

NEWS U CAN USE

Feb 28, 2020

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The Week that was...
24th Feb to 28th Feb

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Indian Economy

- Government data showed Gross Domestic Product (GDP) grew 4.7% in the Dec 2019 quarter of FY20, down from the revised 5.1% (4.5% originally reported) in the previous quarter and 5.6% in the same period of the previous year. The GDP growth rate for the first quarter of FY20 was revised to 5.6% from 5% originally reported. On the sectoral front, the gross value added growth in the manufacturing sector came in at 0.9% in the third quarter of this fiscal from 5.7% in the same period of the previous year. The gross value added growth in the agriculture sector came in at 3.7% from 2.4% in the corresponding period of the previous year.
- Government data showed that India's fiscal deficit for the period from Apr 2019 to Jan 2020 stood at Rs. 9.85 lakh crore or 128.5% of the budget estimate compared with 121.5% of the budget estimate in the corresponding period of the previous year. The revenue deficit in the same period stood at Rs. 7.50 lakh crore or 150.0% of the budget estimate compared with 143.4% of the budget estimate in the corresponding period of the previous year.
- Government data showed that the growth in the index of eight core industries grew 2.2% in Jan 2020 against a growth of 2.1% in Dec 2019, and 1.5% in the same period of the previous year. Crude oil growth fell 6.0% followed natural gas and coal that went down 4.3% and 2.4%, respectively. The steel sector witnessed the maximum growth of 5.3% followed by fertilisers and cement, which grew 4.2% and 1.1%, respectively.



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Indian Equity Market

Domestic Equity Market Indices			
Indices	28-Feb-20	1 Week Return	YTD Return
S&P BSE Sensex	38,297.29	-6.98%	-7.17%
Nifty 50	11,201.75	-7.28%	-7.94%
S&P BSE Mid-Cap	14,600.02	-6.97%	-2.46%
S&P BSE Small-Cap	13,709.01	-7.04%	0.07%

Source: MFI Explorer

Ratios	S&P BSE Sensex	Nifty 50	S&P BSE Mid Cap	S&P BSE Small Cap
P/E	23.21	25.49	27.02	419.64
P/B	2.95	3.15	2.35	1.90
Dividend Yield	1.15	1.36	1.18	1.19

Source: BSE, NSE

Value as on Feb 28, 2020

NSE Advance/Decline Ratio			
Date	Advances	Declines	Advance/Decline Ratio
24-Feb-20	478	1,382	0.35
25-Feb-20	683	1,153	0.59
26-Feb-20	557	1,289	0.43
27-Feb-20	589	1,240	0.48
28-Feb-20	233	1,654	0.14

Source: NSE

- Indian equity markets witnessed one of their worse weekly declines on the back of global sell-off. Investors across the world shied away from riskier assets over concerns that the rapid spread of the coronavirus across countries could take the shape of a pandemic. Markets feared the economic fallout of such an event could be severe. The number of people infected with the virus outside of China, in countries such as S. Korea, Italy and Iran, increased alarmingly.
- Even the International Monetary Fund sounded warning alarms that the epidemic could put an already fragile global economy recovery at risk. F&O expiry, and expectations of another quarter of subdued GDP growth further dented sentiment. News of the infection spreading to the U.S. was the final blow on the last day of the week.



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Indian Equity Market (contd.)

Sectoral Indices			
Indices	Last	Returns (in %)	
	Closing*	1-Wk	1-Mth
S&P BSE Auto	15,568.50	-10.35%	-15.02%
S&P BSE Bankex	33,416.19	-5.92%	-4.96%
S&P BSE CD	26,151.16	-4.97%	0.39%
S&P BSE CG	15,397.57	-7.55%	-11.78%
S&P BSE FMCG	10,963.84	-4.63%	-6.51%
S&P BSE HC	13,480.10	-7.26%	-5.58%
S&P BSE IT	14,987.20	-8.31%	-7.34%
S&P BSE Metal	8,240.65	-14.47%	-15.65%
S&P BSE Oil & Gas	12,620.01	-9.13%	-13.10%

Source: Thomson Reuters Eikon

*Value as on Feb 28, 2020

- All the sectors ended deep in the red, with S&P BSE Metal being the worse hit, down 14.47%, followed by S&P BSE Auto and S&P BSE Oil & Gas, down 10.35% and 9.13%, respectively. S&P BSE IT and S&P BSE FMCG were down 8.31% and 4.63%, respectively.
- Investors got jittery that the wide spread of the virus across countries will hit trade and normal business, which was supported by the earnings downgrade by a few global behemoths.

