

Weekly Market Update

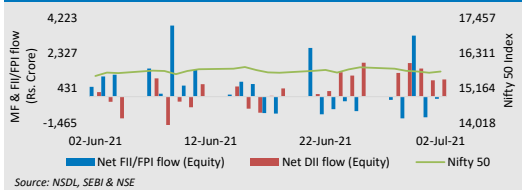
02 July, 2021

Macro Economic Release

Indicators	Actual	Consensus	Previous
India Manufacturing PMI (Jun 2021)	48.1	49.5	50.8
WPI Inflation (May 2021)	12.94%	13.07%	10.49%
Trade Deficit (\$ billion) (May 2021)	6.28	6.32	15.09
Fiscal Deficit % of BE (May 2021)	8.17	NA	5.22

Source: Refinitiv

FI and DII Investment vs Nifty 50



Source: NSDL, SEBI & NSE

Indian Equity Market Performance

Broad Indices	02-Jul-21	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE Sensex	52,485	-0.83	46.43	9.91
Nifty 50	15,722	-0.87	49.00	12.45
S&P BSE 100	16,015	-0.66	50.40	13.58
Nifty 500	13,494	-0.33	56.04	17.16
Nifty Mid cap 50	7,439	-0.51	78.35	26.67
Nifty Small cap 100	9,903	2.19	110.90	39.72

Sector Indices	02-Jul-21	% Change (WoW)	% Change (YoY)	% Change (YTD)
S&P BSE AUTO	23,945	-0.09	52.65	15.06
S&P BSE Bankex	39,451	-1.44	58.50	9.93
S&P BSE CD	36,058	1.17	73.17	18.64
S&P BSE CG	22,776	-1.33	76.63	21.51
S&P BSE FMCG	13,583	0.86	19.60	7.72
S&P BSE HC	26,004	3.60	59.68	19.94
S&P BSE IT	30,030	-0.09	96.22	23.84
S&P BSE METAL	18,433	-1.45	152.82	58.91
S&P BSE Oil & Gas	16,093	-2.49	24.80	14.22
S&P BSE Power	2,681	-4.26	69.70	30.00
S&P BSE PSU	7,780	-0.52	57.07	34.56
S&P BSE Realty	2,746	-0.60	73.96	10.79
S&P BSE Teck	13,163	-0.73	70.13	18.58

Source: BSE & NSE

Macro economic Update

Data from Reserve Bank of India showed that India's current account balance recorded a deficit of US\$ 8.1 billion (1% of GDP) in Q4 of FY21 from a surplus of US\$ 0.6 billion (0.1% of GDP) in Q4 of FY20. India has a current account deficit of US\$ 2.2 billion (0.3% of GDP) in Q3 of FY21. The current account deficit in Q4 of FY21 was primarily due to higher trade deficit and lower net invisible receipts than in the corresponding period of the previous year.

- The index of eight core industries witnessed a growth of 16.8% in May 2021 as against growth of 60.9% in the previous month and a contraction of 21.4% in the same period of the previous year. The steel sector witnessed the growth of 59.3% in May followed by natural gas and refinery product sector.
- India's fiscal deficit stood at 8.20% of GDP. The revenue deficit stood at 5.70 % of GDP. Total receipts stood at Rs. 3.55 lakh crore or 18% of the budget estimate as compared to 2% in the corresponding period of the previous year. Total expenditure stood at Rs. 4.78 lakh crore or 13.7% of the budget estimate as compared to 16.8% in the corresponding period of the previous year.
- IHS Markit survey showed India's Manufacturing Purchasing Managers' Index (PMI) fell to 48.1 in Jun 2021 from 50.8 in May 2021. The manufacturing sector slowed to 11-month low in Jun as measures to contain the coronavirus put manufacturing into "reverse gear".

