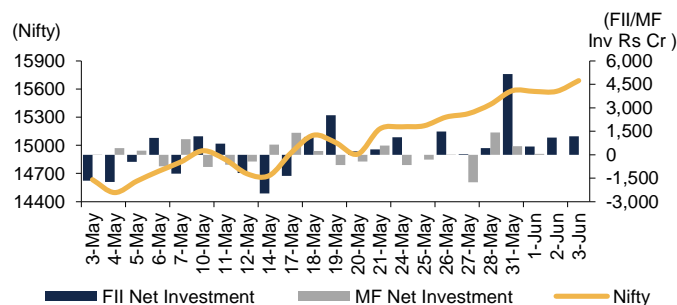


Indian equity benchmark indices' returns

Broad Indices	Jun 4	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	52,100	1.32	2.47	53.32
Nifty 50	15,670	1.52	3.91	56.25
Nifty 500	13,394	2.11	5.56	63.62
S&P BSE 100	15,953	1.76	4.26	57.38
S&P BSE Midcap	22,511	3.92	7.28	82.53
S&P BSE Smallcap	24,262	3.34	14.15	109.79

FII and mutual fund investment vs. Nifty



Sectoral Indices	Jun 4	% chg week	% chg 3 Mth	% chg Year
S&P BSE Realty Index	2,818	6.55	-2.45	83.52
S&P BSE Oil & Gas	17,121	5.35	6.59	38.53
S&P BSE CD	34,930	5.34	5.93	69.73
S&P BSE Power	2,886	3.70	12.62	88.34
S&P BSE CG	23,280	3.57	4.87	84.70
S&P BSE Metal	19,040	3.14	33.97	165.94
S&P BSE Auto	24,030	1.94	0.33	62.92
S&P BSE Healthcare	24,752	1.37	15.02	53.75
S&P BSE FMCG	13,090	0.73	6.13	18.25
S&P BSE Bankex	40,035	0.43	-0.51	70.82
S&P BSE IT	27,460	-0.61	6.40	87.02

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Jun 4	Previous Week	1 month ago
Call Rate	2.75%	3.35%	3.00%
10 Yr G-Sec [^]	6.02%	6.00%	6.01%

[^]5.85% 2030 paper [^]Weighted Average Yield

Currencies vs INR

Currency	Jun 4	Week ago	3 months ago	1 year ago
USD	73.00	72.44	72.84	75.56
GBP	102.92	102.75	101.45	94.54
Euro	88.45	88.29	87.64	84.63
Yen*	66.25	65.93	67.87	69.34

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equities ended on a positive note for the third straight week, tracking strong global cues and on rapid fall in daily Covid-19 cases back home. The S&P BSE Sensex and Nifty 50 rose 1.3% and 1.5%, respectively.
- Most of the sectors witnessed huge buying interest. Realty, oil & gas and consumer durables gained the most.
- Shares of ONGC emerged the top gainer on the Nifty 50, rising 11.7% on week to settle at Rs 125.45 per share, aided by rising global crude oil prices.
- However, domestic growth worries capped the rise on decline in India's manufacturing PMI and the lowering of growth projection for the country by the Organisation for Economic Co-operation and Development (OECD) and the Reserve Bank of India (RBI) citing domino effect due to the second wave of Covid-19.
- The OECD reduced India's growth projection for fiscal 2022 to 9.9% from 12.6% estimated in March and the RBI to 9.5% from 10.5% forecasted earlier.
- The information technology (IT) index, down 0.6%, was the only loser during the week.
- Shares of Mahindra & Mahindra emerged the top laggard on the Nifty 50, declining 4.9% on week to settle at Rs 804.6 per share as investor sentiment weakened after the company in its earnings conference call said that it expects low single digit growth for the tractor industry.