Indian Derivatives Market Review

- Nifty Mar 2020 Futures stood at 11,149.15, a discount of 52.60 points below the spot closing of 11,201.75. The total turnover on NSE's Futures and Options segment for the week stood at Rs. 90.35 lakh crore as against Rs. 76.19 lakh crore for the week to Feb 21.
- The Put-Call ratio stood at 0.82 compared with the previous session's close of 0.75.
- The Nifty Put-Call ratio stood at 1.1 compared with the previous session's close of 1.03.



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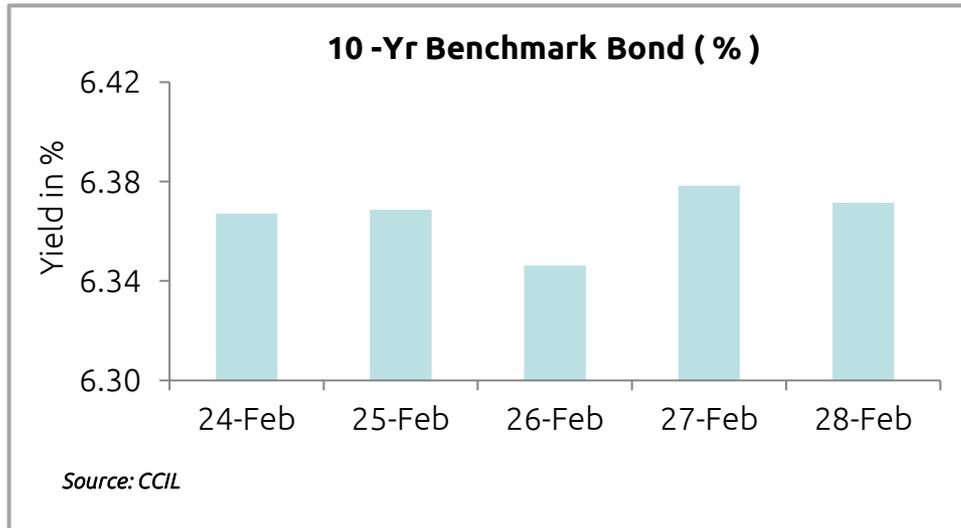
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Domestic Debt Market

Debt Indicators (%)	Current Value	1-Wk Ago	1-Mth Ago	6-Mth Ago
Call Rate	5.01	5.04	4.94	5.36
91 Day T-Bill	5.08	5.07	5.11	5.43
07.32% 2024, (5 Yr GOI)	5.85	5.95	6.36	6.27
06.45% 2029, (10 Yr GOI)	6.37	6.42	6.58	6.57

Source: Thomson Reuters Eikon

Value as on Feb 28, 2020



- Bond yields fell following decline in the U.S. Treasury yields and crude oil prices amid the ongoing concern over the global spread of coronavirus. The RBI's announcement to conduct repos also aided the sentiment.
- However, gains were restricted as market participants resorted to profit booking to capitalize on the recent rally. In addition, lack of fresh triggers also prompted investors to book profit.
- Yield on the 10-year benchmark paper (6.45% GS 2029) fell 5 bps to close at 6.37% compared with the previous week's close of 6.42% after trading in a range of 6.33% to 6.40%.

