

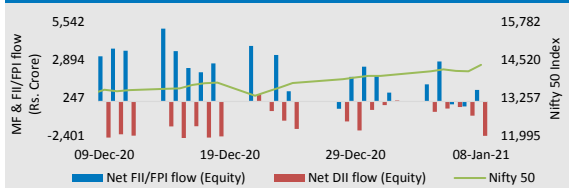
# Weekly Market Update

## Macro Economic Release

Indicators	Actual	Consensus	Previous
Nikkei India Serv. PMI (Dec 2020)	52.3	54.0	53.7
Nikkei India Mfg. PMI (Dec 2020)	56.4	56.6	56.3
Trade Deficit (\$ billion) (Nov 2020)	9.87	9.96	8.71
Infrastructure Growth (Nov 2020)	-2.6%	NA	-2.5%

Source: Refinitiv

## FII and DII Investment vs Nifty 50



Source: NSDL, SEBI &amp; NSE

## Macro economic Update

- According to first advance estimates of gross domestic product (GDP) released by the National Statistical Office, the central government projects the India's economy to contract by 7.7% in FY21. The agriculture sector estimate stood at 3.4%, mining estimate stood at -12.4% for FY21 for FY21. The report also mentioned that inability of India during the lockdown to contain the coronavirus to go about doing business had a profound impact on the economy.
- Data from a private survey showed that the growth in the Indian manufacturing ended a rough 2020 on a stronger note as manufacturers boosted production to meet increasing demand in Dec 2020. The seasonally adjusted IHS Markit India Manufacturing Purchasing Managers' Index (PMI) rose slightly to 56.4 in Dec 2020 from 56.3 in Nov 2020.
- Data from the private survey showed that the seasonally adjusted India Services Business Activity Index fell to 52.3 in Dec 2020 from 53.7 in Nov 2020. The Composite PMI Output Index fell from 56.3 in Nov 2020 to 54.9 in Dec 2020. The decline came as staff hiring came to a halt due to liquidity concerns, shortages in labour and subdued demand, while business optimism faded. Both manufacturing and service companies witnessed weaker expansions.

## Indian Equity Market Performance

Broad Indices	08-Jan-21	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	48,783	1.91	19.51	2.16
Nifty 50	14,347	2.35	19.31	2.61
S&P BSE 100	14,554	2.85	20.27	3.21
Nifty 500	11,926	3.03	21.79	3.54
Nifty Mid cap 50	6,390	7.11	36.33	8.81
Nifty Small cap 100	7,443	3.81	26.53	5.01

Sector Indices	08-Jan-21	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	21,998	4.82	23.42	5.70
S&P BSE Bankex	36,659	2.40	2.48	2.15
S&P BSE CD	31,191	2.74	27.71	2.62
S&P BSE CG	19,919	5.13	18.25	6.26
S&P BSE FMCG	12,595	-0.79	11.14	-0.11
S&P BSE HC	22,286	1.97	65.88	2.79
S&P BSE IT	25,836	5.58	64.62	6.55
S&P BSE METAL	12,658	9.06	23.15	9.13
S&P BSE Oil & Gas	14,732	4.19	2.47	4.56
S&P BSE Power	2,139	3.02	11.02	3.72
S&P BSE PSU	6,093	4.27	-9.92	5.38
S&P BSE Realty	2,584	3.32	14.02	4.28
S&P BSE Teck	11,837	5.63	52.12	6.63

Source: BSE &amp; NSE

## Domestic Equity Market Update

- Indian equity markets posted modest gains for the week, largely led by positive development on the coronavirus vaccine, optimism over strong third quarter corporate earnings from major companies and upbeat global cues.
- Initially, Sensex surpassed 48,000-mark following positive development on the COVID-19 vaccine front. Indian government decided to approve two vaccines namely, Serum Institute of India's Covidshield, and Bharat Biotech's Covaxin for restricted use in an emergency situation.
- Additionally, manufacturing PMI, remained in the expansion zone for fifth straight month and stood at 56.4 in Dec, which also contributed to the upside.
- Investors also keenly awaited the corporate earnings result for Q3FY21 from major companies. Market participants are expecting strong rebound on the earnings front due to uptrend in economic activity and record collections in GST.
- Bourses lost some sheen later after the World Bank said India's economy is estimated to contract 9.6% in FY21. Bouts of profit booking following recent rally too weighed on the bourses. Advanced estimates by the government of India's Gross Domestic Product (GDP) for FY21 also impacted market sentiments. The data is expected to help market participants assess the overall health of the nation's economy.
- However, markets witnessed strong turnaround subsequently on the back of positive global cues as the prospects of more fiscal stimulus under the new U.S. President Elect's administration and the rollout of coronavirus vaccines raised hopes for an economic recovery.
- On the BSE sectoral front, major indices closed in the green. S&P BSE Metal was the top gainer, up 9.06%, followed by S&P BSE Teck and S&P BSE IT, which rose 5.63% and 5.58%, respectively. Strong buying was seen in major stocks across all the sectors, on hopes of robust Q3FY21 earning numbers.