2. Debt

- Government bond prices moved in a narrow range and ended slightly lower. The yield on the 10-year benchmark 5.85% 2030 paper settled at 6.03% on June 4 compared with 6% on May 28.
- Bonds were under pressure after the Centre announced it would be borrowing an additional Rs 1.58 lakh crore in the current fiscal to help states bridge their GST revenue gap.
- Prices were range-bound midweek on expectation of a prolonged pause in monetary policy after data showed the Indian economy contracted sharply last fiscal.
- Prices dipped slightly in the last session after the RBI announced a lower-than-expected quantum of bond purchases totalling Rs 1.2 lakh crore under the government securities acquisition programme over the September quarter.

3. Forex

- The rupee weakened against the US dollar weighed by importers' month-end demand.
- Strength in the US dollar index following the release of some encouraging US labour market data, which raised bets that the US Federal Reserve may taper its bond purchases, also dented sentiment.
- The rupee was further weighed down after the RBI cut its projection of India's economic growth for the current fiscal.

International equity benchmark indices' returns

Indices	Jun 4	% chg week	% chg 3 Mth	% chg Year
DJIA*	34,577	0.14	10.58	31.62
Nasdaq Composite*	13,615	-0.98	4.75	40.60
FTSE 100*	7,064	0.59	5.83	10.68
Nikkei 225	28,942	-0.71	0.04	27.52
Straits Times	3,151	-0.86	4.52	16.39
Hang Seng	28,918	-0.71	-1.09	18.68
Shanghai Comp	3,592	-0.25	2.52	23.04

*As of Jun 3

International debt market indicators

Indicators	Jun 4	May 28
US 10-Year*	1.63	1.58
UK 10-Year*	0.83	0.80
German 10-Year*	-0.18	-0.18
Japan 10-Year	0.08	0.08
3-M USD Libor*	0.13%	0.13%
6-M USD Libor*	0.16%	0.17%
1-Y USD Libor*	0.25%	0.25%

*As of Jun 3

Commodities

Commodity	Jun 4	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	71.31	2.41	11.72	79.22
Indian gold (Rs per 10 gm)	48578.00	-0.16	8.77	5.60
Indian Silver (Rs per Kg)	70167.00	-0.47	6.41	43.60

* As of Jun 3

Source: Respective commodity exchanges, ibjrates.com

B. International

1. Equity

- Global equities ended on a mixed note this week amid region-specific cues.
- US stocks ended mixed as Dow Jones gained 0.1% and the Nasdaq fell around 1%.
- Market rose earlier on hopes of economic recovery following robust jobs and manufacturing data.
- The US ADP said private sector employment soared by 978,000 jobs in May after rising by a downwardly revised 654,000 jobs in April.
- However, gains were erased, especially from the Nasdaq, owing to sell-off in technology stocks and as investors remained cautious ahead of Federal Reserve Chair Jerome Powell's speech to gauge future course of the loose monetary policy.
- Britain's FTSE rose 0.6% owing to gains in heavyweight energy and banking stocks and surge in shares of Bloomsbury Publishing on strong earnings update.
- However, sharp gains were prevented on sell-off in mining stocks and weak earnings from B&M European Value Retail.
- Other European equities ended on a positive note after improvement in manufacturing and services activity data. France's CAC 40 gained 0.4% while Germany's Dax rose 0.7%.
- Eurozone manufacturing PMI rose to 63.1 in May from 62.9 in April while services PMI rose to 55.2 from 50.5 in April.
- Asian equities retreated this week. Japan's Nikkei fell 0.7% following disappointing domestic economic data and on caution ahead of the US monthly jobs data.
- However, losses were trimmed on progress in vaccination rollout in the country.
- Hong Kong's Hang Seng fell 0.7%, tracking losses in regional markets and as investors trimmed positions ahead of US non-farm payroll data.
- China's Shanghai Composite Index lost 0.3% after the US President signed an executive order banning US firms from investing in Chinese companies operating in the defence or surveillance technology sectors.
- Markets were also pressured by weak domestic manufacturing and services data.
- China official manufacturing PMI fell to 51.0 in May from 51.1 in April.

