Nippon India Mutual Fund

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NEWS U CAN USE

April 30, 2021

Good gets better

Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.

The Week that was…

26th Apr to 30th Apr

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Indian Economy

- Government data showed that India's infrastructure output rose 6.8% in Mar 2021 as compared to contraction of 3.8% in Feb 2021 and contraction of 8.6% in Mar 2020. The coal sector witnessed the maximum contraction of 21.9% followed by fertilizers and crude oil which contracted 5.0% and 3.1%, respectively. The cement sector witnessed maximum growth of 32.5% followed by steel and electricity which rose 23% and 21.6%, respectively. For the period from Apr to Mar of 2021, India's infrastructure output contracted 7.0% as compared to a growth of 0.4% in the same period of the previous year.
- According to the Labor Ministry, retail inflation for industrial workers rose 5.64% in Mar 2021 as compared to 4.48% in Feb 2021 and 5.50% in Mar 2020, mainly due to higher prices of certain food items and fuel including petrol and cooking gas.
- According to the Asian Development Bank (ADB), in FY21, India's economy is projected to rise by 11%, amid successful vaccine campaign. The ADB has warned that the rise in COVID-19 cases could jeopardise India's economic recovery. India's GDP is expected to grow at 7% in FY22.
- According to the Centre for Monitoring Indian Economy (CMIE), unemployment rates in India in Apr 2021 stood at 8.2%, 8.6%, 8.4% and 7.4% in the first four weeks of the month. As per CMIE, the monthly unemployment rate is likely to be close to 8% compared to 6.5% in Mar 2021 with lower absorption of labour in the market.

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Indian Equity Market

Domestic Equity Market Indices			
Indices	**30-Apr-21**	**1 Week Return**	**YTD Return**
S&P BSE Sensex	48,782.36	1.89%	2.16%
Nifty 50	14,631.10	2.02%	4.64%
S&P BSE Mid-Cap	20,312.20	1.80%	13.21%
S&P BSE Small-Cap	21,670.11	3.17%	19.74%

Source: MFI Explorer

Ratios	S&P BSE Sensex	Nifty 50	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	32.10	32.21	58.01	74.96
P/B	3.25	4.19	3.04	2.95
Dividend Yield	0.82	1.00	0.92	0.83

Source: BSE, NSE *Value as on Apr 30, 2021*

NSE Advance/Decline Ratio			
Date	**Advances**	**Declines**	**Advance/Decline Ratio**
26-Apr-21	1281	664	1.93
27-Apr-21	1325	570	2.32
28-Apr-21	1204	716	1.68
29-Apr-21	867	1042	0.83
30-Apr-21	799	1087	0.74

Source: NSE

- Domestic equity markets rose on the back of brisk buying in banking and finance segments. Upbeat earning numbers for the quarter ended Mar 2021 boosted market sentiments after a major private sector bank reported strong earning numbers. Positive global cues further added to the gains after the U.S. Federal Reserve kept interest rates unchanged in its monetary policy review and re-affirmed its accommodative policy to support the economic recovery.
- However, profit booking capped the gains to some extent. The overall market sentiment also remained muted as a devastating second wave of the COVID-19 pandemic showed no signs of abating with the country continuously reporting a record surge in daily infections.

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Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last Closing*	Returns (in %)	
		1-Wk	1-Mth
S&P BSE Auto	21,667.80	0.26%	-2.63%
S&P BSE Bankex	37,304.97	3.56%	-2.07%
S&P BSE CD	32,324.53	2.96%	-0.79%
S&P BSE CG	20,252.38	1.45%	-4.36%
S&P BSE FMCG	12,508.59	-0.07%	-1.82%
S&P BSE HC	23,530.70	0.90%	10.74%
S&P BSE IT	26,305.95	0.17%	-1.62%
S&P BSE Metal	17,821.58	10.31%	24.70%
S&P BSE Oil & Gas	14,995.68	3.32%	1.04%

Source: Refinitiv **Value as on Apr 30, 2021*

- On the sectoral front, all the indices closed in the green barring the S&P BSE FMCG which fell 0.07% over the week.
- S&P BSE Metal was the top gainer followed by S&P BSE PSU and S&P BSE Bankex. S&P BSE Metal rose due to a surge in steel, copper and aluminium prices. Prices of steel are also on the rise as the demand was better than expected.

