

# Weekly Market Update

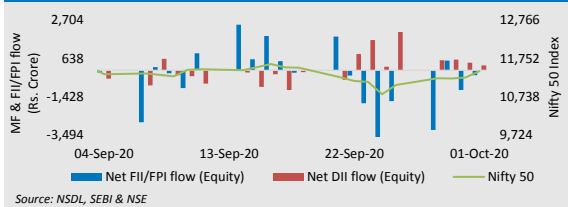
02 October, 2020

## Macro Economic Release

Indicators	Actual	Consensus	Previous
Trade Deficit (\$ billion) (Sep 2020)	2.9	NA	6.77
IHS Markit India Mfg. PMI (Sep 2020)	56.8	52.8	52.0
Current Acc Balance (\$ Billion) (Q1FY21)	19.8	NA	0.6
Fiscal Deficit (INR billion) (Apr-Aug FY21)	8703.47	NA	8213.49

Source: Refinitiv

## FII and DII Investment vs Nifty 50



Source: NSDL, SEBI &amp; NSE

## Macro economic Update

- The headline seasonally adjusted IHS Markit India Manufacturing Purchasing Managers' Index (PMI) increased from 52.0 in Aug 2020 to 56.8 in Sep 2020. The latest reading was thus the highest in over eight-and-a-half years. The improvement came on the back of increase in new orders and production as well as an improvement in business confidence.
- The Reserve Bank of India said India's current account surplus improved to \$19.8 billion or 3.9% of gross domestic product (GDP) in Jun quarter of 2020 from \$0.6 billion or 0.1% of GDP in the Mar quarter 2020. Deficit of \$15.0 billion or 2.1% of GDP was recorded in Jun quarter of 2019. Surplus was on account of a sharp contraction in the trade deficit due to steeper decline in merchandise imports relative to exports on a year-on-year basis.
- India's core output contracted 8.5% YoY in Aug 2020, worse than fall of 8% in Jul 2020. Infrastructure output contracted for the sixth consecutive month as production of petroleum refinery products and electricity shrank at a faster pace. Infrastructure output contracted 17.8% in the first five months of FY21 compared with 2.5% rise a year ago period.
- India's fiscal deficit for Apr to Aug 2020 stood at Rs. 8.70 lakh crore or 109.3% of the budgetary estimate for FY21. Deficit widening sharply from Rs. 5.54 lakh crore or 78.7% of the budgetary estimate in year ago period. Total expenditure came at Rs. 12.48 lakh crore and total receipt was at Rs. 3.77 lakh crore.

## Indian Equity Market Performance

Broad Indices	01-Oct-20	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	38,697	3.50	1.02	-6.20
Nifty 50	11,417	3.32	0.50	-6.18
S&P BSE 100	11,554	3.31	0.78	-5.57
Nifty 500	9,462	3.34	2.44	-4.16
Nifty Mid cap 50	4,722	4.13	9.69	0.45
Nifty Small cap 100	5,861	3.65	6.71	0.45

Sector Indices	01-Oct-20	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	18,010	3.86	7.89	-2.57
S&P BSE Bankex	25,264	6.08	-21.97	-31.11
S&P BSE CD	24,227	5.77	-6.36	-3.14
S&P BSE CG	13,851	2.95	-25.14	-18.25
S&P BSE FMCG	11,110	1.28	-4.66	-2.59
S&P BSE HC	19,886	2.47	60.92	48.08
S&P BSE IT	20,159	1.88	30.85	30.26
S&P BSE METAL	8,366	3.34	-6.28	-19.78
S&P BSE Oil & Gas	12,257	-0.36	-16.33	-16.87
S&P BSE Power	1,663	3.14	-12.95	-13.66
S&P BSE PSU	4,575	1.12	-30.41	-34.22
S&P BSE Realty	1,702	3.10	-10.47	-25.36
S&P BSE Teck	9,323	1.52	24.55	20.80

Source: BSE &amp; NSE

## Domestic Equity Market Update

- Indian equity markets settled for the week in the green, largely led by positive global cues. Market sentiments were buoyed by data showing China's economic recovery was gaining momentum.
- The first round of U.S. Presidential Debate between the President and the democrat candidate too had impacted investor sentiments. Additionally, optimism about a U.S. coronavirus relief package boosted the risk appetite.
- Back home, investors sentiments were buoyed after private survey results showed that India's manufacturing activity rose to the multi-year high in Sep on robust demand. Optimism around easing of COVID-19-related restrictions by the government too contributed to the gains.
- Nonetheless, concerns over rising COVID-19 cases continued to keep gains under pressure.
- On the BSE sectoral front, S&P BSE Bankex was the top gainer, up 6.08%, followed by S&P BSE Consumer Durables and S&P BSE Auto which rose 5.77% and 3.86%, respectively.
- Strong buying interest was seen in the stocks of one of the key leaders following reports that the bank will raise AT-1 bonds to the extent of Rs. 5,000 crore through issuance of Basel-III compliant debt instrument, within the overall capital raising plan approved earlier.