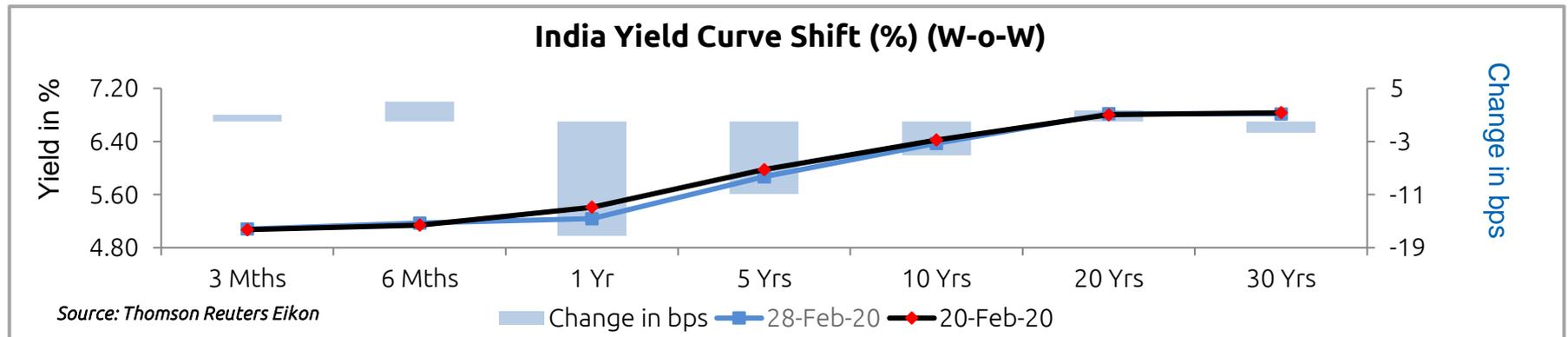
Domestic Debt Market (Spread Analysis)

Maturity	G-Sec Yield (%)	Corporate Yield (%)	Spread bps
1 Year	5.30	6.45	115
3 Year	5.74	6.71	98
5 Year	5.95	6.81	85
10 Year	6.47	7.84	137

- Yields on gilt securities fell across the maturities by up to 18 bps barring 14-year paper which closed steady and 19-year paper that increased 2 bps.
- Corporate bond yields fell across the maturities by up to 15 bps barring 15-year paper which increased 2 bps.

Source: Thomson Reuters Eikon

Value as on Feb 28, 2020



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Regulatory Updates in India

- Media reports showed the Department for Promotion of Industry and Internal Trade (DPIIT) has amended the foreign direct investment (FDI) policy to allow 100% FDI for insurance intermediaries, which includes insurance brooking, insurance companies, third party administrators, surveyors and loss assessors.
- The Reserve Bank of India may introduce another European Central Bank-styled facility called Targeted Longer-Term Refinancing Operations to expand credit to businesses and households, after concluding an ongoing program to lend \$14 billion at the policy rate, media reports showed. A mix of a Federal Reserve-style 'Operation Twist' and the ECB-like cash boost to banks has led to term spreads — the gap between 10-year debt and 364-day Treasury bill yields — shrinking from a decade-high in Dec 2019.
- India and the U.S. signed three agreements in health and oil sectors, media reports showed. A memorandum of understanding (MoU) was signed on mental health between the health departments of the countries. Another memorandum of understanding on the safety of medical products was signed between the Central Drugs Standard Control Organization with the U.S. Food and Drug Administration. A letter of cooperation was signed between two oil companies from both sides.



Regulatory Updates in India (contd..)

- According to media reports, India will block the European Union's request for a dispute settlement panel at the World Trade Organization (WTO) against New Delhi's customs duties on imports of certain information and communications technology (ICT) products. The request is scheduled to come up this week.
- The Monetary Policy Committee (MPC) of the Reserve Bank of India could consider the developments around COVID-19, a prominent bank said in a report. The impact on India is felt through supply chain disruptions from China as well as regional players, who in turn are net importers from China.

Global News/Economy

- A Commerce Department report showed U.S. real gross domestic product increased 2.1% in the fourth quarter of 2019, unchanged from the estimate provided last month and in line with economist estimates.
- Preliminary estimates from Destatis showed Germany's consumer price inflation was unchanged in Feb 2020. The consumer price index rose 1.7% YoY, same as in Jan 2020, which was the highest since Jul 2019.
- The Bank of Japan said producer prices in Japan were up 2.3% YoY in Jan 2020. That exceeded expectations and compared with a gain of 2.1% in Dec 2019.
- According to a Labor Department report, U.S. initial jobless claims in the week ended Feb 22, 2020, rose to 219,000, an increase of 8,000 from the previous week's 211,000.
- Survey data from the ifo institute showed Germany's business confidence improved marginally in Feb 2020 despite fears about the coronavirus outbreak. The business climate index rose to 96.1 in Feb from a revised 96.0 in Jan 2020. The initial estimate was 95.9.
- A Commerce Department report showed new home sales in the U.S. jumped to their highest level in over 12 years in Jan 2020. New home sales spiked 7.9% to an annual rate of 764,000 after jumping 2.3% to 708,000 in Dec 2019.
- A Commerce Department report showed U.S. personal income increased 0.6% in Jan 2020 after inching up 0.1% in Dec 2019.



