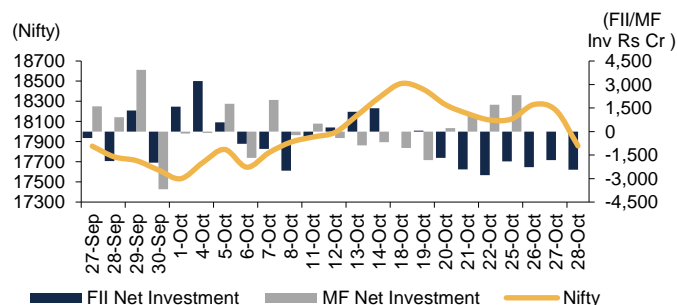


Indian equity benchmark indices' returns

| Broad Indices | Oct 29 | % chg week | % chg 3 Mth | % chg Year |
|------------------|--------|------------|-------------|------------|
| S&P BSE Sensex | 59,307 | -2.49 | 12.64 | 49.20 |
| Nifty 50 | 17,672 | -2.45 | 12.00 | 51.42 |
| Nifty 500 | 15,087 | -2.03 | 10.58 | 57.26 |
| S&P BSE 100 | 17,921 | -2.24 | 11.27 | 52.57 |
| S&P BSE Midcap | 25,278 | -1.13 | 10.06 | 70.65 |
| S&P BSE Smallcap | 27,983 | -1.25 | 5.19 | 87.89 |

FII and mutual fund investment vs. Nifty



| Sectoral Indices | Oct 29 | % chg week | % chg 3 Mth | % chg Year |
|----------------------|--------|------------|-------------|------------|
| S&P BSE Healthcare | 25,034 | -0.15 | -2.14 | 30.00 |
| S&P BSE CD | 43,219 | -0.57 | 19.38 | 79.56 |
| S&P BSE CG | 26,673 | -0.60 | 12.50 | 88.69 |
| S&P BSE Auto | 25,338 | -0.91 | 13.64 | 42.95 |
| S&P BSE Metal | 20,017 | -1.56 | -5.68 | 147.63 |
| S&P BSE FMCG | 14,003 | -2.11 | 4.00 | 27.25 |
| S&P BSE Realty Index | 3,985 | -2.34 | 25.74 | 125.75 |
| S&P BSE IT | 33,491 | -2.92 | 8.61 | 59.02 |
| S&P BSE Oil & Gas | 18,143 | -3.06 | 17.29 | 51.79 |
| S&P BSE Bankex | 44,651 | -3.15 | 13.52 | 61.52 |
| S&P BSE Power | 3,338 | -4.09 | 27.65 | 94.85 |

Source: BSE, NSE, SEBI, NSDL

Indian debt market indicators

| Indicators | Oct 29 | Previous Week | 1 month ago |
|--------------------------|--------|---------------|-------------|
| Call Rate | 3.25% | 3.25% | 2.85% |
| 10 Yr G-Sec [^] | 6.39% | 6.36% | 6.21% |

[^]6.10% 2031 paper [^]Weighted Average Yield

Currencies vs INR

| Currency | Oct 29 | Week ago | 3 months ago | 1 year ago |
|----------|--------|----------|--------------|------------|
| USD | 74.87 | 74.89 | 74.28 | 74.10 |
| GBP | 103.27 | 103.38 | 103.64 | 96.28 |
| Euro | 87.28 | 87.19 | 88.21 | 86.94 |
| Yen* | 65.85 | 65.81 | 67.63 | 71.11 |

*exchange rate represents 100 units of the currency

Markets update

A. Domestic

1. Equity

- Indian equities' losing streak continued into the second straight week, on profit-taking and weak global cues. The S&P BSE Sensex and Nifty50 declined 2.5% each.
- Market sentiment was dented by a global investment bank downgrading Indian equities to equal weight from overweight, due to expensive valuations, which, in turn, induced heavy selling by foreign institutional investors.
- Weak global cues following slow growth in the US and Europe, coupled with the crisis engulfing Chinese developers, kept markets under pressure.
- All sectoral counters ended on a negative note, with power, banking, and oil & gas falling the most. S&P BSE Power, S&P BSE Bankex and S&P BSE Oil & Gas fell about 4%, 3.2% and 3%, respectively.
- Shares of Axis Bank emerged the top laggard on the Nifty 50, declining 9.1% on week to settle at Rs 742 per share weighed by profit booking after the company reported a weak operating performance in the September quarter.
- Shares of UltraTech Cement emerged the top gainer on the Nifty 50, rising 6.8% on week to settle at Rs 7636.05 per share on expectation of strong demand outlook.