Domestic Equity Market Update

- Indian equity markets settled for the week in the negative territory. Market sentiments were dampened by weak cues from global peers due to the outbreak of delta variant of COVID cases across Asia.
- However, the downturn was restricted by reports of relief measures announced by the finance minister to support the domestic economy, which is battered by a second wave of COVID-19, and is bracing for a possible third wave.
- Markets retreated as geo-political risk kept investors cautious as India deployed additional 50,000 troops along the China border.
- Investor sentiments soured after IHS Markit India Manufacturing Purchasing Managers' Index (PMI) slipped to 48.1 in June from 50.8 in May and 55.5 in Apr.
- On the BSE sectoral front, majority of the indices closed in the red. S&P BSE Power was the major loser, down 4.26%, followed by S&P BSE Oil & Gas and S&P BSE Metal, which slipped 2.49% and 1.45%, respectively.
- Meanwhile, S&P BSE Healthcare, S&P BSE Consumer Durables and S&P BSE FMCG were the only gainers, up 3.60%, 1.17% and 0.86%, respectively.

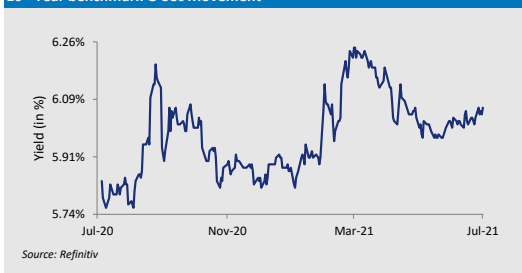
Indian Debt Market Indicators

Broad Indices	02-Jul-21	Week Ago	Month Ago	6 Months Ago	Year Ago
Call Rate	3.14%	3.13%	3.12%	3.20%	3.51%
T-Rate	3.23%	3.24%	3.23%	2.66%	2.94%
Repo	4.00%	4.00%	4.00%	4.00%	4.00%
Reverse Repo	3.35%	3.35%	3.35%	3.35%	3.35%
3 Month CP	3.80%	3.65%	3.62%	3.55%	3.90%
1 Year CP	4.50%	4.50%	4.40%	4.25%	4.80%
3 Month CD	3.57%	3.60%	3.44%	2.99%	3.22%
1 Year CD	4.05%	4.03%	4.17%	3.77%	3.94%

Source: CCL, Refinitiv * As on Jun 25, 2021; ** As on Jun 18, 2021; † As on May 28, 2021; †† As on Jan 01, 2021; ††† As on Jun 26, 2020

Broad Indices	02-Jul-21	Week Ago	Month Ago	6 Months Ago	Year Ago
1 Year AAA Corporate Bond	4.72%	4.79%	4.64%	4.71%	5.44%
3 Year AAA Corporate Bond	5.46%	5.48%	5.16%	5.40%	5.97%
5 Year AAA Corporate Bond	6.49%	6.49%	6.32%	6.30%	6.50%
1 Year G-Sec	4.06%	4.04%	3.90%	3.71%	3.64%
3 Year G-Sec	4.88%	4.82%	4.67%	4.40%	4.37%
5 Year G-Sec	5.75%	5.70%	5.58%	5.10%	5.04%
10 Year G-Sec	6.07%	6.03%	6.01%	5.90%	5.84%
Forex Reserve (\$ in billion)	609.00 [†]	603.93 ^{††}	598.16 ^{†††}	585.32 ^{††††}	506.84 ^{†††††}

10 - Year benchmark G-Sec Movement



Source: Refinitiv

Domestic Debt Market Update

- Initially, bond yields remained range bound tracking movement in global crude oil prices. Yields rose on expectations of higher securities issuances in the Sep quarter of 2021. Losses increased on the last day as the Reserve Bank of India (RBI) devolved as well as used greenshoe option at the weekly government securities auction. Meanwhile, market participants awaited clarity on bond purchases.
- RBI conducted the auction of four government securities- 5.63% GS 2026, GOI FRB 2033, 6.64% GS 2035 and 6.67% GS 2050 for a cumulative amount of Rs. 32,000 crore, which was oversubscribed with devolvement on primary dealers. The cut-off stood at Rs. 99.60/5.7246%, Rs. 99.90/4.9251%, Rs. 99.07/6.7433% and Rs. 94.31/7.1345%, respectively. Green shoe amount of Rs. 2,500 crore has been accepted on 6.64% GS 2035 and 5.63% GS 2026 security saw devolvement on primary dealers of Rs. 10,494.778 crore.
- RBI announced the calendar for auction of 91 days, 182 days and 364 days Treasury Bills from Apr to Jun of 2021 for a cumulative amount of Rs. 117,000 crore, Rs. 52,000 crore and Rs. 52,000 crore, respectively.
- RBI announced the calendar for auction of State Governments/ Union Territories from Jul to Sep of 2021 for a cumulative amount of Rs. 1,69,591 crore.

