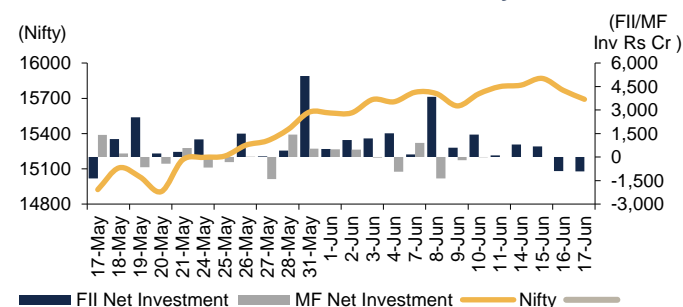


Indian equity benchmark indices' returns

Broad Indices	Jun 18	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	52,344	-0.25	6.36	53.02
Nifty 50	15,683	-0.73	7.73	55.41
Nifty 500	13,387	-1.31	9.96	61.60
S&P BSE 100	15,952	-0.92	8.39	56.53
S&P BSE Midcap	22,238	-3.01	12.45	75.48
S&P BSE Smallcap	24,649	-1.86	20.91	103.53

FII and mutual fund investment vs. Nifty



Sectoral Indices	Jun 18	% chg week	% chg 3 Mth	% chg Year
S&P BSE IT	29,146	1.57	13.02	99.67
S&P BSE FMCG	13,503	1.55	9.88	25.91
S&P BSE CD	35,285	-0.27	9.03	72.91
S&P BSE Bankex	39,178	-1.39	2.73	64.15
S&P BSE Oil & Gas	16,866	-1.57	12.36	34.14
S&P BSE Healthcare	24,765	-2.75	21.91	53.16
S&P BSE Auto	23,386	-3.00	2.08	57.97
S&P BSE CG	22,183	-3.21	5.14	78.73
S&P BSE Realty Index	2,742	-3.72	4.08	77.24
S&P BSE Metal	18,059	-7.04	32.52	149.87
S&P BSE Power	2,762	-8.69	12.72	81.68

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	Jun 18	Previous Week	1 month ago
Call Rate	3.25%	3.00%	3.10%
10 Yr G-Sec [^]	6.01%	6.01%	5.98%

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

Currencies vs INR

Currency	Jun 18	Week ago	3 months ago	1 year ago
USD	73.87	73.06	72.51	76.14
GBP	103.19	103.39	101.25	95.35
Euro	88.36	88.82	86.62	85.59
Yen*	67.28	66.72	66.52	71.14

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- The four-week winning streak in Indian equities came to a halt as global markets turned weak after the US Federal Reserve hinted at two rate hikes in 2023. The benchmarks S&P BSE Sensex and Nifty 50 were down 0.3% and 0.7%, respectively.
- A rise in crude oil price also weighed on the sentiments.
- Most of the sectors witnessed sell-off with power, metal and realty falling the most.
- Shares of Adani Group firm Adani Ports and SEZ emerged the biggest laggard on the Nifty 50, declining 17.3% on week to settle at Rs 694.35 per share, impacted by speculation that the NSDL had frozen some foreign portfolio investor (FPI) accounts having major stakes in Adani Group companies at the start of the week.
- However, a steady fall in daily Covid-19 cases in the country limited the losses.
- Some buying interest in fast moving consumer goods (FMCG) and information technology (IT) counters supported the market to a certain extent.
- Shares of Hindustan Unilever were the top gainer on the Nifty 50, rising 4.9% on week to settle at Rs 2482.9 per share, aided by bullish investor sentiment.

2. Debt

- Government bond prices ended flat and off mid-week lows. The yield on the 10-year benchmark 5.85% 2030 paper settled at 6.01% on June 18, steady compared to June 11.
- Prices dipped after data showed that the domestic retail inflation rate in May breached the RBI's tolerance ceiling of 6%.
- A rise in crude oil prices added to the pressure on gilts midweek.
- A rise in US benchmark treasury yields in response to the US Fed's hawkish commentary also dented sentiment.
- Domestic bonds recouped some losses after the central bank purchased a higher-than-expected quantum of notes in its bond purchase auction on June 17.
- In the final session, market players awaited the outcome of the weekly gilt sale for further cues. The central bank partially devolved the 5.63% 2026 paper on primary dealerships.

3. Forex

- The rupee weakened sharply against the US dollar.
- The local unit began the week on a dim note, tracking weakness in other Asian units prior to the US Fed's monetary policy decision.
- Importers' dollar demand and an uptick in crude oil price added to the pressure on the rupee.
- A rally in the US dollar index following the Fed's policy decision pulled the rupee down further.
- The Fed projected interest rate hikes sooner than expected, while also raising inflation forecasts.
- Exporters' dollar sales helped the rupee recoup some losses.

International equity benchmark indices' returns

Indices	Jun 18	% chg week	% chg 3 Mth	% chg Year
DJIA*	33,823	-1.90	2.45	29.49
Nasdaq Composite*	14,161	0.65	4.70	42.89
FTSE 100*	7,153	0.27	5.78	14.40
Nikkei 225	28,964	0.05	-4.15	29.56
Straits Times	3,144	-0.44	0.21	17.95
Hang Seng	28,801	-0.14	-2.06	17.72
Shanghai Comp	3,525	-1.80	1.79	19.93

*As of Jun 17

International debt market indicators

Indicators	Jun 18	Jun 11
US 10-Year*	1.51	1.46
UK 10-Year*	0.79	0.70
German 10-Year*	-0.19	-0.27
Japan 10-Year	0.06	0.03
3-M USD Libor*	0.13%	0.12%
6-M USD Libor*	0.16%	0.15%
1-Y USD Libor*	0.25%	0.24%

