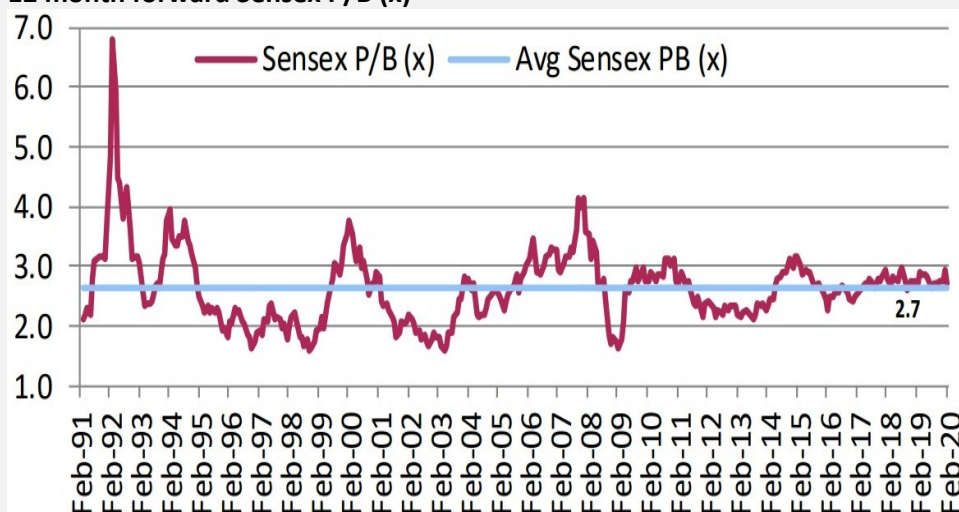


## Indian equity benchmark indices' returns

Broad Indices	28 February 2020	% change for month	% change for YTD
S&P BSE Dollex 30	4,356.20	-7.03%	-8.38%
Nifty 50	11,201.75	-6.36%	-8.05%
S&P BSE Dollex 100	1,618.54	-7.60%	-8.92%
Nifty 500	9236.05	-6.34%	-6.60%
S&P BSE Midcap	14,600.02	-5.57%	-2.66%
Sectoral Indices	28 February 2020	% change for month	% change for YTD
S&P BSE IT	14,987.20	-5.57%	-3.74%
S&P BSE Power	1,716.78	-9.61%	-12.44%
S&P BSE Realty Index	2,123.91	-15.92%	-6.68%
S&P BSE Consumer Durables	26,151.16	0.02%	6.04%
S&P BSE Healthcare	13,480.10	-3.42%	0.12%
S&P BSE FMCG	10,963.84	-5.82%	-4.35%
S&P BSE Oil & Gas	12,620.01	-9.36%	-14.19%
S&P BSE Bankex	33,416.19	-5.31%	-8.63%
S&P BSE Metal	8,240.65	-13.20%	-20.80%
S&P BSE Capital Goods	15,397.57	-11.82%	-9.60%
S&P BSE Auto	15,568.50	-14.28%	-15.36%

