

# Markets for You

02 Sep 2020

Good gets *better*

**Indices Performance**

Global Indices	01-Sep	Prev_Day	Abs. Change	% Change*
Russell 3000	1,850	1,825	25	1.38
Nasdaq	11,940	11,775	164	1.39
FTSE	5,862	5,964	-102	-1.70
Nikkei	23,138	23,140	-2	-0.01
Hang Seng	25,185	25,177	8	0.03
Indian Indices	01-Sep	Prev_Day	Abs. Change	% Change*
S&P BSE Sensex	38,901	38,628	273	0.71
Nifty 50	11,470	11,388	83	0.73
Nifty 100	11,587	11,496	91	0.79
Nifty 500	9,442	9,372	70	0.75
Nifty Bank	23,812	23,754	58	0.24
S&P BSE Power	1,713	1,670	43	2.56
S&P BSE Small Cap	14,413	14,336	77	0.54
S&P BSE HC	18,745	18,388	358	1.94

**P/E Dividend Yield**

Date	Sensex		Nifty	
	P/E	Div. Yield	P/E	Div. Yield
1-Sep	28.32	0.98	32.53	1.45
Month Ago	26.20	1.03	30.20	1.49
Year Ago	26.25	1.24	27.27	1.39

**Nifty 50 Top 3 Gainers**

Company	01-Sep	Prev_Day	% Change*
Bharti Airtel	546	513	6.46
JSW Steel	287	270	6.30
Hindalco	194	185	4.75

**Nifty 50 Top 3 Losers**

Company	01-Sep	Prev_Day	% Change*
Bharti Infratel	189	199	-4.91
ONGC	79	82	-3.17
Axis Bank	486	497	-2.22

**Advance Decline Ratio**

	BSE	NSE
Advances	1136	780
Declines	1521	1081
Unchanged	161	91

**Institutional Flows (Equity)**

Description (Cr)	Inflow/Outflow	YTD
FII Flows*	-2358	33771
MF Flows**	-118	20854

 \*1<sup>st</sup> Sep 2020; \*\*28<sup>th</sup> Aug 2020

**Economic Indicator**

YoY(%)	Current	Quarter Ago	Year Ago
CPI	6.93% (Jul-20)	7.22% (Apr-20)	3.15% (Jul-19)
IIP	-16.60% (Jun-20)	-18.30% (Mar-20)	1.30% (Jun-19)
GDP	-23.90% (Jun-20)	3.10% (Mar-20)	5.20% (Jun-19)

Since May-17, MOSPI has revised base year of IIP &amp; WPI from 2004-05 to 2011-12, and for CPI from 2010 to 2012

[1] Data as on 31 Aug, 2020

**Global Indices**

- Asian markets witnessed a mixed trend as positive cues from encouraging data from Chinese manufacturing sector for Aug was neutralised by worries over rising coronavirus cases and geopolitical tensions. Today (as on Sep 02), Asian markets were trading higher following record high on the Wall Street overnight. Both Nikkei and Hang Seng were trading higher 0.53% and 0.22%, respectively (as at 8 a.m. IST).
- European markets witnessed a mixed trend with investors reacting to a slew of economic data from across the globe. Worries about rising new coronavirus cases and possibility of further quarantine restrictions in the U.K. also weighed on stocks.
- U.S. markets rose led by technology stocks and after the Institute for Supply Management released a report showed manufacturing activity in the U.S. expanded at a faster rate in Aug 2020.

