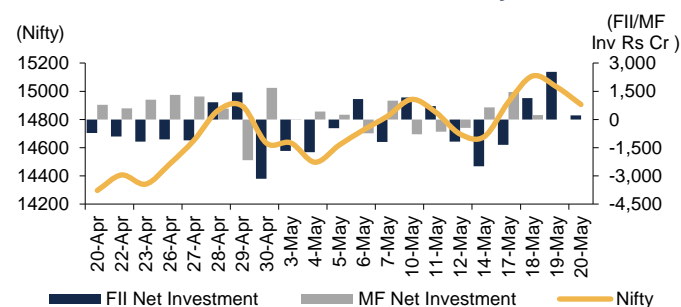


Indian equity benchmark indices' returns

Broad Indices	May 21	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	50,540	3.71	-0.69	63.39
Nifty 50	15,175	3.39	1.29	66.65
Nifty 500	12,918	3.57	3.85	72.92
S&P BSE 100	15,426	3.34	1.86	67.16
S&P BSE Midcap	21,486	4.77	7.24	89.07
S&P BSE Smallcap	23,130	4.19	16.45	119.28

FII and mutual fund investment vs. Nifty



Sectoral Indices	May 21	% chg week	% chg 3 Mth	% chg Year
S&P BSE Bankex	39,286	7.34	-2.60	92.51
S&P BSE Power	2,825	6.89	16.92	98.06
S&P BSE Realty Index	2,551	6.77	-7.84	96.16
S&P BSE Auto	23,167	5.15	-2.64	77.91
S&P BSE CD	32,683	3.51	2.66	78.57
S&P BSE CG	22,077	3.48	1.33	97.44
S&P BSE IT	26,724	2.27	5.03	93.69
S&P BSE Healthcare	24,474	1.59	14.73	58.39
S&P BSE Oil & Gas	15,803	1.41	2.39	41.99
S&P BSE FMCG	12,942	-0.37	5.37	24.93
S&P BSE Metal	18,642	-0.72	45.56	195.07

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	May 21	Previous Week	1 month ago
Call Rate	3.00%	2.40%	3.45%
10 Yr G-Sec [^]	5.97%	5.99%	6.08%

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

Currencies vs INR

Currency	May 21	Week ago	3 months ago	1 year ago
USD	72.83	73.29	72.64	75.61
GBP	103.53	103.05	100.99	92.28
Euro	89.06	88.74	87.68	82.95
Yen*	67.00	67.01	68.75	70.15

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equity markets recorded their best gains since the budget week. S&P BSE Sensex and Nifty 50 surged 3.7% and 3.4%, respectively.
- Market rose following rally in the banking sector, following upbeat earnings from a major public sector bank and a fall in Covid-19 cases.
- Investors cheered the news that the Reserve Bank of India (RBI) will transfer surplus of Rs 99122 crore to the government.
- Buying interest in power, realty and auto counters also supported the market.
- Shares of IndusInd Bank emerged the top gainer on the Nifty 50, rising 14% on week to settle at Rs 1016 per share benefitting from the broad-based buying in the banking sector.
- However, further gains were capped on profit booking and weak global cues.
- Sell-off in metal and fast moving consumer goods (FMCG) stocks also trimmed gains.
- Shares of Bharti Airtel emerged the biggest laggard on the Nifty 50, falling 5.3% on week to settle at Rs 530.95 per share following the announcement of its March quarter earnings.

2. Debt

- Government bond prices ended marginally higher after moving in a tight range over the week in the absence of strong triggers.
- The yield of the 10-year benchmark 5.85% 2030 paper settled at 5.98% on May 21, compared with 5.99% on May 14.
- The underlying sentiment for dated securities remained upbeat, following the RBI's bond purchase auction under G-SAP 1.0.
- In the second tranche of bond purchases under the centre's G-SAP 1.0, participants offered an amount totalling nearly Rs 1.22 lakh crore against the notified amount of Rs 35,000 crore.
- In the final session, market players remained on the sidelines, ahead of the outcome of the weekly debt auction.
- In the fully subscribed gilt sale, the RBI auctioned the 5.63% 2026 paper, the 6.64% 2035 paper, the 6.67% 2050 paper and a floating rate bond maturing in 2033 for a total notified Rs 32,000 crore.

3. Forex

- The rupee settled at its highest level against the US dollar in nearly two months, aided by foreign banks' dollar sales and tracking periodic gains in local equities.
- Greenback purchases by some importers prevented the rupee from appreciating further.
- The rupee was also impacted by the release of the US Federal Reserve's latest minutes, which raised concerns that the US central bank may begin tapering of asset purchases.
- The April meeting minutes revealed that several officials considered it appropriate to begin discussing regarding changes to the current asset purchases in the next meetings, if the US economy continued to progress.

