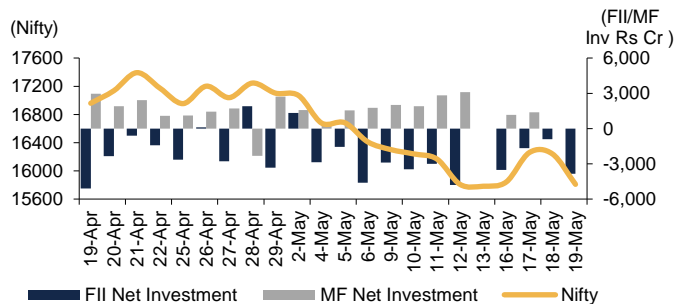


## Indian equity benchmark indices' returns

Broad Indices	May 20	% chg week	% chg 3 Mth	% chg Year
S&P BSE Sensex	54,326	2.90	-6.06	9.61
Nifty 50	16,266	3.07	-5.85	9.12
Nifty 500	13,895	3.14	-5.54	9.10
S&P BSE 100	16,588	3.01	-5.28	9.22
S&P BSE Midcap	22,507	3.17	-5.32	5.61
S&P BSE Smallcap	26,351	4.09	-5.03	14.67

## FII and mutual fund investment vs. Nifty



Sectoral Indices	May 20	% chg week	% chg 3 Mth	% chg Year
S&P BSE Metal	19,260	7.32	-4.55	3.69
S&P BSE CG	26,420	5.34	-7.08	19.99
S&P BSE FMCG	14,130	4.81	5.44	9.78
S&P BSE Auto	24,883	4.78	-3.97	8.41
S&P BSE Realty Index	3,191	4.35	-10.48	26.38
S&P BSE Power	4,377	3.83	13.35	57.14
S&P BSE Bankex	39,631	3.63	-7.97	4.64
S&P BSE Oil & Gas	19,002	2.87	5.10	21.09
S&P BSE Healthcare	22,938	2.78	-3.76	-5.84
S&P BSE CD	36,981	0.74	-12.92	13.73
S&P BSE IT	29,308	-2.20	-14.35	10.58

Source: BSE, NSE, SEBI, NSDL

## Indian debt market indicators

Indicators	May 20	Previous Week	1 month ago
Call Rate	3.30%	3.50%	3.85%
10 Yr G-Sec <sup>^</sup>	7.36%	7.31%	7.11%

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

## Currencies vs INR

Currency	May 20	Week ago	3 months ago	1 year ago
USD	77.54	77.44	74.66	73.10
GBP	96.76	94.40	101.85	103.24
Euro	81.98	80.34	85.02	89.10
Yen <sup>*</sup>	60.62	60.10	64.89	67.08

<sup>\*</sup>exchange rate represents 100 units of the currency

## Markets update

### A. Domestic

#### 1. Equity

- Indian equity indices snapped their five-week-long losing streak on broad-based buying across sectors after China's central bank cut its lending rates and the Covid-19 pandemic-led lockdowns eased in the country. S&P BSE Sensex and Nifty 50 rose around 3% each.
- Most sectors ended positive. Metal, capital goods and fast-moving consumer goods (FMCG) gained the most. S&P BSE Metal, S&P BSE Capital Goods and S&P BSE FMCG rose 7.3%, 5.3% and 4.8% respectively.
- However, persistent foreign fund outflows, fears over rising inflation, aggressive rate hike prospects and its impact on world economic growth, and a pullback in information technology stocks capped some gains. S&P BSE IT fell 2.2%.
- Shares of Eicher Motors emerged the top gainer on the Nifty 50, up ~11% on week to settle at Rs 2707.8 per share following its quarterly results.
- Shares of Tech Mahindra emerged the top decliner on the Nifty 50, down 6% on week to settle at Rs 1130.9 per share even as its quarterly earnings came as per expectations, but its margin fell short of estimates.