*As of Jun 17

Commodities

Commodity	Jun 18	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	73.08	0.54	21.80	79.51
Indian gold (Rs per 10 gm)	47,266.00	-3.59	5.38	-0.08
Indian Silver (Rs per Kg)	68,687.00	-4.79	2.90	42.63

*As of Jun 17

Source: Respective commodity exchanges, ibjrates.com

B. International

1. Equity

- Global equity markets were mixed amid region-specific cues.
- US stocks ended mixed with the Dow Jones index falling about 2% and the Nasdaq gaining 0.65% this week.
- The markets fell, especially the Dow Jones index, after the Fed in its policy meeting said that its members projected at least two interest rate hikes in 2023. The Fed kept its key interest rates low and pledged to continue its monthly bond buying programme.
- US industrial production rose 0.8% in May after inching up by a revised 0.1% in April.
- However, more losses were prevented, especially in the Nasdaq, as technology stocks gained on optimism over a speedy economic recovery.
- Britain's FTSE rose 0.3% this week on gains in financial firms, energy and defensive stocks, and upbeat domestic economic growth data.
- However, sharp gains were capped due to losses in mining stocks as the hawkish message by the Fed hit commodity prices.
- Other European equities ended higher as investors were confident about the pick up in the economic activity amid continued support from the European Central Bank. France's CAC 40 and Germany's Dax rose around 1% and 0.2%, respectively.
- Asian equities ended mixed this week. Japan's Nikkei ended flat this week as gains in stocks of tyre makers and shippers offset by disappointment over the Fed's projection of sooner-than-expected rate hikes.
- Hong Kong's Hang Seng fell 0.1% tracking losses in the Chinese equities amid Sino-West tensions and downbeat industrial output data.
- However, gains in domestic technology stocks amid reports of further policy support from Beijing limited the losses. The Fed's statement showing optimism on economic recovery in the US also supported the sentiment.
- China's Shanghai Composite Index lost 1.8% on Sino-West tensions coupled with weak global trend caused by hawkish stance by the Fed.

2. Commodity

- Crude oil prices rose in this week supported by hopes of worldwide demand recovery on the back of rising COVID-19 vaccination rates that helped lift pandemic restrictions, and drop in US crude inventories.
- Gold prices fell in this week due to fall in global gold prices as dollar index strengthened and on tracking losses in global yellow metal prices.
- Indian silver prices fell in this week owing to strong dollar, weakness in gold and sell-off in industrial metals.

C. News summary

1. Domestic

- India's retail inflation shot up to six-month high of 6.3% in May, after easing to a three-month low of 4.23% in April due to higher food and fuel prices.
- India's wholesale inflation hit a record high of 12.94% in May from 10.49% in April due to low base and a continued rise in fuel and commodity prices.
- GST Council decided to continue with a 5% tax rate on vaccines. However, it cut tax rate on medical grade oxygen, BiPaP machines, oxygen concentrators, ventilators, pulse oximeter from 12% to 5%. It also said no tax will be charged for medicines like Tocilizumab and Amphotericin B, used for treating Black Fungus.
- The Union Cabinet increased the subsidies for DAP and some other non-urea fertilisers by Rs 14775 cr.
- India extended a line of credit (LOC) of \$100 mn to Sri Lanka through the Exim Bank for financing solar energy projects.
- Government classified foreign portfolio investors (FPIs) from Cyprus as eligible for taking up Category-I licence.
- RBI extended the risk-based internal audit (RBIA) system to select housing finance companies to improve the quality and effectiveness of their internal audit system.
- RBI said the scope of Bharat Bill Payment System (BBPS) will be expanded by August 31 this year by adding 'mobile prepaid recharges' as a biller category.
- SEBI eased the vesting period requirement under the employee stock option schemes of listed companies in case of death of an employee, a move aimed at providing relief to families of the deceased staff amid the coronavirus pandemic.

2. International

- US Federal Reserve kept key interest rates unchanged but its members projected at least two interest rate hikes in 2023, a year earlier than forecasted in the March meeting.
- Eurozone industrial production grew 0.8% on a monthly basis in April, faster than the 0.4% increase seen in March.
- UK gross domestic product (GDP) rose 2.3% month-on-month in April, faster than the 2.1% expansion seen in March.
- China's industrial production grew 8.8% on a yearly basis in May, weaker than April's 9.8% increase.
- The Bank of Japan (BoJ) board voted 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, June 21, 2021	<ul style="list-style-type: none"> US Chicago Fed National Activity Index, May 2021 China Loan Prime Rate 1Y / 5Y
Tuesday, June 22, 2021	<ul style="list-style-type: none"> US Existing Home Sales, May 2021 Eurozone Consumer Confidence, June 2021
Wednesday, June 23, 2021	<ul style="list-style-type: none"> US Manufacturing PMI, June 2021 US Services / Composite PMI, June 2021 US New Home Sales, May 2021 US Current Account, Q1 2021 UK Manufacturing PMI, June 2021 UK Services / Composite PMI, June 2021 Eurozone Manufacturing PMI, June 2021 Eurozone Services / Composite PMI, June 2021 Japan Manufacturing PMI, June 2021 Japan Services PMI, June 2021 Japan Coincident/Leading Index, April 2021
Thursday, June 24, 2021	<ul style="list-style-type: none"> US GDP, Q1 2021 US Durable Goods Orders, May 2021 US Initial Jobless Claims, June 2021 UK BoE Bank Rate
Friday, June 25, 2021	<ul style="list-style-type: none"> US University of Michigan Consumer Sentiment (Final), June 2021 US Personal Income, May 2021 UK GfK Consumer Confidence, June 2021



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