Source: BSE, NSE, Investing.com

## 12 month forward Sensex P/B (x)



Source: Kotak Mutual Fund Monthly Market Outlook

## Indian Equity Market

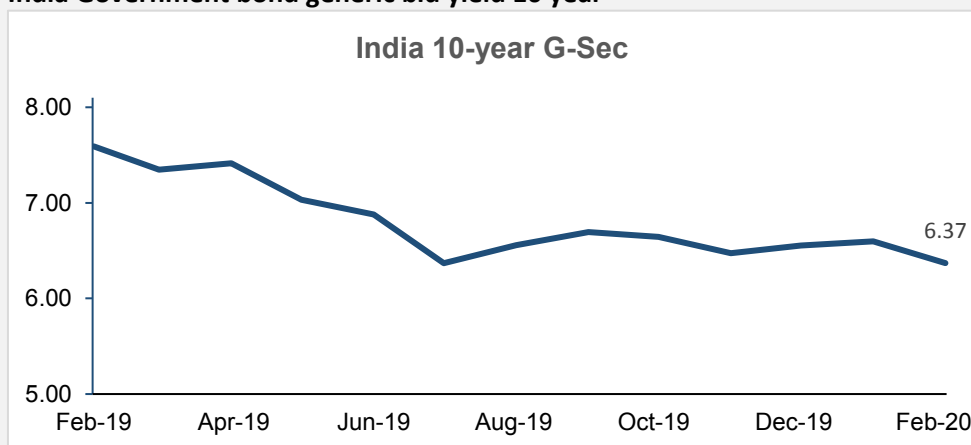
- Indian equity indices S&P BSE Dollex 30 & Nifty 50 fell steeply in line with global markets due to persistent worries about the spread of coronavirus worldwide.
- Real Estate, Auto & Metals fell sharply on mounting worries of subdued demand from China and disruption in global supply chains.
- The Union Budget initially caused a knee jerk reaction in markets, but later there was a strong pull back as India's PMI (Purchaser's Manager Index) expanded at its quickest space in nearly eight years in January 2020 at 55.3.
- The International Monetary Fund (IMF) chief said India's economic slowdown appears to be temporary; expects momentum to improve going ahead.
- The Sensex is currently valued at an average price to book of around 2.7, which has been the historical level at its mean and any positive triggers can have a strong pull back rally.
- The government announced sale of 100% stake in Air India as it issued the preliminary bid

## Domestic macro indicators

Indicators	Current	Previous
Monthly CPI Inflation	7.59%	7.35%
	(January-20)	(December-19)
Monthly WPI Inflation	3.10%	2.59%
	(January-20)	(December -19)
IIP	-0.30%	1.80%
	(December -19)	(November -19)
GDP	4.70%	4.50%
	(Oct-Dec 19)	(Jul-Sep 19)

Source: tradingeconomics.com

## India Government bond generic bid yield 10 year



Source: investing.com

## Indian debt market indicators

Indicators	28 February 2020	31 January 2020	Trend
Call Rate***	4.91%	4.91%	<->
3 M CP	6.00%	5.85%	↑
1 Yr CP	6.60%	6.85%	↓
3 M CD	5.50%	5.40%	↑
1 Yr CD	5.85%	6.00%	↓
3 Yr AAA	6.20%	6.44%	↓
5 Yr AAA	6.54%	6.77%	↓
1 Yr G-Sec***	5.27%	5.25%	↑
3 Yr G-Sec***	5.50%	6.07%	↓
5 Yr G-Sec	5.85%	6.36%	↓
10 Yr G-Sec	6.37%	6.60%	↓
Forex Reserves	476.12	466.69	↑
	(February 21, 2020)	(January 24, 2020)	

Source: Edelweiss, ICAP-PSU AAA Exim Bond, Derivum Genev, CCIL, RBI, STCI Primary Dealer

\*\*\*Weighted average

Note: Returns in local currency

document for the strategic disinvestment, and has set March 17 as the deadline for submission of expressions of interest.

- Goods and Service Tax collections for February stood at INR 1.05 lakh crore, becoming the fourth consecutive month wherein GST collections crossed INR 1 lakh crore.

## Indian Debt Market

- India's 10-year G-sec yields softened as market participants expect a rate cut from RBI.
- India's forex reserves rose to a fresh lifetime high and will give RBI the cushion to arrest the rupee's losses.
- The system-wide liquidity was surplus to the tune of INR 3.03 Lac Cr as on 28<sup>th</sup> Feb, 2020 as compared with INR 3.24 Lac Cr as on 30<sup>st</sup> January, 2020.
- Peak inflation was seen with headline CPI at 7.59% and gradually inflation will cool off in RBIs comfort zone.

## Global Markets

- Global markets are girding for another roller coaster ride as coronavirus continues to spread and other uncertainties like oil price war are worrying global markets.
- The US Federal Reserve in a surprise move voted to cut the Fed Funds rate by 50bps owing

## Corporate bond spreads over G-sec

AAA Corporate Bond Yield and Spread on 28th February 2020						
	PSU AAA	G-sec	Spread	Private AAA	G-sec	Spread
3 Year	6.20%	5.50%	0.70%	6.94%	5.50%	1.44%
5 Year	6.54%	5.85%	0.69%	7.20%	5.85%	1.35%
10 Year	7.05%	6.37%	0.68%	7.45%	6.37%	1.08%

Source: Edelweiss, ICAP-PSU AAA Exim Bond, Derivum Genev, CCIL, Private AAA HDFC Bond