Indian Derivatives Market Review

- Nifty May 2021 Futures stood at 14,690.80, a premium of 59.70 points above the spot closing of 14,631.10. The total turnover on NSE's Futures and Options segment for the week stood at Rs. 219.20 lakh crore as against Rs. 185.45 lakh crore for the week to Apr 23.
- The Put-Call ratio stood at 0.87 compared with the previous week's close of 0.82.
- The Nifty Put-Call ratio stood at 1.07 compared with the previous week's close of 1.27.

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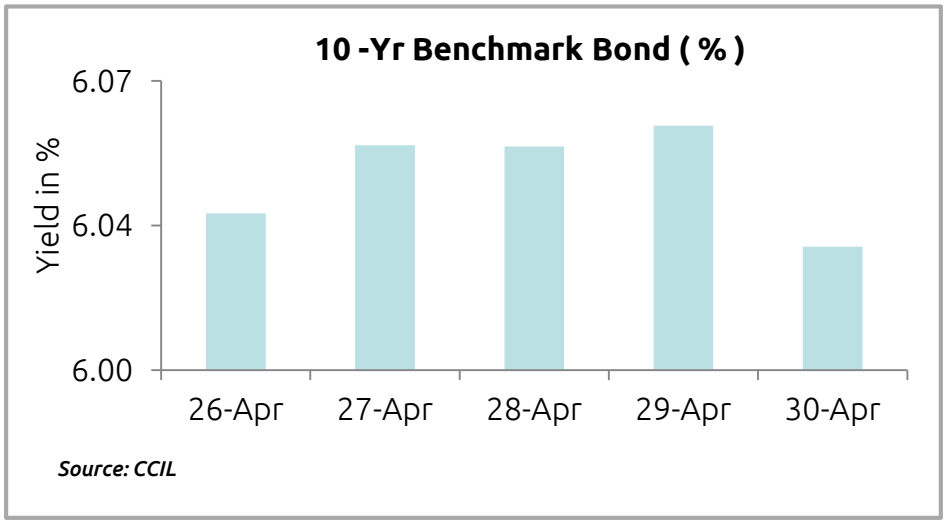
Domestic Debt Market

Debt Indicators (%)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	3.21	3.21	3.30	3.25
91 Day T-Bill	3.33	3.33	3.31	3.23
05.22% 2025, (5 Yr GOI)	5.38	5.38	5.59	5.17
05.85% 2030, (10 Yr GOI)	6.03	6.04	6.14	5.88

Source: Refinitiv *Value as on Apr 30, 2021*



Source: CCIL

- Bond yields rose as market participants awaited the announcement of the next open market purchase of government securities by the Reserve Bank of India (RBI). The overall market sentiment also remained subdued as India continued to witness an unprecedented surge in daily COVID-19 infection cases.
- However, losses were neutralised after the RBI announced special open market operation (OMO) on Thursday.
- RBI announced Special Open Market Operations (OMO) simultaneous purchase and sale of government securities for the notified amount of Rs. 10,000 crore each on May 06, 2021. RBI will buy papers maturing 5, 7 and 10 year and simultaneously sell two securities maturing of 6 months.

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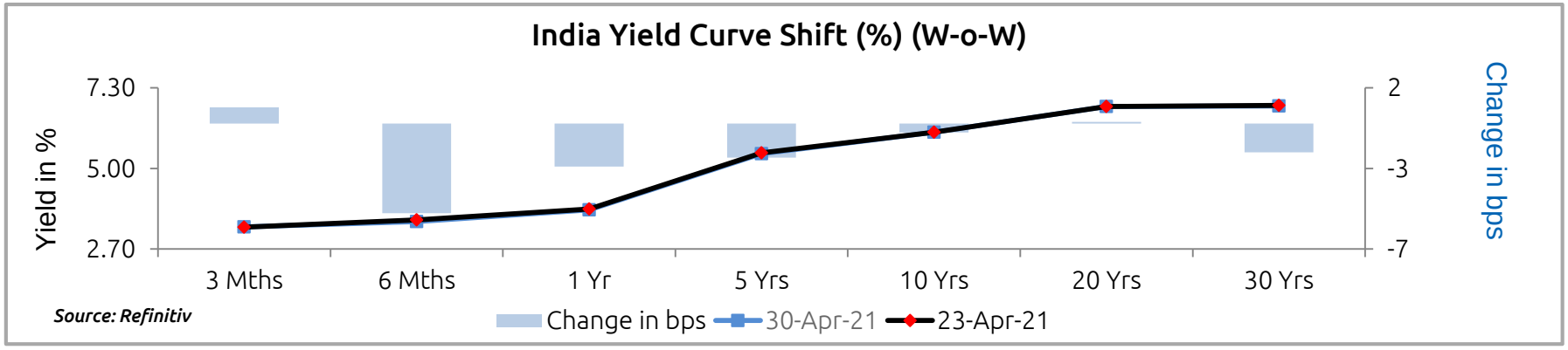
Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	3.86	4.58	73
3 Year	4.83	5.21	38
5 Year	5.49	6.26	77
10 Year	6.12	7.17	105