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Global Equity Markets

Global Indices

Indices	28-Feb-20	1-Week Return	YTD Return
Russell 3000	1,352.84	-10.97%	-5.13%
Nasdaq 100	8,461.83	-10.43%	-3.11%
FTSE 100	6,580.61	-11.12%	-12.75%
DAX Index	11,890.35	-12.44%	-10.25%
Nikkei Average	21,142.96	-9.59%	-10.63%
Straits Times	3,011.08	-5.34%	-6.57%

Source: Thomson Reuters Eikon

Value as on Feb 28, 2020

U.S.

- U.S. markets witnessed their worse week since the financial crisis of 2008 as the virus outbreak reached the country's shores. Worries over the spread of the coronavirus and its impact on the economy continue to pummel investor sentiment. A series of corporate and analyst warnings on the virus pulled major averages down, bringing them into correction territory.

Europe

- European markets too saw a historic week of losses as the coronavirus spread intensified outside of China as well. Italy saw a sudden surge in the number of people affected, together with S. Korea and Iran. Estonia and Denmark too reported their first confirmed cases of coronavirus and the U.K. reported more cases.

Asia

- Asian equity markets were very much a part of the global sell-off in the week. Investors feared the coronavirus outbreak could intensify and become a pandemic as the number of new coronavirus cases in South Korea, Italy and Iran increased and the outbreak spread to more countries.

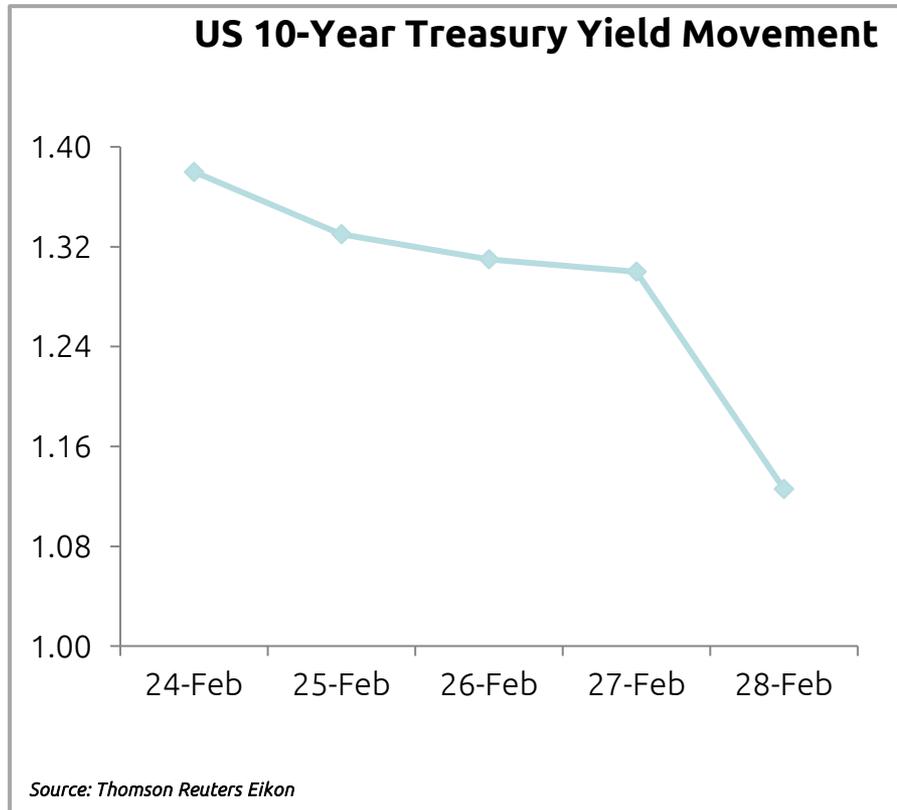


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Global Debt (U.S.)



- Yields on the 10-year U.S. Treasury plunged 24 bps to close at 1.13% compared to the previous week's close of 1.47%. This marked an all time low.
- U.S. Treasury prices grew on concerns the coronavirus epidemic would have a significant impact on global growth. Safe haven appeal of U.S. treasury prices improved after more coronavirus cases were reported worldwide, according to media reports.
- Gains were extended as the U.S. Centres for Disease Control and Prevention urged Americans to prepare for the virus to spread in the U.S.

