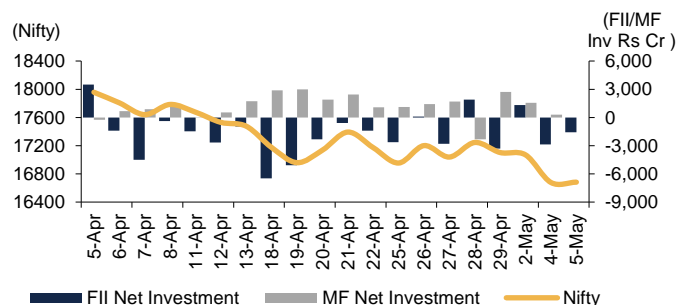


Indian equity benchmark indices' returns

Broad Indices	May 6	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	54,836	-3.90	-6.50	12.02
Nifty 50	16,411	-4.04	-6.31	11.45
Nifty 500	14,146	-4.31	-6.23	13.15
S&P BSE 100	16,852	-4.11	-5.36	12.68
S&P BSE Midcap	23,130	-5.28	-6.55	12.19
S&P BSE Smallcap	27,092	-5.31	-8.79	22.13

FII and mutual fund investment vs. Nifty



Sectoral Indices	May 6	% chg week	% chg 3 Mth	% chg Year
S&P BSE Power	4,839	1.33	22.39	90.49
S&P BSE Oil & Gas	19,412	-0.44	5.77	27.01
S&P BSE FMCG	13,717	-2.60	-0.77	8.04
S&P BSE IT	31,049	-2.94	-11.24	15.86
S&P BSE CG	26,324	-3.82	-11.29	27.61
S&P BSE Bankex	39,880	-3.98	-10.16	6.48
S&P BSE Metal	20,680	-4.50	1.88	10.78
S&P BSE Auto	23,962	-4.95	-8.16	8.79
S&P BSE Healthcare	22,916	-5.85	-7.31	-4.70
S&P BSE Realty Index	3,246	-8.02	-13.53	33.87
S&P BSE CD	38,963	-8.68	-9.53	22.74

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

Indicators	May 6	Previous Week	1 month ago
Call Rate	2.50%	3.30%	3.00%
10 Yr G-Sec^A	7.45%	7.14%	6.92%

*6.54% 2032 paper ^Weighted Average Yield

Currencies vs INR

Currency	May 6	Week ago	3 months ago	1 year ago
USD	76.93	76.43	74.69	73.77
GBP	94.94	96.00	101.36	102.65
Euro	81.31	80.58	85.64	88.86
Yen*	58.99	58.72	65.00	67.61

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equity indices ended in the red for the fourth straight week, following the Reserve Bank of India's (RBI) unexpected rate hike citing inflationary pressure. S&P BSE Sensex and Nifty 50 lost ~4% each.
- Investor sentiment further dampened on fear that the global central banks may choose an aggressive rate hike path to tame soaring inflation, which would hamper global growth recovery.
- Most of the sectors ended negative. Consumer durables, realty and healthcare declined the most; S&P BSE Consumer Durables, S&P BSE Realty and S&P BSE Healthcare fell 8.7%, 8.0% and 5.9%, respectively.
- However, some losses were trimmed after the US Federal Reserve's (Fed) rate hike was in line with expectations.
- Shares of Power Grid Corp emerged the top gainer on the Nifty 50, up ~5% on week to settle at Rs 238.4 per share following a surge in demand for electricity.
- Shares of Eicher Motors emerged the top decliner on the Nifty 50, down ~10% on week to settle at Rs 2362.45 per following its April auto sales numbers.

2. Debt

- Government bond prices plummeted sharply in the week ended May 06. Yield of the 10-year benchmark 6.54% 2032 settled at 7.45% on May 06 compared with 7.14% on April 29.
- Yield began the week on a lighter note due to record Goods and Services Tax collection and fall in global crude oil prices.
- Further gains in bond prices were capped by the central bank's surprise decision to hike key rates. The MPC hiked repo rate by 40 bps and CRR by 50 bps in an unscheduled meeting to curb inflation pressure. The decision staggered investors who were expecting the central bank to hike the repo rate by 25-50 bps in the upcoming June policy.
- Bond prices declined further, tracking rally in the US treasury yield amid inflation concerns.
- In the weekly debt sale, the RBI auctioned 5.74% GS (government security) 2026, GOI Floating Rate Bonds (FRB) 2028, 6.67% GS 2035, and 6.99% GS 2051 totalling a notified amount of Rs 32,000 crore.

3. Forex

- The rupee fell against the US dollar due to strong dollar index as investors feared that the rate hike by global central banks would not be sufficient to sooth mounting inflationary pressure.
- However, sharp losses in the local unit were capped after the RBI's unexpectedly hiked rates in an un-scheduled meet.
- Further, foreign fund inflows due to the initial share sale of the LIC also aided the upside of the local currency.