**Indian Equity Market**

- Indian equity markets rose as investors turned focus towards IHS Markit India manufacturing PMI for Aug which signalled growth and rebound in production volumes for the first time in five months. Buying interest in telecom stocks too contributed to the upside after Supreme Court ruled that telecom companies will be allowed 10 years for staggered payment of adjusted gross revenue (AGR) dues.
- Key benchmark indices S&P BSE Sensex and Nifty 50 gained 0.71% and 0.73% to close at 38,900.80 and 11,470.25 respectively.
- The overall market breadth on BSE was weak with 1,136 scrips advancing and 1,521 scrips declining. A total of 162 scrips remained unchanged.
- On the BSE sectoral front, S&P BSE Telecom was the major gainer, up 3.81% followed by S&P BSE Metal, up 3.35% and S&P BSE Power, up 2.56%. S&P BSE IT was the major loser, down 0.93% followed by S&P BSE Oil & Gas, down 0.44% and S&P BSE Teck, down 0.12%.

**Domestic News**

- Results of a private survey showed that the headline seasonally adjusted IHS Markit India Manufacturing Purchasing Managers' Index (PMI) rose from 46.0 in Jul 2020 to 52.0 in Aug 2020. The expansion comes on account of improvement in operating conditions across the domestic manufacturing sector.
- The Reserve Bank of India (RBI) gave approval to banks to consider fresh government securities that it has acquired from Sep 1, 2020 under the held to maturity bracket up to an overall limit of 22% of its net demand and time liabilities till Mar 31, 2021. The objective of the move is to increase the demand of government securities among banks without worrying about mark-to-market losses due to adverse fluctuation in bond yields.
- RBI announced that it will conduct term repo operations for an aggregate amount of Rs. 100,000 crore at floating rates (prevailing repo rate) in the middle of Sep 2020. The objective of the move is to ensure that there is sufficient liquidity in the system amid advance tax outflows. RBI also mandated that banks who had availed funds under the long term repo operations may consider refinancing their borrowings via these term repo auctions at lower costs. The objective of the move is to reduce the cost of funds for banks.
- RBI announced that it will conduct additional special open market operation which will include the simultaneous purchase and sale of Government securities for an aggregate amount of Rs. 20,000 crore in two tranches of Rs. 10,000 crore each. The auction will be conducted on Sep 10, 2020 and Sep 17, 2020.
- Venture Catalysts (VC) said it has raised Rs. 100 crore for a new fund investing in more than 100 Indian startups.
- Mahindra & Mahindra's domestic auto sales fell 13% YoY, even as tractor sales in Aug 2020 advanced 69%. During the month the company dispatched 29,257 units, compared to last year's 33,564 units. The medium and heavy commercial vehicles and three wheelers dragged down the volumes which dropped 71% and 94%, respectively.



FII Derivative Trade Statistics			
(Rs Cr)	01-Sep		
	Buy	Sell	Open Int.
Index Futures	7528.51	11596.29	11127.13
Index Options	308568.97	308785.44	57972.89
Stock Futures	24825.62	26169.73	85579.18
Stock Options	7892.34	7896.39	4275.27
Total	348815.44	354447.85	158954.47

Derivative Statistics- Nifty Options			
	01-Sep	Prev_Day	Change
Put Call Ratio (OI)	1.29	1.17	0.11
Put Call Ratio(Vol)	0.91	1.12	-0.21

Debt Watch				
	01-Sep	Wk. Ago	Mth. Ago	Year Ago
Call Rate	3.43%	3.43%	3.48%	5.38%
T-Repo	3.00%	3.09%	3.16%	5.25%
Repo	4.00%	4.00%	4.00%	5.40%
Reverse Repo	3.35%	3.35%	3.35%	5.15%
91 Day T-Bill	3.21%	3.15%	3.27%	5.35%
364 Day T-Bill	3.54%	3.50%	3.46%	5.70%
10 Year Gilt	5.91%	6.16%	5.84%	6.56%
G-Sec Vol. (Rs.Cr)	60105	34741	33111	29394
FBIL MIBOR <sup>[1]</sup>	3.78%	3.77%	3.86%	5.45%
3 Month CP Rate	3.45%	3.45%	3.65%	5.90%
5 Year Corp Bond	6.67%	6.87%	6.33%	7.54%
1 Month CD Rate	3.16%	3.13%	3.22%	5.26%
3 Month CD Rate	3.34%	3.45%	3.33%	5.49%
1 Year CD Rate	3.83%	3.77%	3.75%	6.50%