Source: Refinitiv

Value as on Apr 30, 2021

- Yields on gilt securities fell by up to 8 bps across maturities, leaving 2-year paper that rose 2 bps while 4- & 19-year papers were unchanged. Yield fell the most on 7-year paper.
- Corporate bond yields dropped by up to 23 bps across the curve, barring 1-, 10- & 15-year papers by up to 5 bps.
- Spread between AAA corporate bond and gilt contracted in the range of 7 to 23 bps on 2- to 6-year papers while remaining securities expanded by up to 8 bps.



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Regulatory Updates in India

- The Reserve Bank of India (RBI) has provided governance guidelines for banks, including private sector banks, small finance banks (SFBs), and wholly owned foreign bank subsidiaries. RBI has stated that the same person cannot hold the positions of MD and CEO or WTD (whole-time director) for more than 15 years. After that, if the board deems it appropriate and attractive, the person will be eligible for re-appointment as MD & CEO or WTD in the same bank after a minimum of three years, subject to meeting other conditions. The entity may not be named or affiliated with the bank or its group entities in any way, either directly or indirectly, during the three-year cooling period. International banks with branches in India would not be affected by the circular. Banks have until Oct 1, 2021 to put the new strategy into effect.
- The Reserve Bank of India (RBI) has issued guidelines for statutory auditors to be appointed by banks and NBFCs, including housing finance companies. The 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs, and NBFCs (including HFCs)' will be in effect beginning in FY22. According to the guidelines, statutory audits for organisations with assets of Rs 15,000 crore or more at the end of the previous year should be performed under joint audit by at least two audit firms. A statutory auditor may be appointed to any bank with a balance sheet of less than Rs 15,000 crore. Concurrent auditors, on the other hand, cannot be certified as statutory auditors in either situation.

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Regulatory Updates in India (contd..)

- SEBI has decided certain disclosures to be made to the investor only for the schemes in which the unitholders are invested as on the date on which the disclosures are stipulated. Accordingly, AMCs shall disclose risk-o-meter of the scheme and benchmark while disclosing the performance of scheme vis-à-vis benchmark. Further, the mutual fund houses shall also send the details of the scheme portfolio while communicating the fortnightly, monthly and half-yearly statement of scheme portfolio via email. The same shall be effective from Jun 1.
- SEBI has decided that a part of compensation of the Key Employees of the AMCs shall be paid in the form of units of the schemes. Accordingly, a minimum of 20% of the salary/ perks/ bonus/ non-cash compensation (gross annual CTC) net of income tax and any statutory contributions (i.e. PF and NPS) of the Key Employees of the AMCs shall be paid in the form of units of Mutual Fund schemes in which they have a role/oversight. The compensation paid in the form of units shall be proportionate to the AUM of the schemes in which the key employee has a role/oversight.
- The commerce ministry announced the launch of a COVID-19 helpdesk to assist exporters and importers with foreign trade concerns such as customs clearance delays and banking issues. In light of the increase in COVID-19 instances, the Ministry of Foreign Affairs' Directorate General of Foreign Trade (DGFT) took this initiative to monitor the status of exports and imports, as well as the challenges faced by trade stakeholders.