2. Debt

- Government bond prices ended lower. Yield on the 10-year benchmark paper settled at 6.39% on October 29 compared with 6.36% on October 22. For October, the yield hardened by 17 basis points.
- Foreign banks' purchases of local debt and expectation that the RBI would make an open market bond purchase announcement, provided support.
- Trimming of positions ahead of the weekly gilt sale weighed on bonds.
- Prices dipped further following the bond auction, which included the 10-year benchmark note.
- Apart from the 10-year benchmark bond, the RBI sold the 6.76% 2061 paper and a floating rate bond maturing in 2028, for a total notified Rs 24,000 cr.
- In the state development bond auction held on October 26, states raised a total notified Rs 20,625 cr via sale of dated securities.

3. Forex

- The rupee ended nearly flat following a volatile week.
- The rupee took cues from crude oil prices, which saw an uptick at the start of the week, but cooled in the second half.
- Expectation of IPO-related dollar inflows into the local financial market provided the rupee support.
- Month-end dollar demand from importers put the rupee under pressure.

International equity benchmark indices' returns

| Indices | Oct 29 | % chg week | % chg 3 Mth | % chg Year |
|-------------------|--------|------------|-------------|------------|
| DJIA* | 35,730 | 0.15 | 2.29 | 34.73 |
| Nasdaq Composite* | 15,448 | 2.37 | 4.64 | 40.38 |
| FTSE 100* | 7,249 | 0.62 | 3.32 | 29.85 |
| Nikkei 225 | 28,893 | 0.30 | 4.00 | 23.83 |
| Straits Times | 3,198 | -0.22 | 0.55 | 30.50 |
| Hang Seng | 25,377 | -2.87 | -3.56 | 3.22 |
| Shanghai Comp | 3,547 | -0.98 | 3.98 | 8.39 |

*As of Oct 28

International debt market indicators

| Indicators | Oct 29 | Oct 22 |
|-----------------|--------|--------|
| US 10-Year* | 1.57 | 1.66 |
| UK 10-Year* | 1.01 | 1.15 |
| German 10-Year* | -0.14 | -0.10 |
| Japan 10-Year | 0.10 | 0.09 |
| 3-M USD Libor* | 0.13% | 0.12% |
| 6-M USD Libor* | 0.19% | 0.17% |
| 1-Y USD Libor* | 0.37% | 0.32% |

*As of Oct 28

Commodities

| Commodity | Oct 29 | % chg week | % chg 3 Mth | % chg Year |
|----------------------------------|-----------|------------|-------------|------------|
| Brent Crude Oil (\$ per barrel)* | 84.32 | -1.41 | 12.82 | 115.54 |
| Indian gold (Rs per 10 gm) | 47,975.00 | 0.36 | -0.79 | -5.37 |
| Indian Silver (Rs per Kg) | 64,508.00 | -1.20 | -4.97 | 7.81 |

*As of Oct 28

Source: Respective commodity exchanges, ibjrates.com

B. International

1. Equity

- Global equities ended largely higher on tracking region-specific cues.
- US stocks closed higher this week as strong corporate earnings and an improved economic outlook lifted investor sentiments.
- Markets also rose after US President Joe Biden secured a new \$1.75 tn framework for economic and climate change spending.
- US gross domestic product (GDP) grew at an annualised 2.0% in the third quarter, compared with 6.7% in the previous quarter.
- The US consumer confidence index rose to 113.8 in October, from an upwardly-revised 109.8 in September.
- US new home sales soared by 14% to an annual rate of 800,000 in September, after falling by 1.4% to a downwardly-revised rate of 702,000 in August.
- However, some gains were dented following a sell-off in cyclical stocks and the Federal Reserve Chairman's comments on stimulus tapering.
- Britain's FTSE rose 0.62% on buying interest in mining, consumer staple, oil and auto-parts-related stocks.
- Asian equities ended on a mixed note. Japan's Nikkei closed higher at 0.30% following optimism over corporate earnings.
- However, sharp gains were capped by investor caution ahead of national elections over the weekend.
- The Bank of Japan left its key rates unchanged. The central bank cut its projected GDP rate for the current fiscal to 3.4% from the earlier forecast of 3.8% (made in July).
- Hong Kong's Hang Seng slumped around 3% as reports of Beijing issuing fresh regulations on data security dragged down tech stocks, along with weak earnings reports from insurance firms.
- China's Shanghai Composite declined around 1%, due to a sell-off in real estate stocks on a planned pilot real estate tax scheme and broking agencies downgrading Chinese developers.
- China's industrial profits rose 16.3% on-year to 738.74 bn yuan in September, as compared with a 10.1% gain in August.

