

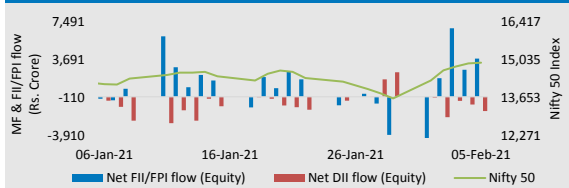
Weekly Market Update

Macro Economic Release

Indicators	Actual	Consensus	Previous
Nikkei India Services PMI (Jan 2021)	52.8	53	52.3
Nikkei India Mfg PMI (Jan 2021)	57.7	56	56.4
Forex Reserve (Jan 2021)	590.19	NA	585.33
Fiscal Deficit % of BE (Dec 2020)	145.47	NA	135.06

Source: Refinitiv

FII and DII Investment vs Nifty 50



Source: NSDL, SEBI & NSE

Indian Equity Market Performance

Broad Indices	05-Feb-21	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	50,732	9.61	23.31	6.24
Nifty 50	14,924	9.46	23.45	6.74
S&P BSE 100	15,045	9.04	23.23	6.70
Nifty 500	12,280	8.65	23.40	6.61
Nifty Mid cap 50	6,581	9.64	32.49	12.07
Nifty Small cap 100	7,637	6.41	23.07	7.75

Sector Indices	05-Feb-21	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	24,228	9.49	32.76	16.42
S&P BSE Bankex	40,302	16.27	13.59	12.30
S&P BSE CD	31,793	5.63	17.61	4.61
S&P BSE CG	21,666	11.21	26.44	15.58
S&P BSE FMCG	12,775	4.55	9.81	1.31
S&P BSE HC	21,806	5.71	56.35	0.57
S&P BSE IT	25,471	2.62	57.72	5.04
S&P BSE METAL	12,327	11.75	25.04	6.27
S&P BSE Oil & Gas	14,619	5.84	2.63	3.75
S&P BSE Power	2,230	11.25	17.52	8.15
S&P BSE PSU	6,639	15.95	1.21	14.84
S&P BSE Realty	2,713	12.20	9.05	9.50
S&P BSE Teck	11,679	2.62	44.71	5.21

Source: BSE & NSE

Macro economic Update

- The Finance Minister in the Union Budget pegged the fiscal deficit target at 9.5% of GDP for FY21 and at 6.8% of GDP for FY22. The Finance Minister also proposed a sharp increase in capital expenditure from Rs. 4.39 lakh crore in FY21 (Revised Estimate) to Rs. 5.54 lakh crore in FY22 (Budget Estimate) in FY22. The Nominal GDP for FY22 was projected at 14.4%. The government also announced to borrow Rs. 80,000 crore in the remaining two months to meet FY21 expenditure
- The Monetary Policy Committee (MPC) in its monetary policy review kept key policy repo rate unchanged at 4.0% and decided to continue with the accommodative stance on the monetary policy. The MPC also decided to gradually restore the cash reserve ratio (CRR) in two phases in a non-disruptive manner. Banks moving ahead would be required to maintain the CRR at 3.5% of Net Demand and Time Liabilities (NDTL) with effect from Mar 27, 2021 and 4.0% of NDTL with effect from May 22, 2021.
- MPC is of the view that core inflation is at elevated levels which it attributed to higher prices of petroleum and diesel. Prices of petroleum and diesel are currently at a historical high due a surge in global crude oil prices and high indirect taxes both at the Central level and state level. As a result, MPC decided to maintain status quo on the monetary policy in order to closely assess the evolving outlook for inflation and ensure that the domestic economy returns to a higher growth trajectory.

Domestic Equity Market Update

- Indian equity exhibited robust performance as investor sentiments remained upbeat following the Union Budget announcements for FY22.
- Market participants cheered after Finance Minister, in the Union Budget FY22, held on Feb 1, proposed doubling healthcare spending, recapitalisation of public-sector banks and divestment of some state-owned lenders, aiming to bolster an economy that plunged into its deepest recorded slump amid the virus outbreak.
- Markets extended the rally for the remaining week as the post-Budget buying euphoria continued unabated for the third straight day. Bourses also witnessed strong foreign fund inflow (net) from FPIs after Finance Minister presented Budget proposals for FY22.
- Gains were also supported after MPC kept key interest rates unchanged and maintained the policy stance as 'accommodative' in its bi-monthly monetary policy meeting held on Feb 5. Better than expected earning numbers reported by India's biggest public sector bank also buoyed market sentiments.
- On the BSE sectoral front, all the major indices rose on the back of strong buying interest. S&P BSE Bankex was the top gainer, up 16.27%, followed by S&P BSE Realty and S&P BSE Metal, which went up 12.20% and 11.75%, respectively. Encouraging earning numbers for Dec quarter from major companies supported gains across all the sectors.

