	18,505	2.47	-8.42	17.75
S&P BSE FMCG	15,445	2.34	10.47	13.93
S&P BSE Auto	28,963	1.96	15.57	26.61
S&P BSE Power	4,460	1.58	-6.92	65.27
S&P BSE Healthcare	22,644	0.23	-8.23	-13.94

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Jul 22	Previous Week	1 month ago
Call Rate	5.20%	5.05%	4.00%
10 Yr G-Sec [^]	7.41%	7.43%	7.40%

[^]6.54% 2032 paper [^]Weighted Average Yield

Currencies vs INR

Currency	Jul 22	Week ago	3 months ago	1 year ago
USD	79.85	79.88	76.48	74.47
GBP	95.59	94.56	98.43	102.39
Euro	81.46	80.17	82.64	87.83
Yen*	58.06	57.50	59.54	67.52

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equity indices recorded their best week since March 2022, following the government's decision to slash windfall tax on crude and fuel exports, strong corporate earnings, and fresh foreign fund inflows. S&P BSE Sensex and Nifty 50 rose about 4% each.
- Further, positive global cues on easing inflation worries, lower possibility of aggressive rate hike by the US Federal Reserve (Fed), strong US economic data, and intermittent decline in oil prices also boosted market sentiment.
- All sectors ended positive. Information technology (IT), banking and metal stocks gained the most. S&P BSE IT, S&P BSE Bankex and S&P BSE Metal advanced 5.9%, 5.8% and 5.6% respectively.
- Shares of IndusInd Bank emerged the top gainer on the Nifty 50, up ~16% on week to settle at Rs 942.45 per share following upbeat quarterly results.
- Shares of Dr. Reddy's Labs emerged the top decliner on the Nifty 50, down ~4% on week to settle at Rs 4373.5 per share on profit booking.

2. Debt

- Government bond prices rose in the week ended July 22. Yield of the 10-year benchmark 6.54% 2032 settled at 7.41% on July 22 compared with 7.44% on July 15.
- Yield declined tracking fall in the US treasury yield following worries about economic recession after the European Central Bank (ECB) hiked the key policy rates.
- The ECB raised its key interest rates by 50 bps, the first increase since 2011; it increased its main refinancing rate to 0.5%, the marginal lending facility rate to 0.75% and the deposit facility rate to 0%.
- Further, easing inflation concerns following intermittent fall in crude oil prices also kept bond prices high.
- However, caution ahead of the upcoming monetary policy review in early-August capped further gain in bond prices.
- Meanwhile, in the debt sale held on July 22, 2022, the RBI auctioned 6.69% GS (government securities) 2024, 7.10% GS 2029, 6.54% GS 2032 and 6.95% GS 2061 for a notified amount totalling Rs 33,000 crore.

3. Forex

- The rupee ended higher against the US dollar after the RBI intervened by selling the dollar through state-run banks after the local unit breached Rs 80 mark during the week.
- The currency also advanced after the pace of selling by foreign investors slowed and on tracking positive trend on the equity market.
- However, sharp gain in the rupee was prevented owing to strong dollar index after the ECB hiked rates and due to sporadic rise in crude oil prices.

International equity benchmark indices' returns

Indices	Jul 22	% chg week	% chg 3 Mth	% chg Year
DJIA*	32,037	2.39	-7.92	-7.93
Nasdaq Composite*	12,060	5.30	-8.46	-17.58
FTSE 100*	7,271	1.56	-4.69	3.89
Nikkei 225	27,915	4.20	2.99	1.33
Straits Times	3,181	2.65	-5.35	0.70
Hang Seng	20,609	1.53	-0.14	-25.66
Shanghai Comp	3,270	1.30	5.93	-8.53

*As of Jul 21

International debt market indicators

Indicators	Jul 22	Jul 15
US 10-Year*	2.91%	2.93%
UK 10-Year*	2.05%	2.10%
German 10-Year*	1.22%	1.13%
Japan 10-Year	0.20%	0.22%
3-M USD Libor*	2.78%	2.74%
6-M USD Libor*	3.38%	3.31%
1-Y USD Libor*	3.92%	3.90%

*As of Jul 21

Commodities

Commodity	Jul 22	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	103.86	2.67	-4.13	43.79
Indian gold (Rs per 10 gm)	50,816.00	0.82	-3.16	6.60
Indian Silver (Rs per Kg)	55,009.00	0.44	-17.51	-17.61