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Global News/Economy

- The U.S. Federal Reserve kept interest rates unchanged in its monetary policy review and re-affirmed its accommodative policy to support the economic recovery. The Federal Open Market Committee unanimously decided to make no changes in its approach even though it noted that economic strength as well as inflation is on the rise.
- U.S. gross domestic product (GDP) rose 6.4% in the first quarter of 2021 after rising 4.3% in the fourth quarter of 2020. According to the Department, consumer spending, non-residential fixed investment, federal government spending, residential fixed investment, and state and local government spending all contributed to GDP growth. Meanwhile, reductions in private inventory expenditure and exports, as well as a rise in imports, which are a subtraction in the GDP calculation, helped limit the upside.
- According to the flash estimate, eurozone's inflation rose to 1.6% YoY in Apr 2021 from 1.3% YoY in Mar 2021. On a monthly basis, consumer price inflation rose 0.6% in Apr 2021.
- According to preliminary flash estimate, eurozone's gross domestic product (GDP) contracted 0.6% QoQ in the quarter ended Mar 2021 as against 0.7% QoQ fall in quarter ended Dec 2020. On a yearly basis, GDP fell 1.8% in the quarter ended Mar 2021 slower than 4.9% decrease in the Dec 2020.
- As was generally anticipated, the Bank of Japan kept its monetary stimulus unchanged at -0.1% on current accounts that financial institutions maintain at the central bank. Despite the constraints imposed by the COVID-19 pandemic, the bank downgraded its near-term inflation outlook and increased its growth estimates.

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Global Equity Markets

Global Indices			
Indices	**30-Apr-21**	**1-Week Return**	**YTD Return**
Russell 3000	2,099.28	-0.56%	7.51%
Nasdaq 100	13,860.76	-0.58%	7.55%
FTSE 100	6,969.81	0.45%	7.88%
DAX Index	15,135.91	-0.94%	10.33%
Nikkei Average	28,812.63	-0.72%	4.99%
Straits Times	3,218.27	0.76%	13.17%

Source: Refinitiv *Value as on Apr 30, 2021*

U.S.

- U.S. equity markets fell during the week under review as market participants preferred to book profits from the recent rally.
- However, overall market sentiment remained upbeat after some major companies in the technology segment reported robust earning numbers for the quarter ended Mar 2021. Upbeat U.S. economic data also boosted sentiments.

Europe

- European equity markets largely closed on a positive note as market participants grew optimistic following a batch of strong corporate earnings numbers for the quarter ended Mar 2021. However, data showing contraction in euro zone economic growth in the first quarter of 2021 capped the gains.

Asia

- Asian equity markets fell during the week under review as growing COVID-19 infection cases in emerging economies including India and Brazil dented market sentiments.

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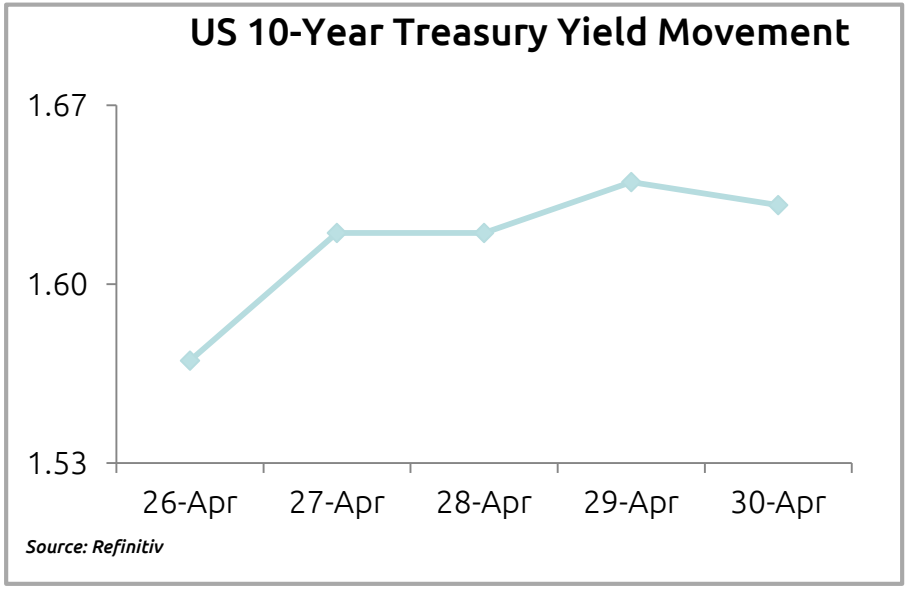
Global Debt (U.S.)