Global Commodity Update

Commodities	02-Jul-21	% Change (WoW)	% Change (YoY)	% Change (YTD)
NYMEX Crude Oil (\$/barrel)	75.05	1.46	86.37	55.06
Brent Crude Oil (\$/barrel)	75.97	-0.05	77.00	46.89
Gold (\$/ounce)	1,786.79	0.36	0.66	-5.78
Silver (\$/ounce)	26.46	1.48	47.82	0.39

Source: Refinitiv

Currencies Update

Currency	02-Jul-21	Week Ago	Month ago	6 Months Ago	Year Ago
U.S. Dollar	74.51	74.21	72.95	73.12	74.74
GBP	102.98	102.98	103.36	99.96	93.17
Euro	88.40	88.56	89.07	89.19	83.99
100 Yen	67.09	66.97	66.58	70.85	69.52

Source: Refinitiv

Global Equity Market Performance

Country/Region	Indices	02-Jul-21	% Change (WoW)	% Change (YoY)	% Change (YTD)
U.S.	Russell 1000	2,448.87	1.42	41.14	15.47
U.K.	FTSE	7,123	-0.18	14.15	10.26
France	CAC 40	6,553	-1.06	29.78	18.04
Germany	DAX	15,650	0.27	24.12	14.08
Japan	Nikkei 225	28,783	-0.97	29.97	4.88
China	Shanghai Composite	3,519	-2.46	13.85	1.32
Hong Kong	Hang Seng	28,310	-3.34	12.68	3.96
Singapore	Straits Times	3,129	0.24	18.67	10.03
Russia	RTS Index	1,660	-0.74	32.96	19.62
Brazil	Sao Paulo Se Bovespa	127,622	0.29	32.61	7.23

Source: Refinitiv

Global Bond Yield Update

Indicators	02-Jul-21	Week ago	Month ago	6 Months Ago	Year ago
U.S. 10 Year Bond yield (%)	1.43	1.52	1.59	0.91	0.67
U.K. 10 Year Bond yield (%)	0.70	0.78	0.80	0.20	0.19
German 10 Year Bond yield (%)	-0.24	-0.16	-0.20	-0.57	-0.43
Japan 10 Year Bond yield (%)	0.04	0.04	0.07	0.02	0.04

Source: Refinitiv

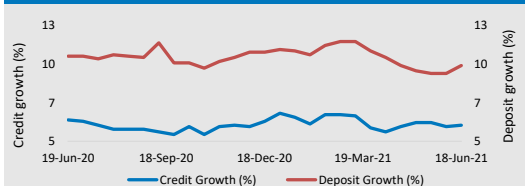
Global Economic Calendar

Economic Events	Release date	Actual	Consensus	Previous
U.S. Initial Jobless Claims W 26 Jun	1-Jul	364.00 K	355.00 K	415.00 K
U.S. Factory Orders MM May 2021	2-Jul	1.70%	1.60%	-0.10%
Japan Jobs/Applicants Ratio May 2021	28-Jun	1.09	1.08	1.09
U.K. Nationwide house price mm Jun 2021	29-Jun	0.70%	0.70%	1.70%

Source: Refinitiv

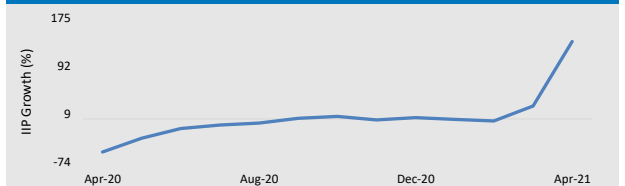
Macro Economic Performance of India

Credit growth vs Deposit growth



Source: Refinitiv

IIP Growth (%)



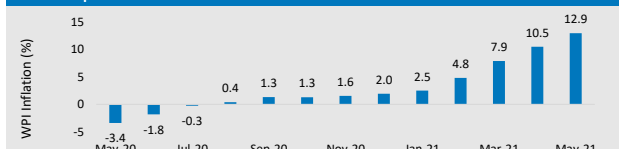
Source: Refinitiv

Retail inflation movement



Source: Refinitiv

Wholesale price inflation movement



Source: Refinitiv

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