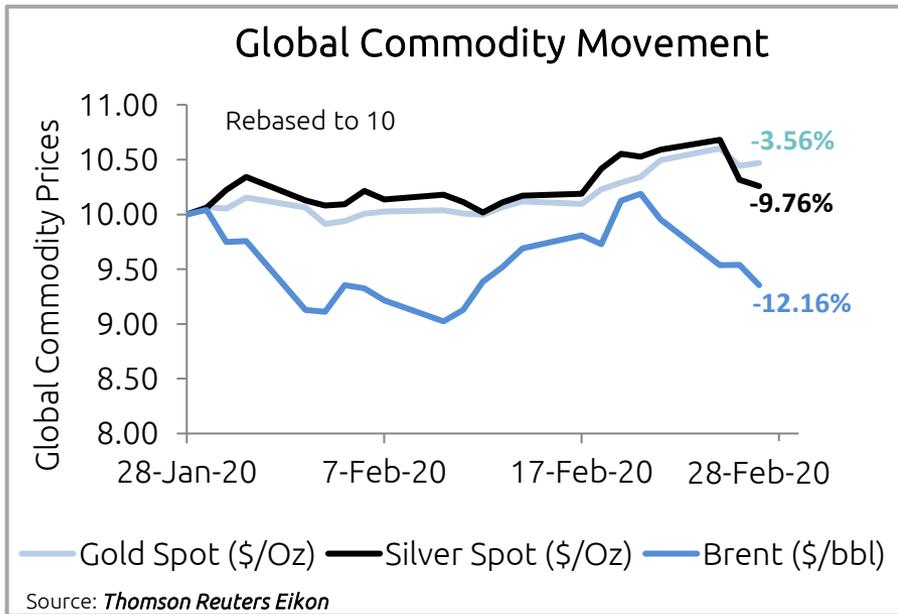


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Commodities Market



Performance of various commodities

Commodities	Last Closing	1-Week Ago
Brent Crude(\$/Barrel)	52.30	59.54
Gold (\$/Oz)	1,584.74	1,643.32
Gold (Rs/10 gm)	42,352	41,590
Silver (\$/Oz)	16.66	18.46
Silver (Rs/Kg)	45,509	47,551

Source: Thomson Reuters Eikon

Value as on Feb 28, 2020

Gold

- Gold prices fell due to investors' profit booking and over expectations that the central banks across the globe would cut interest rates in an endeavour to boost economic growth. However, the rapid spread of coronavirus outside China cushioned the bullion's fall.

Brent Crude

- Brent crude prices were down with the rapid spread of coronavirus outside China, which fuelled concerns over global economic growth and a subsequent fall in global energy demand. The virus has reportedly spread to more than 50 countries, which has dampened the demand outlook for fuel.

Baltic Dry Index

- The Baltic Dry Index rose due to higher capesize and panamax activities.