- Yields on the 10-year U.S. Treasury rose 6 bps to close at 1.63% from the previous week's close of 1.57%.
- U.S. Treasury prices fell despite improved demand for a $62 billion sale of seven-year notes, and ahead of the U.S. Federal Reserve (Fed) policy decision. Policy decision stated that the U.S. Fed is committed to continue with its ultra-loose monetary policy as the economy is still far from meeting the U.S. central bank's employment and inflation goals.
- Treasury prices fell further after the U.S. president proposed trillions of dollars in new spending, and as data showed U.S. economic growth accelerated in the Mar quarter of 2021.
- However, losses were restricted at the end on month-end portfolio rebalancing.

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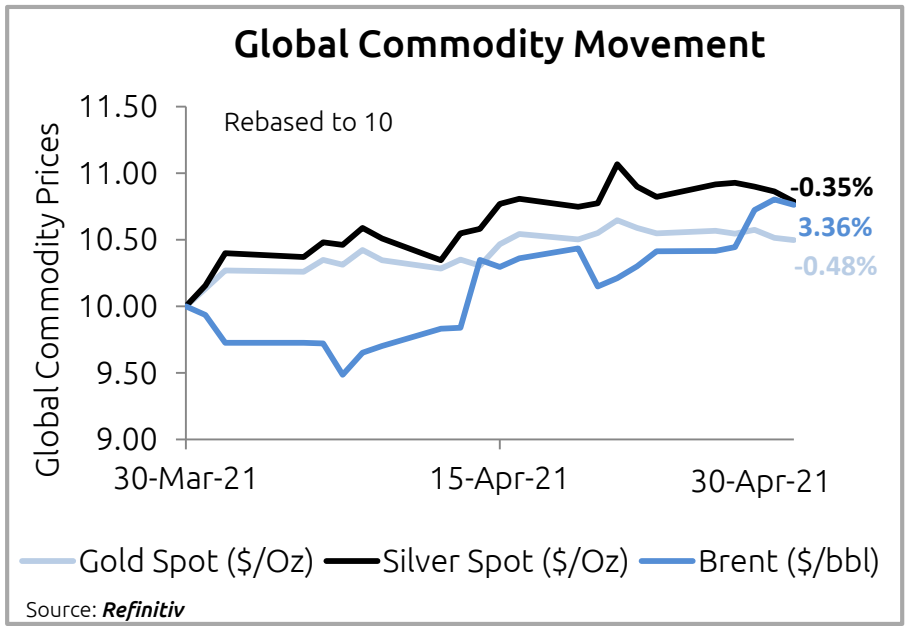
Commodities Market



Source: ***Refinitiv***

Performance of various commodities

Commodities	Last Closing*	1-Week Ago
Brent Crude($/Barrel)	68.33	66.11
Gold ($/Oz)	1768.59	1777.18
Gold (Rs/10 gm)	47569	47569
Silver ($/Oz)	25.90	25.99
Silver (Rs/Kg)	69875	69875

Source: Refinitiv ****Value as on Apr 30, 2021***

Gold

- Gold prices fell as upbeat economic data from U.S. and an increase in yield of U.S. Treasuries dampened the non-yielding appeal of the bullion.

Brent Crude

- Global crude oil prices rose as Organisation of the Petroleum Exporting Countries (OPEC+) plus, stuck to its plans for a gradual easing of oil production curbs from May to Jul of 2021.
- However, concerns over the impact of rising COVID-19 infection cases in Brazil, India and Japan capped the gains.

Baltic Dry Index

- The index rose during the week due to improved capesize and panamax activities.

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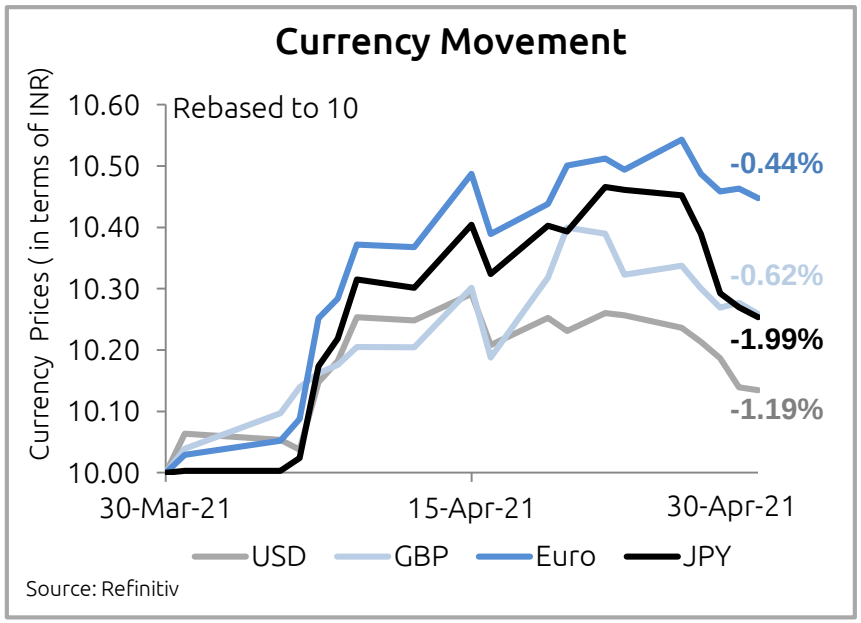
Currencies Markets