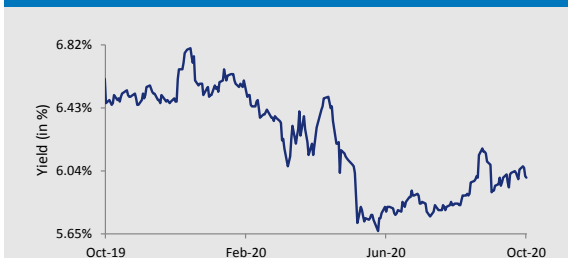
## Indian Debt Market Indicators

Broad Indices	01-Oct-20	Week Ago	Month Ago	6 Months Ago	Year Ago
Call Rate	3.44%	3.41%	3.42%	4.29%	5.26%
T-Repo	3.21%	3.23%	3.00%	0.55%	5.13%
Repo	4.00%	4.00%	4.00%	4.40%	5.40%
Reverse Repo	3.35%	3.35%	3.35%	4.00%	5.15%
3 Month CP	3.50%	3.60%	3.45%	5.80%	5.95%
1 Year CP	4.50%	4.50%	4.35%	6.50%	7.05%
3 Month CD	3.43%	3.54%	3.34%	4.95%	5.71%
1 Year CD	3.86%	4.01%	3.83%	5.12%	6.40%

Broad Indices	02-Oct-20	Week Ago	Month Ago	6 Months Ago	Year Ago
1 Year AAA Corporate Bond	5.67%	5.61%	4.97%	6.27%	6.86%
3 Year AAA Corporate Bond	5.83%	5.86%	5.77%	6.90%	7.31%
5 Year AAA Corporate Bond	6.80%	6.76%	6.60%	7.12%	7.50%
1 Year G-Sec <sup>[1]</sup>	3.57%	3.73%	3.63%	4.80%	5.68%
3 Year G-Sec <sup>[1]</sup>	4.91%	4.97%	4.79%	5.47%	6.05%
5 Year G-Sec <sup>[1]</sup>	5.30%	5.37%	5.17%	5.68%	6.40%
10 Year G-Sec <sup>[1]</sup>	6.00%	6.04%	5.92%	6.14%	6.66%
Forex Reserve (\$ in billion)	542.02 <sup>*</sup>	545.04 <sup>**</sup>	541.43 <sup>®</sup>	475.56 <sup>®®</sup>	433.59 <sup>®®®</sup>

Source: CCLIL, Refinitiv \* As on Sep 25, 2020; \*\* As on Sep 18, 2020; ® As on Aug 28, 2020; ®® As on Mar 27, 2020; ®®® As on Sep 27, 2019 [1] Data as on 01 Oct, 2020

## 10 - Year benchmark G-Sec Movement



Source: Refinitiv

## Domestic Debt Market Update

- Bond yields fell after the central government did not change its full-year borrowing target, dismissing fears of additional supply at least for some time.
- Yield on the 10-year benchmark paper (5.77% GS 2030) fell 4 bps to close at 6.00% compared to the previous week's close of 6.04% after moving in a range of 5.97% to 6.08%.
- RBI released scheduled calendar of government securities borrowings from Oct 2020 to Mar 2021 for an aggregated amount of Rs. 4,34,000 crore.
- RBI conducted the auction of open market operations (OMO) purchase and sale of Rs. 10,000 crore each, which were completely accepted. Sale consists of shorter end securities- 364 days T-bill (22-04-2021) and 364 T-bill (29-04-2021) and purchase consists of longer end securities- 7.72% GS 2025, 8.24% GS 2027 and 6.45% GS 2029.
- RBI has extended the way and means advances (WMA) limit and Overdraft (OD) regulations of the States/UTs announced on Apr 17, and Apr 7, 2020 for a further period of 6 months till Mar 31, 2021.

