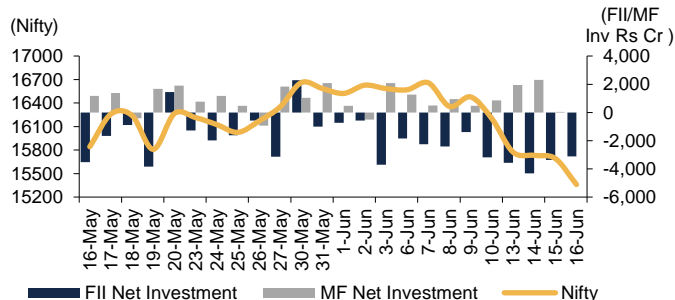


## Indian equity benchmark indices' returns

Broad Indices	Jun 17	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	51,360	-5.42	-11.24	-1.84
Nifty 50	15,294	-5.61	-11.53	-2.54
Nifty 500	12,995	-5.71	-11.73	-3.21
S&P BSE 100	15,563	-5.51	-11.23	-2.60
S&P BSE Midcap	21,296	-5.31	-10.61	-4.91
S&P BSE Smallcap	24,134	-6.67	-12.89	-2.96

## FII and mutual fund investment vs. Nifty



Sectoral Indices	Jun 17	% chg week	% chg 3 Mth	% chg Year
S&P BSE FMCG	13,264	-3.29	-1.72	-1.58
S&P BSE Healthcare	21,006	-4.65	-13.44	-15.63
S&P BSE Auto	24,695	-4.86	2.52	4.76
S&P BSE Bankex	37,766	-4.96	-9.59	-3.82
S&P BSE CG	25,231	-5.14	-8.73	12.80
S&P BSE Realty Index	3,009	-5.56	-15.93	8.75
S&P BSE Power	3,841	-5.57	-3.03	35.20
S&P BSE CD	33,782	-6.97	-23.17	-4.15
S&P BSE IT	27,166	-8.03	-23.61	-7.08
S&P BSE Oil & Gas	17,198	-9.32	-5.55	0.18
S&P BSE Metal	15,928	-9.60	-26.73	-13.57

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	Jun 17	Previous Week	1 month ago
Call Rate	3.85%	3.35%	4.00%
10 Yr G-Sec <sup>^</sup>	7.56%	7.52%	7.36%

<sup>\*</sup>6.54% 2032 paper <sup>^</sup>Weighted Average Yield

## Currencies vs INR

Currency	Jun 17	Week ago	3 months ago	1 year ago
USD	78.07	77.84	75.80	74.07
GBP	96.04	96.95	99.97	103.52
Euro	82.11	82.49	83.80	88.53
Yen*	57.95	58.17	63.87	66.93

\*exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equity indices fell for the second straight week as investor concerns of an aggressive monetary stance by the Reserve Bank of India (RBI) heightened after the domestic wholesale price index (WPI)-based inflation soared to a record high. S&P BSE Sensex and Nifty 50 fell 5.4% and 5.6%, respectively.
- Globally, central banks turned hawkish with the US Federal Reserve (Fed) and Bank of England hiking rates and the European Central Bank also hinting at a rate hike in its next policy meet, citing inflationary concerns. This triggered worries over recession risks and global growth outlook.
- All sectors ended in red, with metal, oil and gas and information technology (IT) falling the most. S&P BSE Metal, S&P BSE Oil & Gas, and S&P BSE IT plummeted around 9.6%, 9.3%, and 8.0% respectively.
- Shares of ONGC emerged the top decliner on the Nifty 50, down ~14% on week to settle at Rs 141.45 per share following a sell-off in oil & gas stocks amid a decline in crude oil prices.

#### 2. Debt

- Government bond prices fell for the third straight week ended June 17, 2022. The yield of the 10-year benchmark 6.54% 2032 settled at 7.55% on June 17, 2022, compared with 7.52% on June 10, 2022.
- Yields rose tracking spike in US Treasury yields, following the Federal Reserve's decision to aggressively hike rates to curtail inflation.
- The Fed increased the benchmark federal-funds rate by 75 bps to between 1.5-1.75%, the biggest hike since 1994. It also hinted at hiking the rates to 3.4% by the year-end.
- However, lower-than-expected domestic retail inflation data for May prevented further fall in bond prices.
- Better-than-expected demand in the weekly debt auction also elevated bond prices. In the debt sale held on June 17, 2022, the RBI auctioned new GS (Government Securities) 2027, GOI FRB (floating rate bonds) 2034, 7.54% GS 2036, and 6.99% GS 2051 for a total notified amount of Rs 32,000 crore.

#### 3. Forex

- The rupee slumped against the US dollar after domestic WPI inflation soared to a record high and domestic equity markets weakened.
- The local unit was also under pressure due to soaring crude oil prices and consistent foreign fund outflows.
- However, a free fall in the local currency was contained after the dollar index fell on fear over recession as global central banks made clear their aggressive policy stance.