Indian Debt Market Indicators

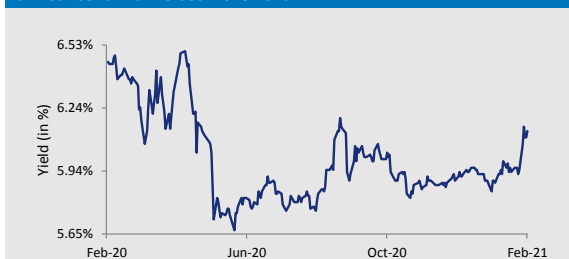
Broad Indices	05-Feb-21	Week Ago	Month Ago	6 Months Ago	Year Ago
Call Rate	3.26%	3.26%	3.15%	3.41%	4.93%
T-Repo	3.19%	3.23%	2.96%	3.00%	4.94%
Repo	4.00%	4.00%	4.00%	4.00%	5.15%
Reverse Repo	3.35%	3.35%	3.35%	3.35%	4.90%
3 Month CP	3.85%	3.90%	3.50%	3.65%	5.80%
1 Year CP	4.55%	4.55%	4.20%	4.45%	6.70%
3 Month CD	3.36%	3.34%	2.99%	3.31%	5.47%
1 Year CD	4.04%	3.97%	3.77%	3.77%	5.99%

Source: CIL, Refinitiv * As on Jan 29, 2021; ** As on Jan 22, 2021; *** As on Jan 01, 2021; **** As on Jul 31, 2020; ***** As on Jan 31, 2020

Broad Indices	05-Feb-21	Week Ago	Month Ago	6 Months Ago	Year Ago
1 Year AAA Corporate Bond	4.79%	4.64%	4.67%	4.87%	6.67%
3 Year AAA Corporate Bond	5.73%	5.47%	5.44%	5.94%	7.06%
5 Year AAA Corporate Bond	6.63%	6.38%	6.30%	6.43%	7.27%
1 Year G-Sec	4.06%	3.90%	3.69%	3.62%	5.41%
3 Year G-Sec	4.94%	4.71%	4.34%	4.73%	6.11%
5 Year G-Sec	5.58%	5.30%	5.03%	4.98%	6.28%
10 Year G-Sec	6.07%	5.95%	5.85%	5.83%	6.51%
Forex Reserve (\$ in billion)	590.19*	585.33**	585.32***	534.57****	471.30*****

Source: CIL, Refinitiv * As on Jan 29, 2021; ** As on Jan 22, 2021; *** As on Jan 01, 2021; **** As on Jul 31, 2020; ***** As on Jan 31, 2020

10 - Year benchmark G-Sec Movement



Source: Refinitiv

Domestic Debt Market Update

- Bond yields surged after the government announced a sharply higher than anticipated borrowing for FY22 and also increased this year's borrowing in the Union Budget 2021-22.
- However, losses retreated on hopes that the Reserve Bank of India would continue to buy government securities to smoothen the effect of substantial hike in government borrowing. Meanwhile at the weekly government auction, RBI cancelled the auction of the 10-year benchmark paper.
- Yield on the new 10-year benchmark paper (5.85% GS 2030) surged 12 bps to close at 6.07% from the previous week's close of 5.95%.
- RBI conducted the auction of four government securities- 3.96% GS 2022, 5.15% GS 2025, 5.85% GS 2030 and 6.80% GS 2060 for an aggregate amount of Rs. 31,000 crore, out of which Rs. 9,000 crore was accepted. 5.15% GS 2025 and 5.85% GS 2030 papers did not receive any bids while 3.96% GS 2022 and 6.80% GS 2060 saw development on primary dealers for cumulative amount of Rs. 8,810.04 crore. The cut off on the accepted papers stood at Rs. 99.51/4.2499% and Rs. 101.37/6.7002%, respectively.