International equity benchmark indices' returns

Indices	May 21	% chg week	% chg 3 Mth	% chg Year
DJIA*	34,084	-0.87	8.22	38.69
Nasdaq Composite*	13,536	0.79	-2.44	44.37
FTSE 100*	7,020	-0.34	5.97	15.70
Nikkei 225	28,318	0.83	-5.66	37.78
Straits Times	3,118	2.06	8.24	22.01
Hang Seng	28,458	1.54	-7.13	17.21
Shanghai Comp	3,487	-0.11	-5.67	21.57

*As of May 20

International debt market indicators

Indicators	May 21	May 14
US 10-Year*	1.63	1.64
UK 10-Year*	0.84	0.86
German 10-Year*	-0.11	-0.13
Japan 10-Year	0.08	0.08
3-M USD Libor*	0.15%	0.16%
6-M USD Libor*	0.18%	0.19%
1-Y USD Libor*	0.26%	0.27%

*As of May 20

Commodities

Commodity	May 21	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	65.11	-5.24	9.91	82.13
Indian gold (Rs per 10 gm)	48553.00	1.67	5.66	3.02
Indian Silver (Rs per Kg)	71245.00	1.26	4.51	44.18

* As of May 20

Source: Respective commodity exchanges, ibjrates.com

B. International

1. Equity

- Global equities posted mixed performance amid region-specific cues.
- US stocks ended mixed in the week, with Dow Jones dropping nearly 1%, while Nasdaq gained 0.8%.
- The market fell earlier after the US Federal Reserve's April monetary policy meeting minutes showed that the officials said a strong pickup in economic activity would warrant discussions about tightening monetary policy.
- Gains in technology stocks and fall in unemployment claims prevented further losses
- US initial unemployment claims fell to 444,000 in the week ended May 15, down from a revised 478,000 claims in the previous week.
- US retail sales remained unchanged in April, following an upwardly revised gain of 10.7% in March.
- Britain's FTSE fell 0.3%, following losses in commodity stocks and rising fears about monetary policy tightening amid rising domestic inflation.
- However, gains in industrial and banking stocks capped sharp losses.
- Other European equities ended lower, tracking weak global cues on fears over tighter monetary policies. France's CAC 40 fell 0.7%, while Germany's Dax shed 0.3%.
- Asian equities ended mixed. Japan's Nikkei gained 0.8%, on the back of positive cues and buying in chip-related stocks.
- Hong Kong's Hang Seng index rose 1.5%, led by gains in stocks of technology, telecom and materials firms.
- Sharp gains were capped, as resource firms retreated after Beijing committed to regulate the commodity markets.
- China's Shanghai Composite ended slightly lower, as gains owing to rally in energy and transport firms were cut short by soft domestic economic data.
- Factory output grew 9.8% in April, compared with a 14.1% surge in March.
- Retail sales rose 17.7% in April, much weaker than a 34.2% surge in March.

2. Commodity

- Crude oil prices fell in the week on concerns over rising COVID-19 cases in Asia and higher crude supply from Iran amid reports of progress in a deal to lift sanctions on the country.
- Indian gold prices rose in this week on improved demand from local stockists.
- Indian silver prices rose in this week due to crash in cryptocurrencies and weakening in dollar.

C. News summary

1. Domestic

- India's WPI based inflation hit an all-time high of 10.49% on-year in April 2021 due to rising prices of crude oil and manufactured products; it had soared to an eight-year high in March of 7.39%.
- Prime Minister Narendra Modi released the eighth installment of over Rs 20000 cr to more than 9.5 cr farmer beneficiaries under the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme.
- Government mopped up about Rs 4000 cr from sale of 1.95% stake in Axis Bank held through the Specified Undertaking of the Unit Trust of India (SUUTI).
- Government notified rules related to amended insurance laws that seek to increase foreign direct investment (FDI) limit in the insurance sector to 74% from the current 49%.
- Government hiked fertiliser subsidy by 140% to Rs 1200 per bag of Di-Ammonia Phosphate (DAP), costing the exchequer an additional Rs 14775 cr.
- RBI made it mandatory for Prepaid Payment Instrument (PPI) issuers to give the holders of KYC-compliant PPIs interoperability through authorised card networks and UPI, by March 31, 2022.
- RBI asked public sector banks to quickly implement measures announced by the central bank recently in the "right earnest", and to continue focussing on steps to enhance the resilience of their balance sheets.
- SEBI extended the due date for regulatory compliances by Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs) by one month.
- SEBI proposed an elaborate framework for setting up a gold exchange wherein the yellow metal will be traded in the form of electronic gold receipts and will help in having a transparent domestic spot price discovery mechanism.

2. International

- US industrial production rose 0.7% in April, compared with a 2.4% gain in March.
- Eurozone GDP decreased by 1.8% on-year in Q1 2021 compared to a decline of 4.9% in Q4 2020.
- China's one-year and five-year loan prime rates were kept unchanged at 3.85% and 4.65%, respectively.
- UK's unemployment rate dipped to 4.8% over the three months to March compared to 4.9% over the three months to February.
- Japan's GDP contracted 5.1% in the first quarter of 2021 compared with 11.7% growth in the fourth quarter of 2020.

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D. Week ahead

Day	Events
Monday, May 24, 2021	<ul style="list-style-type: none"> US Chicago Fed National Activity Index, April 2021
Tuesday, May 25, 2021	<ul style="list-style-type: none"> US Consumer Confidence, May 2021 US New Home Sales, April 2021 US Case Shiller House Price Index, March 2021 UK Public Sector Net Borrowing, April 2021
Wednesday, May 26, 2021	<ul style="list-style-type: none"> Japan Leading Economic Index, March 2021
Thursday, May 27, 2021	<ul style="list-style-type: none"> US GDP, Q1 2021 US Pending Home Sales Index, April 2021 US Durable Goods Orders, April 2021 Japan Unemployment Rate, April 2021
Friday, May 28, 2021	<ul style="list-style-type: none"> US Personal Income & Spending, April 2021 US Advance Goods Trade Balance, April 2021 US Chicago PMI, May 2021 US University of Michigan Consumer Sentiment, May 2021 Eurozone Economic, Consumer and Industrial Confidence, May 2021



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