*As of Jul 21

Source: Respective commodity exchanges, ibjrates.com

B. International

1. Equity

- Global equity markets ended higher on region-specific cues.
- US stocks rallied following upbeat earnings reports, strong retail sales data, and on easing fears over aggressive rate hike stance by the Fed.
- US retail sales rose 1% on-month in June compared with a revised 0.1% fall in May.
- Britain's FTSE advanced 1.56% on strong quarterly earnings, tracking positive global markets, and gains in commodity and financial stocks.
- However, more gains were capped after domestic inflation spiked to a 40-year high.
- UK annual inflation rate increased to 9.4% in June, the highest since 1982, from 9.1% in May
- Asian equities ended higher. Japan's Nikkei advanced about 4% on Bank of Japan (BoJ) retaining its easy monetary policy, gains in financial and technology stocks, and tracking positive global market.
- BoJ left its key short-term interest rate unchanged at -0.1% and that for 10-year bond yields around 0% in its July meeting.
- Japan's annual inflation came in at 2.4% in June vs 2.5% in May.
- Hong Kong's Hang Seng ended 1.5% higher, tracking similar trend in the Chinese market and rise in technology shares, backed by hopes of an end to China's crackdown on the sector.
- Some gains were reduced following fresh Covid-19 cases in China and property sector woes in the country.
- China's Shanghai Composite rose 1.3% on stimulus hope from the government and after the country's regulators stepped up efforts to ease the property sector crisis.
- China's loan prime rate for 1Y and 5Y remained unchanged at 3.7% and 4.45% respectively in July from that in June.
- However, gains were capped after fresh Covid-19 cases raised worries over economic recovery of the country.

2. Commodity

- Crude oil prices (NYMEX) fell in this week on demand worries due to higher US gasoline stockpiles, rate hike by the ECB and fears of economic slowdown.
- Gold prices rose this week on economic slowdown worries that kept safe-haven bullion on track and intermittent weakness in Indian rupee.
- Silver prices advanced this week tracking similar trend in gold and industrial metals.

C. News summary

1. Domestic

- India retail inflation for farm, rural workers rise to 6.43% and 6.76% in June, lower compared to 6.67% and 7% in May.
- The Asian Development Bank (ADB) trimmed India's fiscal 2023 growth forecast to 7.2%, from its April estimates of 7.5% on surging food and fuel prices in the country.
- RBI in its July month bulletin said that the pace of rise in prices in India is on the back foot and the "worst of inflation may be behind us".
- Government unveiled three schemes to strengthen Micro, Small and Medium Enterprises (MSMEs) in the pharmaceutical sector.
- Government declared 'zero coupon zero principal instruments' as securities.
- Government eliminated a levy on gasoline exports and cut windfall taxes on other fuels.
- The Central Board of Indirect Taxes and Customs (CBIC) clarified that all pre-packaged items containing a quantity up to 25 Kg, will attract a GST of 5%. Finance Minister (FM) further clarified that certain items including pulses/daal, wheat, rye, oats, maize, rice, aatta/flour, suji/rawa, besan, puffed rice, curd/lassi when sold loose and non pre-packed or pre-labeled, will not attract any GST.
- RBI rescheduled its MPC meeting to August 3-5 as against August 2-4, due to administrative exigencies.
- RBI came out with a four-tiered regulatory framework and other changes for urban co-operative banks (UCBs), aiming to strengthen the UCBs.
- SEBI said market infrastructure institutions and persons dealing in the securities market will need to pay a GST of 18% on the fees charged by the market regulator, with effect from July 18.

2. International

- US Michigan consumer sentiment index rose to 51.1 in July from 50 in June.
- ECB raised its key interest rates by 50 bps, the first increase since 2011; it increased its main refinancing rate to 0.5%, the marginal lending facility rate to 0.75% and the deposit facility rate to 0%.
- UK annual inflation rate increased to 9.4% in June, highest rate since 1982, from 9.1% in May. Meanwhile, annual core inflation rate slowed to 5.8% in June from 5.9% in May.
- China's loan prime rate for 1Y and 5Y remained unchanged at 3.7% and 4.45% respectively in July from that in June.
- Bank of Japan left its key short-term interest rate unchanged at -0.1% and that for 10-year bond yields around 0% in its July meeting.

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D. Week ahead

Day	Events
Monday, Jul 25, 2022	<ul style="list-style-type: none"> US Dallas Fed Manufacturing Index, July
Tuesday, Jul 26, 2022	<ul style="list-style-type: none"> US Consumer Confidence, July US Dallas Fed Services Index, July BoJ Monetary Policy Minutes
Wednesday, Jul 27, 2022	<ul style="list-style-type: none"> US Fed Interest Rate Decision US Durable Goods Orders, June China Industrial Profits, June Japan Coincident Index, May
Thursday, Jul 28, 2022	<ul style="list-style-type: none"> US GDP, Q2 US Initial Jobless Claims, July 22 Eurozone Consumer Confidence, July
Friday, Jul 29, 2022	<ul style="list-style-type: none"> US Michigan Consumer Sentiment, July Eurozone GDP, Q2 Eurozone inflation, July Japan Retail Sales, June Japan Industrial Production, June India Infrastructure Output, June



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