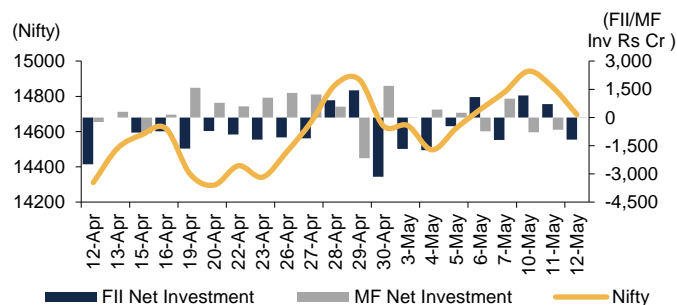


Indian equity benchmark indices' returns

Broad Indices	May 14	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	48,733	-0.96	-5.46	56.58
Nifty 50	14,678	-0.98	-3.20	60.54
Nifty 500	12,472	-0.72	-0.29	65.97
S&P BSE 100	14,927	-0.75	-2.45	60.84
S&P BSE Midcap	20,508	-0.49	3.00	77.77
S&P BSE Smallcap	22,201	-0.08	13.14	107.36

FII and mutual fund investment vs. Nifty



Sectoral Indices	May 14	% chg week	% chg 3 Mth	% chg Year
S&P BSE CG	21,334	3.50	-2.11	82.19
S&P BSE Power	2,643	3.14	17.40	84.08
S&P BSE FMCG	12,990	1.93	3.86	29.10
S&P BSE Oil & Gas	15,583	1.18	5.25	39.81
S&P BSE Healthcare	24,091	0.17	10.63	59.51
S&P BSE CD	31,575	-0.10	-3.46	72.19
S&P BSE Auto	22,031	-0.10	-10.57	67.45
S&P BSE Realty Index	2,389	-2.28	-14.46	74.93
S&P BSE Bankex	36,600	-2.44	-10.37	67.79
S&P BSE IT	26,132	-2.45	0.61	95.01
S&P BSE Metal	18,777	-4.47	49.70	201.78

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	May 14	Previous Week	1 month ago
Call Rate	2.40%	3.38%	3.00%
10 Yr G-Sec [^]	5.99%	6.00%	6.01%

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

Currencies vs INR

Currency	May 14	Week ago	3 months ago	1 year ago
USD	73.29	73.51	72.74	75.57
GBP	103.05	102.30	100.43	92.23
Euro	88.74	88.76	88.15	81.63
Yen*	67.01	67.37	69.35	70.69

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equity markets posted their first weekly loss in May, as rise in US inflation data ignited worries that the US Federal Reserve (Fed) may scale back its stimulus measures sooner than expected. Benchmarks S&P BSE Sensex and Nifty 50 fell 1% each.
- Heavy sell-off in metal, information technology (IT), and bank counters further pressurised the market.
- Shares of JSW Steel emerged the biggest laggard on the Nifty 50, declining 6.6% on week to settle at Rs 707.1 per share weighed by a decline in global metal prices and following announcement of its steel production figures for April.
- More losses were prevented on improved domestic inflation and industrial output data, and after the Fed officials reiterated their easy monetary stance.
- Buying interest in capital goods, power, and fast moving consumer goods (FMCG) stocks supported the market.
- Shares of UPL Ltd emerged the top gainer on the Nifty 50, rising 18.1% on week to settle at Rs 743.3 on bullish investor sentiment following the announcement of the company's March quarter earnings.

2. Debt

- Government bond prices ended marginally higher. The yield of the 10-year benchmark 5.85% 2030 paper settled at 5.99% on May 14 compared with 6.02% on May 7.
- Prices moved in a tight range through the week in the absence of strong triggers.
- Midweek, investors opted to remain on the sidelines ahead of the release of domestic retail inflation data for April.
- After domestic market hours, data showed that retail inflation had eased to 4.29% in April from 5.52% in March.
- In the final session of the week, investors awaited the outcome of the weekly gilt sale for cues. In the debt auction, the RBI did not accept any bids for the 10-year benchmark note.
- Bond prices rose marginally following the outcome of the auction.
- The auction also included a new government security maturing in 2023. The coupon rate has been set at 4.26%.