Movement of Rupee vs Other Currencies		
Currency	**Last Closing***	**1-Wk Ago**
US Dollar	74.02	74.91
Pound Sterling	103.16	103.81
EURO	89.69	90.09
100 Yen	68.02	69.40

Source: Refinitiv ***Figures in INR , *Value as on Apr 30, 2021***

Rupee

- The Indian rupee rose against the greenback following gains in the domestic equity market and selling of the greenback by foreign banks.

Euro

- Euro weakened against the U.S. dollar after upbeat data on personal income, spending, and manufacturing in the U.S. Midwest.

Pound

- Sterling fell against the U.S. dollar on month-end rebalancing of portfolios but downside was limited after British retailers reported the sharpest upturn in sales since 2018.

Yen

- Yen dropped against the U.S. dollar ahead of the U.S. Fed policy decision. The U.S. central bank committed to continue with its ultra-loose monetary policy.

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The Week that was…

26th Apr to 30th Apr

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The Week that was (Apr 26 – Apr 30)

Date	Events	Present Value	Previous Value
Monday, April 26, 2021	• U.S. Durable Goods Orders (Mar)	0.50%	-0.90%
	• Germany IFO – Business Climate (Apr)	96.8	96.6
	• Japan Leading Economic Index(Feb)	98.7	99.7
Tuesday, April 27, 2021	• U.S. Housing Price Index (MoM) (Feb)	0.90%	1%
	• U.S. Redbook Index (YoY) (Apr 23)	13.90%	13.50%
Wednesday, April 28, 2021	• Japan Retail Trade (YoY) (Mar)	5.20%	-1.50%
	• Germany Gfk Consumer Confidence Survey (May)	-8.8	-6.1
Thursday April 29, 2021	• Germany Harmonized Index of Consumer Prices (YoY)(Apr) PREL	2.10%	2%
	• U.S. Gross Domestic Product Annualized (Q1) PREL	6.40%	4.30%
	• Eurozone Consumer Confidence (Apr)	-8.1	-10.8
	• Germany Unemployment Rate (Apr)	6%	6%
Friday, April 30, 2021	• China NBS Manufacturing PMI (Apr)	51.1	51.9
	• Germany Gross Domestic Product (QoQ)(Q1) PREL	-1.70%	0.30%
	• Eurozone Consumer Price Index (YoY)(Apr) PREL	1.60%	1.30%
	• Eurozone Gross Domestic Product (QoQ)(Q1) PREL	-1.80%	-4.90%
	• U.S. Personal Income (MoM)(Mar)	21.10%	-7%
	• Eurozone Unemployment Rate (Mar)	8.10%	8.20%

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The Week Ahead

03rd May to 07th May

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The Week Ahead

Day	Event
Monday, May 03, 2021	• Germany Retail Sales (YoY) (Mar) • U.S. ISM Manufacturing PMI (Apr)
Tuesday, May 04, 2021	• U.K. Markit Manufacturing PMI (Apr) • U.S. Goods and Services Trade Balance (Mar) • U.S. Factory Orders (MoM) (Mar)
Wednesday, May 05, 2021	• U.S. ADP Employment Change (Apr) • U.S. ISM Services PMI (Apr)
Thursday, May 06, 2021	• Bank of England Interest Rate Decision • Bank of Japan Monetary Policy Meeting Minutes • Eurozone Retail Sales (YoY) (Mar)
Friday, May 07, 2021	• U.S. Nonfarm Payrolls (Apr) • U.S. Unemployment Rate (Apr) • China Trade Balance (USD) (Apr) • Germany Trade Balance (Mar)

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