## Global Commodity Update

Commodities	02-Oct-20	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	36.89	-7.78	-29.60	-39.70
Brent Crude Oil (\$/barrel)	38.90	-6.92	-32.37	-41.08
Gold (\$/ounce)	1,898.70	2.08	26.64	25.16
Silver (\$/ounce)	23.70	3.67	35.00	32.92

Source: Refinitiv

## Currencies Update

Currency	02-Oct-20	Week Ago	Month ago	6 Months Ago	Year Ago
U.S. Dollar	73.29	73.67	73.27	76.40	71.14
GBP	94.81	93.89	97.81	94.67	87.50
Euro	85.85	85.68	86.85	82.93	77.96
100 Yen	69.58	69.74	69.00	70.78	66.37

Source: Refinitiv

## Global Equity Market Performance

Country/Region	Indices	02-Oct-20	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Russell 1000	1,868.62	1.75	17.13	4.73
U.K.	FTSE	5,902	1.02	-17.13	-21.75
France	CAC 40	4,825	2.01	-11.03	-19.29
Germany	DAX	12,689	1.76	6.40	-4.23
Japan	Nikkei 225	23,030	-0.75	5.75	-2.65
China <sup>[2]</sup>	Shanghai Composite	3,218	-0.04	10.77	5.51
Hong Kong <sup>[2]</sup>	Hang Seng	23,459	0.96	-9.92	-16.78
Singapore	Straits Times	2,496	0.96	-19.57	-22.55
Russia	RTS Index	1,148	-1.43	-12.61	-25.88
Brazil	Sao Paulo Se Bovespa	94,016	-3.08	-6.94	-18.70

Source: Refinitiv [2]Data as on 30 Sep, 2020

## Global Bond Yield Update

Indicators	02-Oct-20	Week ago	Month ago	6 Months Ago	Year ago
U.S. 10 Year Bond yield (%)	0.69	0.66	0.65	0.63	1.60
U.K. 10 Year Bond yield (%)	0.25	0.19	0.23	0.33	0.50
German 10 Year Bond yield (%)	-0.54	-0.53	-0.47	-0.44	-0.54
Japan 10 Year Bond yield (%)	0.02	0.00	0.04	-0.02	-0.17

Source: Refinitiv

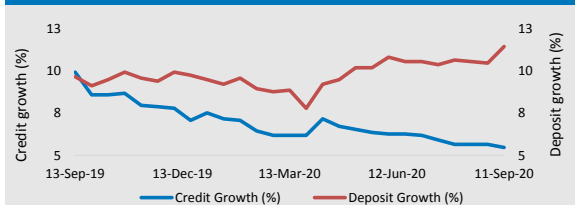
## Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
China NBS Manufacturing PMI(Sep)	30-Sep	51.50	51.20	51.00
U.K. GDP (QoQ)(Q2)	30-Sep	-19.80%	-20.40%	-20.40%
U.S. GDP Annualized(Q2)	30-Sep	-31.40%	-31.70%	-31.70%
U.S. Nonfarm Payrolls (Sep)	2-Oct	661K	850K	1489K

Source: FX Street; Refinitiv

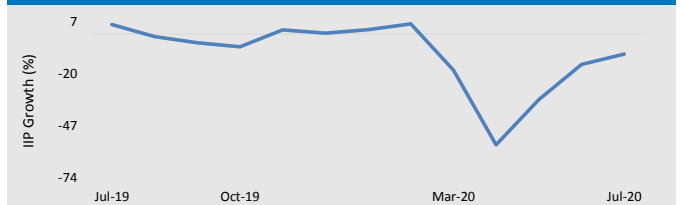
## Macro Economic Performance of India

### Credit growth vs Deposit growth



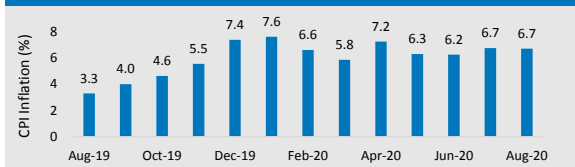
Source: Refinitiv

### IIP Growth (%)



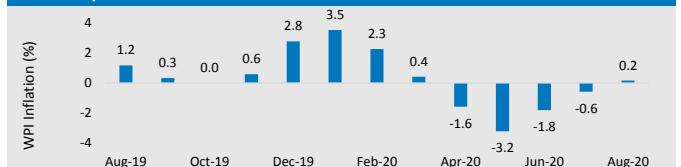
Source: Refinitiv

### Retail inflation movement



Source: Refinitiv

### Wholesale price inflation movement



Source: Refinitiv

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