## Indian Debt Market Indicators

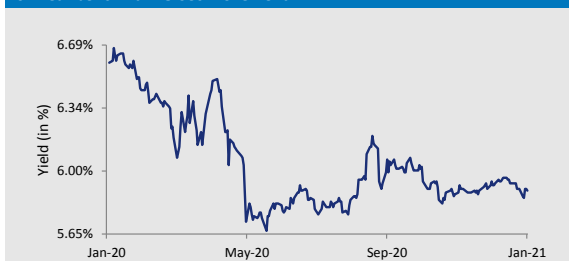
Broad Indices	08-Jan-21	Week Ago	Month Ago	6 Months Ago	Year Ago
Call Rate	3.18%	3.20%	3.09%	3.51%	4.91%
T-Repo	3.22%	2.66%	3.13%	3.14%	4.90%
Repo	4.00%	4.00%	4.00%	4.00%	5.15%
Reverse Repo	3.35%	3.35%	3.35%	3.35%	4.90%
3 Month CP	3.45%	3.55%	3.30%	3.80%	5.80%
1 Year CP	4.20%	4.25%	4.05%	4.65%	6.80%
3 Month CD	3.03%	2.99%	3.53%	3.25%	5.05%
1 Year CD	3.79%	3.77%	3.70%	3.91%	6.10%

Source: CIL, Refinitiv \* As on Jan 01, 2021; \*\* As on Dec 25, 2020; @ As on Dec 04, 2020; @@@ As on Jul 03, 2020; @@@@ As on Jan 03, 2020

Broad Indices	08-Jan-21	Week Ago	Month Ago	6 Months Ago	Year Ago
1 Year AAA Corporate Bond	4.47%	4.71%	4.95%	5.31%	6.62%
3 Year AAA Corporate Bond	5.40%	5.40%	5.39%	5.83%	7.35%
5 Year AAA Corporate Bond	6.35%	6.30%	6.41%	6.39%	7.52%
1 Year G-Sec	3.67%	3.71%	3.78%	3.67%	5.47%
3 Year G-Sec	4.39%	4.40%	4.52%	4.32%	6.31%
5 Year G-Sec	5.11%	5.10%	5.11%	4.98%	6.39%
10 Year G-Sec	5.89%	5.90%	5.94%	5.78%	6.56%
Forex Reserve (\$ in billion)	585.32*	580.84**	579.35@	513.25@@	461.16@@@

Source: As on Jan 03, 2020

## 10 - Year benchmark G-Sec Movement



Source: Refinitiv

## Domestic Debt Market Update

- Bond yields inched down during the week under review on hopes that the Reserve Bank of India (RBI) would continue to purchase sovereign debt through open market operations. Market sentiments were further boosted after the benchmark note was included in special open market operation for next week. However, rise in U.S. Treasury yields, increase in global crude oil prices and profit booking to some extent neutralized most of the gains.
- Yield on the 10-year benchmark paper (5.77% GS 2030) fell marginally by 1 bps to close at 5.89% compared to the previous week's close of 5.90%.
- RBI following a review of current liquidity and financial conditions decided to conduct simultaneous purchase and sale of government securities under Open Market Operations (OMO) for an aggregate amount of Rs. 10,000 crores each on Jan 14, 2021.
- RBI announced the auction of government securities for eleven states for a notified amount of Rs. 13,294 crore. The auction would be carried out on Jan 12, 2021.