3. Forex

- The rupee rose against the US dollar aided by periodic dollar sales by exporters and foreign banks.
- Intermittent weakness in the greenback also benefitted the rupee. The US dollar declined after weaker-than-expected US non-farm payrolls data raised bets that the Fed will maintain its current level of bond purchases for a longer period.
- A periodic uptick in crude oil prices and concerns that growing inflationary pressure in the US may prompt the Fed to scale back stimulus, erased some of the rupee's gains.

International equity benchmark indices' returns

Indices	May 14	% chg week	% chg 3 Mth	% chg Year
DJIA*	34,021	-2.17	8.15	46.34
Nasdaq Composite*	13,125	-4.56	-6.89	48.08
FTSE 100*	6,963	-2.33	5.67	17.94
Nikkei 225	28,084	-4.34	-5.00	41.02
Straits Times	3,055	-4.54	4.43	21.12
Hang Seng	28,028	-2.04	-7.11	17.62
Shanghai Comp	3,490	2.09	-4.51	21.60

*As of May 13

International debt market indicators

Indicators	May 14	May 7
US 10-Year*	1.67	1.58
UK 10-Year*	0.90	0.78
German 10-Year*	-0.13	-0.22
Japan 10-Year	0.08	0.08
3-M USD Libor*	0.16%	0.16%
6-M USD Libor*	0.19%	0.19%
1-Y USD Libor*	0.26%	0.27%

*As of May 13

Commodities

Commodity	May 14	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	67.05	-1.80	12.75	129.70
Indian gold (Rs per 10 gm)	47569.00	0.00	0.80	3.45
Indian Silver (Rs per Kg)	69875.00	0.00	2.23	61.08

* As of May 13

Source: Respective commodity exchanges, MCX

B. International

1. Equity

- Global equities mostly ended in the red on worries about rising inflation, especially in the US.
- US stocks declined as higher-than-expected inflation data raised concerns that the Fed might tighten monetary policy in the coming future.
- A sell-off in technology stocks pulled down the market further.
- Further losses were prevented towards the end of the week, as Fed officials calmed investors' nerves by stating that rise in prices is transitory.
- US Consumer Price Index climbed 0.8% in April following a 0.6% rise in March, while Producer Price Index moved up 0.6% in April after rising 1.0% in March.
- US non-farm payroll employment rose by 266,000 jobs in April after adding a downwardly revised 770,000 jobs in March; the unemployment rate inched up to 6.1% in April from 6% in March.
- Britain's FTSE fell 2.3% on losses in heavyweight commodity stocks and tracking decline in the US markets.
- However, some losses were capped following upbeat earnings data from Diageo and after Fed officials' comments soothed inflation fears to some extent.
- Other European equities followed suit and retreated on inflation worries. France's CAC 40 and Germany's DAX lost 1.5% and 1.3%, respectively.
- Asian equities ended mixed. Japan's Nikkei fell 4.3% on disappointment over the Bank of Japan's lack of support to the falling market amid rising Covid-19 cases in the country.
- A pullback in shares of some high-value stocks coupled with fears of higher inflation in the US further weighed on the benchmark.
- Hong Kong's Hang Seng lost 2% on worries about China's anti-monopoly policy and as rise in US inflation spooked investors over possible rate hike by the Fed.
- However, further losses were prevented after Fed officials reiterated their easy stance on stimulus and future rate hikes.
- China's Shanghai Composite ended in green (up 2%) led by gains in consumer, financial and healthcare stocks, and fading of US inflation scare following the Fed's comments.
- China's consumer price inflation rose to 0.9% on-year in April compared with 0.4% rise in March, while producer price inflation surged 6.8% on-year in April compared with 4.4% rise in March.
- China's exports rose 32.3% and imports 43.1% on-year in April, resulting in a trade surplus of \$42.8 billion.