Currency Market			
Currency	01-Sep	Prev_Day	Change
USD/INR	72.82	73.60	-0.77
GBP/INR	97.69	98.13	-0.44
EURO/INR	87.31	87.57	-0.27
JPY/INR	0.69	0.70	-0.01

Commodity Prices				
Commodity	01-Sep	Wk Ago	Mth. Ago	Year Ago
NYMEX Crude(\$/bl)	42.71	43.12	40.05	55.02
Brent Crude(\$/bl)	45.65	46.80	43.74	61.13
Gold( \$/oz)	1970	1928	1975	1520
Gold(Rs./10 gm)	51521	51440	53615	38405

Source: Refinitiv

[1] Data as on 31 Aug, 2020

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**Derivatives Market**

- Nifty Sep 2020 Futures stood at 11,510.95, a premium of 40.70 points above the spot closing of 11,470.25. The turnover on NSE's Futures and Options segment fell to Rs. 19,98,166.36 crore on September 01, 2020, compared with Rs. 23,48,238.21 crore on August 31, 2020.
- The Put-Call ratio stood at 0.91 compared with the previous session's close of 1.12.
- The Nifty Put-Call ratio stood at 1.29 compared with the previous session's close of 1.17.
- Open interest on Nifty Futures stood at 10.73 million, compared with the previous session's close of 11.78 million.

**Indian Debt Market**

- Bond yields plunged after the Reserve Bank of India (RBI) announced a slew of measures aimed at reviving investor appetite.
- RBI announced to conduct more special open market operations for Rs. 20,000 crore in Sep 2020 and raised banks' held-to-maturity limit to 22% of net demand and time liabilities for bond purchases between Sep 1, 2020 and Mar 31, 2021. Securities held under held-to-maturity need not be marked to market, protecting banks from adverse yield movements.
- RBI will also conduct term repo operations for an aggregate amount of Rs. 100,000 crore at floating rates in Sep 2020 to ease pressures on the market on account of advance tax outflows.
- Yield on the present 10-year benchmark paper (5.79% GS 2030) fell 17 bps to close at 5.91% compared to the previous day's closing of 6.08% after trading in a range of 5.89% to 5.98%.

**Currency Market Update**

- The Indian rupee rose at its fastest pace in 21 months against the U.S. dollar after the Reserve Bank of India said the recent rise in the domestic currency had helped contain imported inflation. The rupee rose 1.02% to 72.86 per dollar from the previous close of 73.61.
- The euro rose against the U.S. dollar as market participants anticipated the U.S. Federal Reserve's policy framework meant U.S. rates would stay low for longer.

**Commodity Market Update**

- Gold prices fell following better than expected U.S. manufacturing data for Aug 2020 which in turn lowered the safe haven appeal of the bullion.
- Brent crude prices fell due to persisting concerns over COVID-19 pandemic.

**International News**

- The Institute for Supply Management showed, U.S. Purchasing Managers Index (PMI) rose to 56.0 in Aug 2020 from 54.2 in Jul 2020. Index rose as the new orders index surged to 67.6 in Aug 2020 from 61.5 in Jul 2020. The production index also increased to 63.3 in Aug 2020 from 62.1 in Jul 2020.
- Preliminary data showed, Eurozone consumer prices contracted 0.2% YoY in Aug 2020 compared with a 0.4% rise in Jul 2020.
- Survey data from IHS Markit showed China's Caixin manufacturing Purchasing Managers' Index (PMI) rose to 53.1 in Aug 2020 from 52.8 in Jul 2020. Index moved the most since Jan 2011.
- Australia's central bank kept its interest rate unchanged at a record low and quantitative easing unchanged.



**Thank you for  
your time.**

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