International equity benchmark indices' returns

Indices	May 6	% chg week	% chg 3 Mth	% chg Year
DJIA*	32,998	0.06	-5.96	-3.60
Nasdaq Composite*	12,318	-0.14	-12.63	-9.31
FTSE 100*	7,503	-0.55	-0.17	6.59
Nikkei 225	27,004	0.58	-1.59	-7.94
Straits Times	3,297	-1.77	-1.02	3.92
Hang Seng	20,002	-5.16	-18.60	-30.15
Shanghai Comp	3,002	-1.49	-10.71	-12.78

*As of May 5

International debt market indicators

Indicators	May 6	Apr 29
US 10-Year*	3.07%	2.89%
UK 10-Year*	1.96%	1.92%
German 10-Year*	1.03%	0.93%
Japan 10-Year	0.25%	0.22%^
3-M USD Libor^	1.37%	1.33%
6-M USD Libor^	1.97%	1.91%
1-Y USD Libor^	2.67%	2.63%

*As of May 5 ^As of Apr 28

Commodities

Commodity	May 6	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	110.90	3.51	18.90	60.82
Indian gold (Rs per 10 gm)	51,692.00	-0.70	7.08	10.00
Indian Silver (Rs per Kg)	62,530.00	-3.46	2.63	-9.77

*As of May 5

Source: Respective commodity exchanges, ibjrates.com

B. International

1. Equity

- Most global equities ended lower on region-specific cues.
- US stocks ended mixed this week, with Dow Jones gaining 0.06% and Nasdaq falling 0.14%.
- Markets gained earlier after the Fed's 50 bps hike in short-term interest rate to a range of 0.75-1%, the biggest hike since 2000, came in line with expectations.
- However, sharp gains in the markets were capped on concerns that the US Fed may need to hike interest rate more aggressively going ahead to control surging inflation.
- US ADP employment report showed that 247,000 private sector jobs were added by US companies in April compared with a revised 479,000 added in March.
- Britain's FTSE dropped 0.55%, dragged down by losses in consumer staples and healthcare shares.
- However, the market found some support due to strong corporate earnings and a pullback in sterling after the Bank of England warned of recession.
- Asian equities ended mixed. Japan's Nikkei gained 0.58% in a holiday-shortened week amid hopes of strong corporate earnings.
- However, gains were capped tracking similar trend in the global markets and on worries over rising Covid-19 cases.
- Hong Kong's Hang Seng slumped 5.16%, mirroring a similar sell-off in the Chinese markets owing to rising Covid-19 cases in the country and losses in technology shares.
- China's Shanghai Composite declined 1.49%, as the government tightened its zero Covid-19 policy amid rising daily cases, stoking worries over the economic health of the country.
- However, some losses were erased after China's central bank pledged monetary policy support to ensure ample liquidity.

2. Commodity

- Crude oil prices rose in this week amid supply worries after the European Union laid out plans for new sections against Russia including prohibition on oil.
- Gold prices fell this week tracking similar trend in the global metal prices amid intermittent strength in US dollar and US treasury yields.
- Silver prices declined this week due to demand worries following fear of slowdown in global economic growth.

C. News summary

1. Domestic

- The RBI's Monetary Policy Committee (MPC) increased the policy repo rate under the liquidity adjustment facility (LAF) by 40 basis points (bps) to 4.40%. Consequently, the standing deposit facility (SDF) rate stands adjusted to 4.15% from 3.75%, and the marginal standing facility (MSF) rate and the bank rate to 4.65% from 4.25% each.
- The RBI hiked the cash reserve ratio (CRR) by 50 bps to 4.5%, effective from the fortnight beginning May 21, 2022, aiming to drain out liquidity to the tune of Rs 87,000 crore from the system.
- The MPC has decided to remain accommodative while focusing on withdrawal of accommodation to ensure inflation remains within the target going forward, while supporting growth.
- India S&P Global manufacturing Purchasing Managers' Index (PMI) came in at 54.7 in April, from 54.0 in March, while the services PMI increased to 57.9 in April from 53.6 in March.
- The RBI issued guidelines pertaining to compensation of key managerial personnel and senior management of non-banking finance companies.
- SEBI tweaked the operational guidelines for depository participants and foreign portfolio investors (FPIs) relating to registration certificates.

2. International

- The Federal Reserve's officials voted unanimously to increase the benchmark rate by a half percentage point. It also decided to begin reducing its holding Treasuries and mortgage-backed securities from June at an initial combined monthly pace of \$47.5 billion, stepping up over three months to \$95 billion.
- US nonfarm payrolls rose by 428,000 in April, same as that of the downwardly revised figure for March. The unemployment rate remained unchanged in April at 3.6%.
- US ADP employment report showed that 247,000 private sector jobs were added by US companies in April compared to a revised 479,000 added in March.
- US ISM manufacturing index declined to 55.4 in April from 57.1 in March, while non-manufacturing index fell to 57.1 in April from 58.3 in March.
- Eurozone consumer confidence fell to -22 in April compared to a downwardly revised figure of -21.6 in March.
- The Bank of England raised the key Bank Rate by 25 bps to 1%, a 4th consecutive rate hike, pushing borrowing costs to the highest since early 2009.

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D. Week ahead

Day	Events
Monday, May 9, 2022	<ul style="list-style-type: none"> • US Wholesale Inventories, March 2022 • China Trade Balance, April 2022 • Japan Jibun Bank Composite /Services PMI, April 2022 • Japan Machine Tool Orders, April 2022
Tuesday, May 10, 2022	<ul style="list-style-type: none"> • Eurozone ZEW Survey – Economic Sentiment, May 2022
Wednesday, May 11, 2022	<ul style="list-style-type: none"> • US Consumer Price Index, April 2022 • China Consumer Price Index, April 2022 • China Producer Price Index, April 2022 • Japan Coincident Index, March 2022 • Japan Leading Economic Index, March 2022
Thursday, May 12, 2022	<ul style="list-style-type: none"> • US Producer Price Index, April 2022 • US Initial Jobless Claims, May 6, 2022 • UK GDP, Q1 2022 • UK Trade Balance, March 2022 • UK Industrial Production, March 2022 • Japan Trade Balance, March 2022 • Japan Eco Watchers Survey Outlook, April 2022 • India Industrial Production, March 2022 • India Consumer Price Index, April 2022
Friday, May 13, 2022	<ul style="list-style-type: none"> • US Export/Import Price Index, April 2022 • Eurozone Industrial Production, March 2022 • India Trade Balance, April 2022



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