2. Commodity

- Crude oil prices rose in this week on expectations of growing fuel demand in the US and after OPEC and its allies decided to continue restoring supply gradually.
- Gold prices fell this week due to strong US dollar and improved US ADP data.
- Indian silver prices fell in this week on tracking rebound in the US dollar and weakness in gold.

C. News summary

1. Domestic

- India's Gross domestic Product (GDP) grew 1.6% in the March quarter of fiscal 2021, following a revised growth rate of 0.5% for the December quarter of fiscal 2021. However the GDP contracted 7.3% for the entire fiscal 2021 due to the impact of the Covid-19 first wave.
- RBI's Monetary Policy Committee (MPC) kept the repo rate and reverse repo rate unchanged at 4% and 3.35%, respectively.
- RBI scaled down the Indian economic growth projection for fiscal 2022 to 9.5% from 10.5% earlier in view of the impact of the Covid-19 second wave.
- RBI projected CPI inflation at 5.1% for fiscal 2022.
- RBI announced an on tap liquidity window of Rs 15000 cr for contact-intensive sectors like hotels and salons in order to mitigate the impact of second COVID-19 wave.
- The RBI has decided to permit issuers of Certificates of Deposit (CD) to buy back their CDs before maturity, subject to certain conditions; this move is aimed at facilitating flexibility in liquidity management by issuers of CDs.
- RBI has proposed to make available the National Automated Clearing House (NACH) bulk payment system on all days of the week throughout the year, effective August 1, 2021.
- RBI said the government securities acquisition program 2.0 (G-SAP 2.0) of Rs 1.2 lakh cr will be conducted in Q2 fiscal 2022; it will buy Rs 40000 cr of G-Secs on June 17.
- RBI kept the limits for foreign portfolio investors (FPI) investment during the current fiscal in government securities (G-secs) and State Development Loans (SDLs) unchanged at 6% and 2% respectively, of outstanding stocks of securities for fiscal 2022.
- SEBI increased the overseas investment limits for mutual funds (MFs) to \$1 bn from the existing \$600 mn. The overall industry limit is capped at \$7 bn.

2. International

- US ADP said private sector employment soared by 978,000 jobs in May after rising by a downwardly revised 654,000 jobs in April.
- Eurozone unemployment rate was 8.0% in April, down from 8.1% in March and up from 7.3% in April 2020.
- China official manufacturing PMI fell to 51.0 in May from 51.1 in April, while non-manufacturing PMI rose to 55.2 in May from 54.9 in April.
- Japan's industrial production rose 2.5% on-month in April compared with a 1.7% rise in March.

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D. Week ahead

Day	Events
Monday, June 7, 2021	<ul style="list-style-type: none"> Eurozone Sentix Investor Confidence, June China Trade Balance, May Japan Leading / Coincident Index, April
Tuesday, June 8, 2021	<ul style="list-style-type: none"> US Goods Trade Balance, April US Consumer Credit, April Eurozone GDP, Q1 2021 Eurozone ZEW Survey - Economic Sentiment, June Japan GDP, Q1 2021 Japan Current Account Balance, April Japan Eco-Watchers Survey, May
Wednesday, June 9, 2021	<ul style="list-style-type: none"> Eurozone ECB Interest Rate Decision China Consumer Prices, May China Producer Prices, May
Thursday, June 10, 2021	<ul style="list-style-type: none"> US Consumer Prices, May US Treasury Budget, May Eurozone Central Bank (ECB) Interest Rate Decision UK RICS House Price Balance, May Japan Producer Price Index, May
Friday, June 11, 2021	<ul style="list-style-type: none"> US University of Michigan Consumer Sentiment, June UK GDP, April UK Goods Trade Balance, April UK Industrial Production, April India Industrial Production, April



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