## International equity benchmark indices' returns

Indices	Jun 17	% chg week	% chg 3 Mth	% chg Year
DJIA*	29,927	-4.67	-12.14	-12.07
Nasdaq Composite*	10,646	-6.12	-20.77	-24.17
FTSE 100*	7,045	-3.72	-3.38	-1.95
Nikkei 225	25,963	-6.69	-2.59	-10.53
Straits Times	3,098	-2.63	-6.76	-1.28
Hang Seng	21,075	-3.35	-1.98	-26.20
Shanghai Comp	3,317	0.97	3.16	-5.92

\*As of Jun 16

## International debt market indicators

Indicators	Jun 17	Jun 10
US 10-Year*	3.31%	3.16%
UK 10-Year*	2.53%	2.46%
German 10-Year*	1.70%	1.50%
Japan 10-Year	0.21%	0.25%
3-M USD Libor*	2.06%	1.74%
6-M USD Libor*	2.75%	2.31%
1-Y USD Libor*	3.67%	3.01%

\*As of Jun 16

## Commodities

Commodity	Jun 17	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	119.81	-1.80	22.23	61.06
Indian gold (Rs per 10 gm)	51,169.00	0.46	-0.77	7.60
Indian Silver (Rs per Kg)	61,576.00	1.14	-9.45	-11.43

\*As of Jun 16

Source: Respective commodity exchanges, ibjrates.com

## B. International

### 1. Equity

- Global equity markets ended lower on rate hike concerns by global central banks.
- US stocks nosedived after the Fed announced the biggest rate hike since 1994 and hinted over sterner policy action to combat soaring inflation.
- It increased the benchmark federal-funds rate by 75 bps to 1.5-1.75%, the biggest hike since 1994, to combat inflation. It also hinted at hiking rates to 3.4% by the year-end.
- US consumer prices rose 8.6% on-year in May compared with 8.3% rise in April
- Markets were also under pressure after the Bank of England and Swiss National Bank chose to hike rates citing inflationary pressure
- Britain's FTSE slumped 3.7% on the back of these, and the US Fed's rate hikes.
- Markets also fell due to losses in mining stocks after China reimposed Covid-19 restrictions in some parts.
- Asian equities ended mostly lower. Japan's Nikkei plunged nearly 7% on the back of central banks' rate action, recession fears, and renewed Covid-19 restrictions in China.
- Hong Kong's Hang Seng dropped 3.35% as investors were gripped by similar fears.
- However, sharp sell-off in the market was restricted amid hopes of stimulus by Beijing.
- China's Shanghai Composite rose around 1% as investors saw China's stimulus and easing of Covid-19 curbs as hopeful for economic recovery.
- However, more gains were capped tracking negative trends in the global market on the aggressive monetary policy stance by global central banks.

### 2. Commodity

- Crude oil prices fell in this week owing to growing demand worries following reimposition of Covid-19 restrictions in China and economic recession risk after US Fed hike key rates.
- Gold prices rose this week tracking similar trend in the global metal prices after the Fed announced biggest rate hike since 1994 and due to intermittent strength in dollar index.
- Silver prices advanced this week tracking similar trend in gold and industrial metals.

## C. News summary

### 1. Domestic

- India's consumer price index (CPI)-based inflation rose 7.04% on-year in May compared with 7.79% in April.
- WPI inflation rose 15.88% on-year in May compared with 13.11% a year ago.
- Trade deficit expanded to a record \$24.29 billion in May; exports rose 20.55% to \$38.94 billion, and imports grew 62.83% to \$63.22 billion.
- Prime Minister Narendra Modi asked various departments and ministries to recruit 10 lakh people within one and a half years.
- The Cabinet approved a proposal of the Department of Telecommunications to conduct spectrum auctions for providing 5G services to public and enterprises.
- The RBI advised small finance banks to continue evolving in line with the differentiated banking licences given to them with proportionate growth in their capital base.
- RBI told banks to follow its instructions in "letter and spirit" while extending loans to government-owned entities for infrastructure and housing projects.
- The Securities and Exchange Board of India (SEBI) said investment managers of alternative investment funds could provide investment management services to the offshore fund only by registering as portfolio managers.
- SEBI issued a circular stating that the mutual fund unit holders must furnish a separate declaration form if they do not want to file a nomination for their holdings.
- SEBI cautioned investors against dealing with unregulated platforms offering algorithmic trading and sensitive personal details.

### 2. International

- US industrial production rose 5.8% on-year in May compared to revised 6.3% rise in April.
- US retail sales increased 8.1% on-year in May, compared to downwardly revised 7.8% rise in April.
- Eurozone inflation rose 8.1% on-year in May from 7.4% rise in April.
- Bank of England raised its benchmark interest rate by 25 bps to 1.25%, to curb surging inflation.
- UK economy expanded 3.4% on-year in April, from 6.4% growth in March.
- China industrial production increased by 0.7% on-year in May, from 2.9% fall in April.
- Bank of Japan kept policy rate unchanged at -0.1%.

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## D. Week ahead

Day	Events
Monday, Jun 20, 2022	<ul style="list-style-type: none"> <li>China PBoC Interest Rate Decision</li> </ul>
Tuesday, Jun 21, 2022	<ul style="list-style-type: none"> <li>US Chicago Fed National activity Index, May</li> <li>US Existing Home Sales, May</li> </ul>
Wednesday, Jun 22, 2022	<ul style="list-style-type: none"> <li>Eurozone Consumer Confidence, June</li> <li>UK Consumer Prices, May</li> <li>UK Producer Prices, May</li> <li>BoJ Monetary Policy Meeting Minutes</li> </ul>
Thursday, Jun 23, 2022	<ul style="list-style-type: none"> <li>US S&amp;P Global Manufacturing/Services/Composite PMI, June</li> <li>US Initial Jobless Claims, June 17</li> <li>Eurozone S&amp;P Global Manufacturing/Services/Composite PMI, June</li> <li>UK S&amp;P Global/CIPS Manufacturing/Services/Composite PMI, June</li> <li>Japan Jibun Bank Manufacturing/Services/Composite PMI, June</li> </ul>
Friday, Jun 24, 2022	<ul style="list-style-type: none"> <li>US Michigan Consumer Sentiment Index, June</li> <li>US New Home Sales, May</li> <li>UK Gfk Consumer Confidence, June</li> <li>UK Retail Sales, May</li> <li>Japan Inflation Rate, May</li> </ul>



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