#### 2. Debt

- Government bond prices ended lower in the week ended May 20. Yield of the 10-year benchmark 6.54% 2032 settled at 7.36% on May 20 compared with 7.32% on May 13, 2022.
- Yields rose earlier owing to spike in global oil prices.
- Additional supply of gilts through the weekly auction weighed on the prices further. In the weekly debt sale held on May 20, the RBI auctioned 5.74% GS (government security) 2026, GOI FRB (floating rate bonds) 2034, GS 2036 and 6.99% GS 2051, totalling a notified amount of Rs 32,000 crore
- However, some losses were recouped on tracking a pullback in US Treasury yields.
- Prices also rose on short covering ahead of the Monetary Policy Committee's (MPC) latest meeting minutes.
- The MPC's minutes showed that several global issues hitting together prompted the central bank to hike the key interest rate in an off-cycle review.

#### 3. Forex

- The rupee slumped against the US dollar owing to rising crude oil prices and domestic inflation numbers.
- Further, the local currency was also under pressure after the Federal Reserve Chair Jerome Powell hinted at rate hike until there is "clear and convincing" evidence that inflation is retreated.
- However, sharp fall in the rupee was capped after dollar index retreated from 20-year high amid fall in US treasury yields.
- In addition, strong domestic equities markets also aided the local unit.

## International equity benchmark indices' returns

Indices	May 20	% chg week	% chg 3 Mth	% chg Year
DJIA*	31,253	-2.93	-8.29	-7.80
Nasdaq Composite*	11,389	-3.53	-15.94	-14.37
FTSE 100*	7,303	-1.56	-2.81	5.07
Nikkei 225	26,739	1.18	-1.41	-4.84
Straits Times	3,241	1.55	-5.49	4.21
Hang Seng	20,717	4.11	-14.84	-27.18
Shanghai Comp	3,147	2.02	-9.86	-10.28

\*As of May 19

## International debt market indicators

Indicators	May 20	May 13
US 10-Year*	2.86%	2.94%
UK 10-Year*	1.86%	1.74%
German 10-Year*	0.96%	0.94%
Japan 10-Year	0.22%	0.24%
3-M USD Libor*	1.50%	1.44%
6-M USD Libor*	2.03%	2.00%
1-Y USD Libor*	2.71%	2.65%

\*As of May 19

## Commodities

Commodity	May 20	% chg week	% chg 3 Mth	% chg Year
Brent Crude Oil (\$ per barrel)*	112.04	0.44	19.78	68.08
Indian gold (Rs per 10 gm)	51,027.00	1.11	2.11	5.14
Indian Silver (Rs per Kg)	62,004.00	4.90	-2.37	-13.33

\*As of May 19

Source: Respective commodity exchanges, ibjrates.com

## B. International

### 1. Equity

- Global equities ended mixed on region-specific cues.
- US stocks slumped as investors remained concerned over rising interest rates, elevated inflation, the Ukraine-Russia conflict and a slowdown in the Chinese economy.
- US existing home sales fell 2.4% on-month to a seasonally adjusted annual rate of 5.61 million in April compared with a 3% fall in March.
- However, sharp losses were prevented following strong retail sales data and gains in some technology stocks.
- US retail sales rose 8.2% on-year in April compared with an upwardly revised 7.3% rise in March.
- Britain's FTSE ended lower 1.56% amid fears of the broad impact of inflation on economic growth and due to disappointing earnings reports.
- However, gains in defensive, healthcare, resource-linked stocks and hopes of easing Covid-19 restrictions and regulatory crackdown by China chipped off losses.
- Asian equities ended higher. Japan's Nikkei gained 1.2% on bargain buying amid hopes of strong corporate earnings and on optimism over ending of Covid-19 lockdowns in China.
- Weak global cues owing to inflationary concerns and rate hike kept gains under check.
- Hong Kong's Hang Seng rallied 4% after China's central bank slashed lending rates and on hopes of reopening of the Chinese economy after ease in Covid-19 lockdowns.
- China's Shanghai Composite advanced 2% this week after the People's Bank of China reduced its five-year loan prime rate to 4.45% from 4.6% and ease in pandemic-led lockdown in the country.