## Global Commodity Update

Commodities	08-Jan-21	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	52.67	8.82	-12.03	8.82
Brent Crude Oil (\$/barrel)	56.24	8.74	-14.49	8.74
Gold (\$/ounce)	1,848.26	-2.63	18.80	-2.54
Silver (\$/ounce)	25.37	-3.76	40.30	-3.75

Source: Refinitiv

## Currencies Update

Currency	08-Jan-21	Week Ago	Month ago	6 Months Ago	Year Ago
U.S. Dollar	73.33	73.12	73.72	74.94	71.51
GBP	99.46	99.96	98.44	94.50	93.66
Euro	89.60	89.19	89.21	84.90	79.40
100 Yen	70.54	70.85	70.76	69.86	65.51

Source: Refinitiv

## Global Equity Market Performance

Country/Region	Indices	08-Jan-21	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Russell 1000	2,163.49	2.01	20.36	2.01
U.K.	FTSE	6,873	6.39	-9.26	6.39
France	CAC 40	5,707	2.80	-5.37	2.80
Germany	DAX	14,050	2.41	5.48	2.41
Japan	Nikkei 225	28,139	2.53	21.26	2.53
China	Shanghai Composite	3,570	2.79	16.41	2.79
Hong Kong	Hang Seng	27,878	2.38	-0.75	2.38
Singapore	Straits Times	2,993	5.25	-7.79	5.25
Russia	RTS Index	1,467	5.70	-7.71	5.70
Brazil	Sao Paulo Se Bovespa	125,077	5.09	7.60	5.09

Source: Refinitiv

## Global Bond Yield Update

Indicators	08-Jan-21	Week ago	Month ago	6 Months Ago	Year ago
U.S. 10 Year Bond yield (%)	1.11	0.91	0.91	0.65	1.87
U.K. 10 Year Bond yield (%)	0.29	0.20	0.26	0.18	0.82
German 10 Year Bond yield (%)	-0.52	-0.57	-0.61	-0.44	-0.26
Japan 10 Year Bond yield (%)	0.04	0.02	0.02	0.01	-0.01

Source: Refinitiv

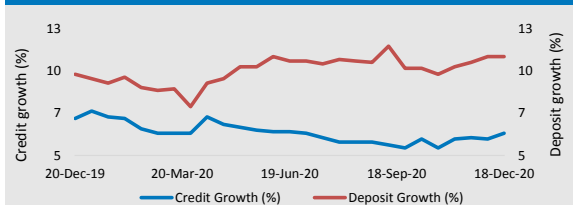
## Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
U.S. Markit Mfg PMI Final Dec 2020	4-Jan	57.10	NA	56.50
U.S. ISM Manufacturing PMI Dec 2020	5-Jan	60.70	56.60	57.50
U.S. Markit Comp Final PMI Dec 2020	6-Jan	55.30	NA	55.70
U.S. ISM N-Mfg PMI Dec 2020	7-Jan	57.20	54.60	55.90

Source: FX Street, Refinitiv

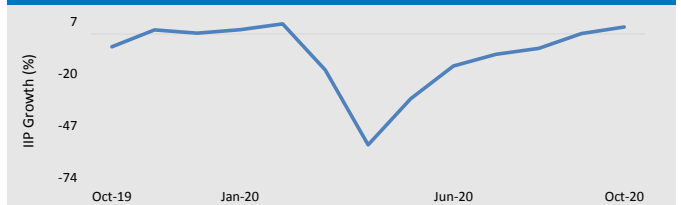
## Macro Economic Performance of India

### Credit growth vs Deposit growth



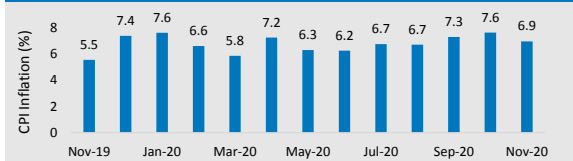
Source: Refinitiv

### IIP Growth (%)



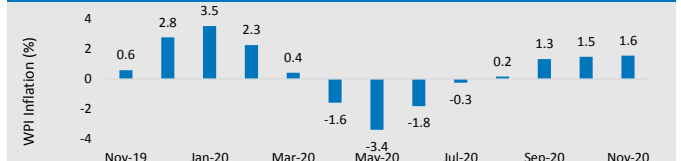
Source: Refinitiv

### Retail inflation movement



Source: Refinitiv

### Wholesale price inflation movement



Source: Refinitiv

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