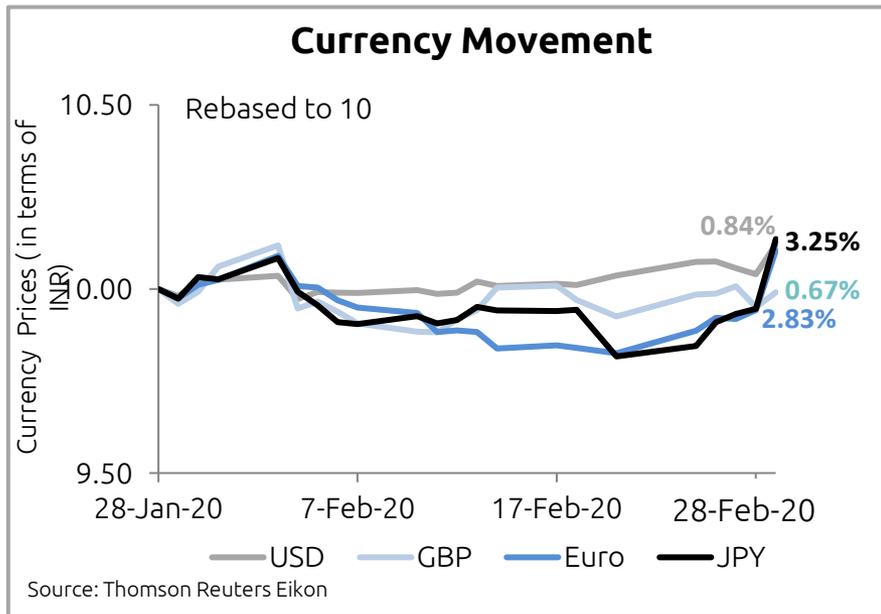


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Currencies Markets



Movement of Rupee vs Other Currencies

Currency	Last Closing*	1-Wk Ago
US Dollar	72.19	71.59
Pound Sterling	93.01	92.40
EURO	79.44	77.25
100 Yen	66.30	64.21

Source: RBI

Figures in INR, *Value as on Feb 28, 2020

Rupee

- The rupee weakened against the greenback following losses in domestic equity market.

Euro

- The euro rose against the greenback on growing expectations that the U.S. Fed might lower interest rates to offset the impact of the coronavirus infections.

Pound

- The pound weakened against the greenback as market participants remained doubtful that the new finance minister of Britain may not increase spending as much as expected in its upcoming budget on Mar 11, 2020.

Yen

- The yen surged against the greenback as worries over the spread of the coronavirus beyond China and across the globe fuelled concerns of global recession that boosted its safe haven appeal.



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24th Feb to 28th Feb

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The Week that was (Feb 24– Feb 28)

Date	Events	Present Value	Previous Value
Monday, February 24, 2020	<ul style="list-style-type: none"> Germany IFO - Expectations (Feb) 	93.40	92.90
Tuesday, February 25, 2020	<ul style="list-style-type: none"> Germany Gross Domestic Product (YoY) (Q4) U.S. Housing Price Index (MoM) (Dec) 	0.30% 0.60%	0.30% 0.30%
Wednesday, February 26, 2020	<ul style="list-style-type: none"> U.S. New Home Sales (MoM) (Jan) 	0.764 M	0.694 M
Thursday, February 27, 2020	<ul style="list-style-type: none"> U.S. Nondefense Capital Goods Orders ex Aircraft (Jan) U.S. Gross Domestic Product Annualized (Q4) (P) Eurozone Business Climate (Feb) U.S. Initial Jobless Claims (Feb 21) U.S. Durable Goods Orders (Jan) Japan Unemployment Rate (Jan) Japan Retail Trade (YoY) (Jan) Japan Tokyo CPI ex Fresh Food (YoY) (Feb) 	1.10% 2.10% -0.04 219 K -0.20% 2.40% -0.40% 0.50%	-0.50% 2.10% -0.19 211 K 2.90% 2.20% -2.60% 0.70%
Friday, February 28, 2020	<ul style="list-style-type: none"> India Gross Domestic Product (Q3) Germany Harmonized Index of Consumer Prices (YoY) (Feb) (P) U.K. GfK Consumer Confidence (Feb) Germany Unemployment Rate (Feb) 	4.70% 1.70% -7.00 5.00%	5.10% 1.60% -9.00 5.00%

The Week Ahead
02nd Mar to 06th Mar

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The Week Ahead

Day	Event
Monday, Mar 02, 2020	<ul style="list-style-type: none"> • India Manufacturing PMI (Feb) • China Caixin Manufacturing PMI (Feb) • U.S ISM Manufacturing PMI (Feb) • Germany Markit Manufacturing PMI (Feb) • U.K. Markit Manufacturing PMI (Feb)
Tuesday, Mar 03, 2020	<ul style="list-style-type: none"> • Eurozone Consumer Price Index (YoY) (Feb) (P) • Eurozone Unemployment Rate (Jan)
Wednesday, Mar 04, 2020	<ul style="list-style-type: none"> • India Services PMI (Feb) • U.S. ISM Non-Manufacturing PMI (Feb) • China Caixin Services PMI (Feb) • Germany Retail Sales (MoM) (Jan)
Thursday, Mar 05, 2020	<ul style="list-style-type: none"> • U.S. Initial Jobless Claims (Feb 28) • U.S. Factory Orders (MoM) (Jan) • Japan Overall Household Spending (YoY) (Jan)
Friday, Mar 06, 2020	<ul style="list-style-type: none"> • U.S. Nonfarm Payrolls (Feb) • Germany Industrial Production (MoM) (Jan) • Germany Factory Orders (MoM) (Jan)



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