### 2. Commodity

- Crude oil prices rose in this week following a hike in US gasoline prices, worries of EU-driven ban on Russian crude oil and demand hopes amid prospects of ease in Covid-19 lockdowns in China.
- Gold prices rose this week tracking similar trend in the global metal prices and intermittent weakness in the dollar index.
- Silver prices advanced this week tracking similar trend in gold and industrial metals.

## C. News summary

### 1. Domestic

- India's wholesale price index (WPI)-based inflation rose 15.08% on-year in April, from 14.55% in March, due to increasing commodity and vegetable prices.
- Finance Minister Nirmala Sitharaman said India's economic growth is likely to be robust at 8.9% in the current fiscal, reflecting the country's strong resilience and speedy recovery.
- The Union Cabinet approved a proposal to empower the Boards of public sector undertakings to recommend strategic divestment, stake sales, and closure of their subsidies and joint ventures.
- The Ministry of Finance rolled out a new Government Guarantee Policy, which aims to include all the changes in General Financial Rules and financial policies.
- The Reserve Bank of India's (RBI) board approved a transfer of Rs 30307 crore dividend as surplus to the government for the fiscal 2022.
- RBI directed all banks and white label ATM operators to provide the option of interoperable card-less cash withdrawal at their ATMs.
- RBI allowed rural cooperative banks to raise funds from people in their area of operation or existing shareholders through a variety of instruments.
- SEBI streamlined the process of trading in right entitlements on the stock exchange platform.
- SEBI eased the procedure and standardisation of formats of documents for transmission of securities.
- SEBI extended the relaxation to listed firms whereby they will not be required to dispatch physical copies of annual reports to their shareholders till December 31, 2022.

### 2. International

- US retail sales rose 8.2% on-year in April compared to an upwardly revised 7.3% rise in March.
- Eurozone GDP grew 5.1% on-year in Q1 2022, from 4.7% in the previous quarter.
- Eurozone inflation rose 7.4% on-year in April, same as that in March.
- UK annual inflation rate soared to 9% in April, from 7% in March.
- UK Gfk consumer confidence declined to a low of -40 in May, from -38 in April.
- Japan GDP contracted 1% on-year in Q1 2022, from a downwardly revised 3.8% growth in Q4 2021
- China industrial production declined by 2.9% on-year in April, from 5% gain in March.

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## D. Week ahead

Day	Events
Monday, May 23, 2022	<ul style="list-style-type: none"> <li>US Chicago Fed National Activity Index, April 2022</li> </ul>
Tuesday, May 24, 2022	<ul style="list-style-type: none"> <li>US S&amp;P Global Manufacturing/Services PMI, May 2022</li> <li>US New Home Sales, April 2022</li> <li>UK S&amp;P Global/CIPS Manufacturing/Services PMI, May 2022</li> <li>Eurozone S&amp;P Global Manufacturing/Services PMI, May 2022</li> <li>Japan Jibun Bank Manufacturing/Services PMI, May 2022</li> </ul>
Wednesday, May 25, 2022	<ul style="list-style-type: none"> <li>US Durable Goods Orders, April 2022</li> <li>US FOMC Minutes</li> <li>Japan Coincident Index, March 2022</li> <li>Japan Leading Economic Index, March 2022</li> </ul>
Thursday, May 26, 2022	<ul style="list-style-type: none"> <li>US GDP, Q1 2022</li> <li>US Initial Jobless Claims, May 20, 2022</li> <li>US Pending Home Sales, April 2022</li> </ul>
Friday, May 27, 2022	<ul style="list-style-type: none"> <li>US Goods Trade Balance, April 2022</li> <li>US Personal Income &amp; Spending, April 2022</li> <li>US PCE Price Index, April 2022</li> <li>US Michigan Consumer Sentiment Index, May 2022</li> <li>China Industrial Profits, April 2022</li> </ul>



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