Global Commodity Update

Commodities	05-Feb-21	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	57.06	9.48	11.55	17.89
Brent Crude Oil (\$/barrel)	59.59	6.64	7.25	15.22
Gold (\$/ounce)	1,811.62	-1.87	16.40	-4.48
Silver (\$/ounce)	26.83	-0.64	52.48	1.78

Source: Refinitiv

Currencies Update

Currency	05-Feb-21	Week Ago	Month ago	6 Months Ago	Year Ago
U.S. Dollar	72.81	72.88	73.12	74.80	71.18
GBP	99.99	99.83	99.60	98.07	92.53
Euro	87.68	88.44	89.91	88.72	78.28
100 Yen	69.09	69.60	71.18	70.83	64.81

Source: Refinitiv

Global Equity Market Performance

Country/Region	Indices	05-Feb-21	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Russell 1000	2,204.27	4.90	19.53	3.93
U.K.	FTSE	6,489	1.28	-13.27	0.45
France	CAC 40	5,659	4.82	-5.45	1.94
Germany	DAX	14,057	4.64	4.29	2.46
Japan	Nikkei 225	28,779	4.03	23.41	4.86
China	Shanghai Composite	3,496	0.38	24.07	0.67
Hong Kong	Hang Seng	29,289	3.55	9.34	7.56
Singapore	Straits Times	2,907	0.16	-9.16	2.23
Russia	RTS Index	1,432	4.69	-8.25	3.19
Brazil	Sao Paulo Se Bovespa	120,240	4.50	3.63	1.03

Source: Refinitiv

Global Bond Yield Update

Indicators	05-Feb-21	Week ago	Month ago	6 Months Ago	Year ago
U.S. 10 Year Bond yield (%)	1.17	1.09	0.96	0.54	1.65
U.K. 10 Year Bond yield (%)	0.48	0.33	0.21	0.13	0.62
German 10 Year Bond yield (%)	-0.44	-0.52	-0.58	-0.51	-0.37
Japan 10 Year Bond yield (%)	0.06	0.05	0.02	0.01	-0.03

Source: Refinitiv

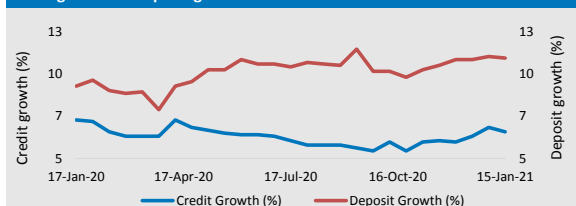
Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
U.S. ISM Manufacturing PMI (Jan)	1-Feb	58.70	60.00	60.50
Euro Zone GDP Growth Rate YoY Flash (Q4)	2-Feb	-0.05	-0.05	-0.04
Bank of England Interest Rate Decision	4-Feb	0.10%	0.10%	0.10%
U.S. Non Farm Payrolls (Jan)	5-Feb	49K	50K	-227K

Source: FX Street, Refinitiv

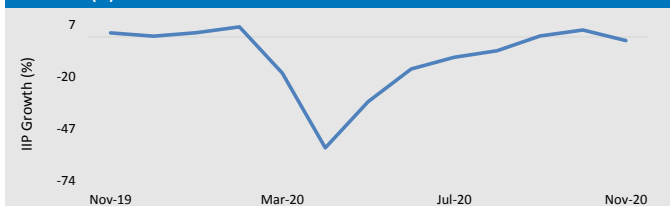
Macro Economic Performance of India

Credit growth vs Deposit growth



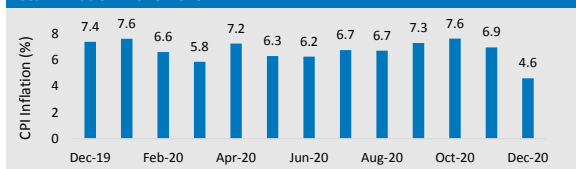
Source: Refinitiv

IIP Growth (%)



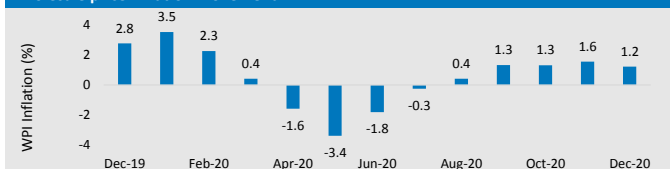
Source: Refinitiv

Retail inflation movement



Source: Refinitiv

Wholesale price inflation movement



Source: Refinitiv

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