2. Commodity

- Crude oil prices fell marginally in this week following a bigger-than-expected rise in US crude oil stockpiles.
- Gold prices rose in this week on improved demand from the local stockist ahead of festival.
- Indian silver prices fell in this week on tracking weakness in industrial metals.

C. News summary

1. Domestic

- According to the data released by the Controller General of Accounts (CGA), the government's fiscal deficit worked out to be Rs 5.26 lakh cr or 35% of the budget estimates at the end of September 2021 compared to 114.8% of the estimates over the corresponding period of the previous fiscal.
- India's growth of eight core industries fell to 4.4% in September from 11.5% in the previous month due to flat fertilizer production, decline in crude oil output and slowdown in expansion of electricity generation.
- Prime Minister Narendra Modi launched Rs 64000 cr PM Ayushman Bharat Health Infrastructure Mission, in a bid to strengthen the healthcare infrastructure across the country.
- Government released the balance Rs 44000 cr to states to meet GST compensation shortfall.
- Finance ministry gave nod to 8.5% rate of interest on provident fund deposit for fiscal 2021.
- RBI capped non-banking finance companies' (NBFC) IPO funding at Rs 1 cr per borrower, which will be effective from April 1, 2022.
- RBI came out with a revised scale-based regulatory framework for NBFCs, which will be effective from October 1, 2022.
- RBI proposed minimum 11.5% capital for Exim Bank, National Bank for Agriculture & Rural Development, National Housing Bank and Small Industries Development Bank of India, in line with Basel III framework to increase their resilience in periods of stress.
- SEBI proposed to revise the investment norms for schemes that invest in ESG theme; it proposed that from October 1, 2022, asset management companies should only invest in securities with Business Responsibility and Sustainability Report (BRSR) disclosures.

2. International

- US gross domestic product (GDP) grew at an annualized rate of 2.0% in the third quarter, compared to 6.7% growth in the previous quarter.
- US budget deficit totaled \$2.77 tn for 2021 compared with the all-time high of \$3.13 tn reached in 2020.
- Eurozone final consumer confidence came in at -4.8 in October, down from -4.0 in September.
- UK retail sales volume including auto fuel decreased 0.2% month-on-month in September, after easing by a revised 0.6% in August.
- China's industrial profits rose 16.3% on-year to 738.74 bn yuan in September compared to a 10.1% gain in August.
- Japan's inflation was up 0.2% on-year in September following the 0.4% drop in August.

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D. Week ahead

| Day | Events |
|------------------------|---|
| Monday, Nov 1, 2021 | <ul style="list-style-type: none"> US Markit Manufacturing PMI, October 2021 US ISM Manufacturing PMI, October 2021 UK Markit/CIPS Manufacturing PMI, October 2021 China Caixin Manufacturing PMI, October 2021 Japan Jibun Bank Manufacturing PMI, October 2021 India Markit Manufacturing PMI, October 2021 |
| Tuesday, Nov 2, 2021 | <ul style="list-style-type: none"> Eurozone Markit Manufacturing PMI, October 2021 India Trade Balance, October 2021 |
| Wednesday, Nov 3, 2021 | <ul style="list-style-type: none"> US ADP Employment Change, October 2021 US ISM Non-Manufacturing PMI, October 2021 US Fed Interest Rate Decision Eurozone Unemployment Rate, September 2021 China Caixin Composite/Services PMI, October 2021 India Markit Composite/Services PMI, October 2021 |
| Thursday, Nov 4, 2021 | <ul style="list-style-type: none"> US Trade Balance, September 2021 Eurozone Producer Price Index, September 2021 UK BoE Interest Rate Decision UK Construction PMI, October 2021 Japan Jibun Bank Composite/Services PMI, October 2021 |
| Friday, Nov 5, 2021 | <ul style="list-style-type: none"> US Non-Farm Payrolls & Unemployment Rate, October 2021 Eurozone Retail Sales, September 2021 |



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