2. Commodity

- Crude oil prices fell in the week on concerns over COVID-19 crisis in India and as operations of US fuel pipelines resumed following a cyberattack earlier in the week.
- Indian gold and silver prices remained unchanged as physical markets were closed.

C. News summary

1. Domestic

- India's retail inflation eased down to 4.29% in April 2021, the lowest in three months, compared to 5.52% in March 2021, due to fall in food prices.
- India's Index of Industrial Production (IIP) grew 22.4% in March 2021 compared to a decline of 18.7% in the same month a year ago due to low base effect. The IIP had declined 3.43% in February 2021.
- India and the European Union (EU) agreed to resume discussions about a free trade agreement (FTA). They also entered into a comprehensive Connectivity Partnership on supporting resilient and sustainable connectivity both in India and in third countries and regions, including Africa, Central Asia and the Indo-Pacific.
- The Cabinet approved the proposal of the Department of Heavy Industries for implementation of the Production Linked Incentive (PLI) Scheme for advanced chemistry cell (ACC) battery manufacturing with an outlay of Rs 18100 cr.
- Finance Ministry released Rs 8923 cr to 25 states for providing grants to the rural local bodies for various prevention and mitigation measures needed to combat the Covid-19 pandemic.
- RBI allowed sponsor investments by Indian entities in alternative investment funds (AIFs) set up in an overseas jurisdiction or in an International Financial Services Centre (IFSC) in India to come through the automatic route.
- RBI announced that an advisory group has been constituted in order to assist second Regulatory Review Authority (RRA 2.0).
- SEBI notified a slew of relaxations to norms, including reducing holding period for pre-issue capital and allowing discretionary allotment to eligible investors.
- SEBI came out with a special procedure for action on expulsion from membership of stock exchanges and clearing corporations.

2. International

- US consumer price index rose by 0.8% in April after rising by 0.6% in March.
- The UK economy declined 1.5% in Q1 2021 compared to 1.3% growth in Q4 2020. The economy grew by 2.1% on-month in March.
- Eurozone investor confidence index rose to 21.0 in May from 13.1 in April.
- China's consumer price inflation rose to 0.9% on-year in April compared with 0.4% rise in March, while producer price inflation surged 6.8% on-year in April compared with 4.4% rise in March.

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D. Week ahead

Day	Events
Monday, May 17, 2021	<ul style="list-style-type: none"> US New York Fed Manufacturing Index, May 2021 US NAHB Housing Market Index, May 2021 China Industrial Production, April 2021 China Retail Sales, April 2021 Japan GDP, Q1 2021
Tuesday, May 18, 2021	<ul style="list-style-type: none"> US Housing Starts and Building Permits, April 2021 Eurozone GDP, Q1 2021 Eurozone Trade Balance, March 2021 UK ILO Unemployment Rate, March 2021 Japan Tertiary Industry Activity, March
Wednesday, May 19, 2021	<ul style="list-style-type: none"> US FOMC Meeting Minutes Eurozone Consumer Prices, April 2021 UK Consumer Prices, April 2021 Japan Trade Balance, April 2021 Japan Industrial Production, March 2021
Thursday, May 20, 2021	<ul style="list-style-type: none"> US Philly Fed Business Index, May 2021 Eurozone Current Account Balance, March 2021 UK GfK Consumer Confidence, May 2021 China Loan Prime Rate 1Y / 5Y
Friday, May 21, 2021	<ul style="list-style-type: none"> US Manufacturing, Services & Composite PMI, May 2021 US Existing Home Sales, April 2021 Eurozone Consumer Confidence, May 2021 Eurozone Manufacturing, Services & Composite PMI, May 2021



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