## Currencies vs the rupee

Currency	28 February 2020	31 January 2020	% change during the month
USD	72.54	71.56	-1.37%
GBP	93.00	94.46	1.54%
Euro	79.99	79.38	-0.76%
100 Yen	67.08	66.04	-1.57%

Source: investing.com

## Global equity benchmark indices' returns

Country/Region	Indices	28 February 2020	% change for month	% change for YTD
The US	DJIA	25,409.36	-10.07%	-11.98%
	Nasdaq Composite	8,567.37	-6.38%	-5.77%
	S&P 500	2,954.22	-8.41%	-9.32%
The UK	FTSE 100	6,580.60	-9.68%	-13.46%
France	CAC 40	5,309.90	-8.55%	-12.11%
Germany	XetraDax	11,890.35	-8.41%	-11.17%
Japan	Nikkei 225	21,142.96	-8.89%	-8.89%
Singapore	Straits Times	3,011.08	-4.52%	-7.41%
Hong Kong	Hang Seng	26,129.93	-0.69%	-8.46%
China	Shanghai Comp	2,880.30	-3.23%	-6.64%

Source: investing.com, yahoofinance.com

Note: All returns in respective countries currency

## Major global bond yields

Indicators	28 February 2020	31 January 2020
US 10-Year*	1.13%	1.51%
UK 10-Year*	0.44%	0.53%
German 10-Year*	-0.61%	-0.43%
Japan 10-Year	-0.15%	-0.06%
France 10-Year	-0.29%	-0.18%

Source: investing.com

to increasing distress over economic effects from coronavirus.

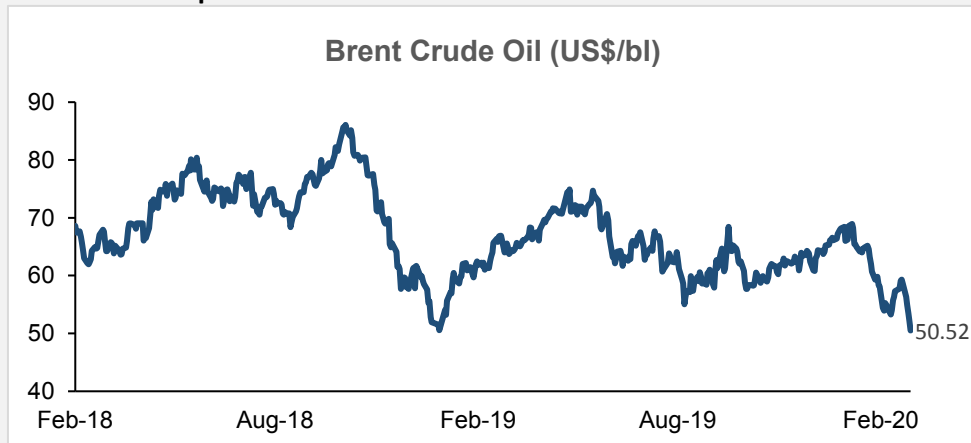
- US real gross domestic product (GDP) climbed by 2.1% in the fourth quarter, unchanged from the third quarter.
- US pending home sales spiked 5.2% to 108.8 in January after plunging 4.3% to a revised 103.4 in December.
- The US consumer confidence index inched up to 130.7 in February from a downwardly revised 130.4 in January.
- Britain's FTSE nosedived almost 9.68% over global uncertainties.
- Germany Dax plunged 8.41% during the month as coronavirus gripped the markets.
- Asian equities Hang Seng and Shanghai Comp mildly recovered on efforts of Beijing providing stimulus to the economy.
- Japan's Nikkei inched downwards by almost 9% as worries over coronavirus and slowing growth concerned investors.
- Global bond yields have fallen as investors have been buying treasuries and central bankers are reaching consensus for rate cuts across the board.
- The Indian rupee is bound to remain volatile in uncertain times and the lower rupee will maintain the competitiveness in the exports markets.

## Commodity prices

Commodity	28 February 2020	% change for month	% change for YTD
NYMEX Crude Oil (\$ per barrel)*	44.76	-13.19%	-27.02%
Brent Crude Oil (\$ per barrel)*	50.52	-13.14%	-23.74%
Gold (\$ per ounce)	1566.70	-1.02%	3.01%
Silver (\$ per ounce)	16.39	-9.01%	-8.65%

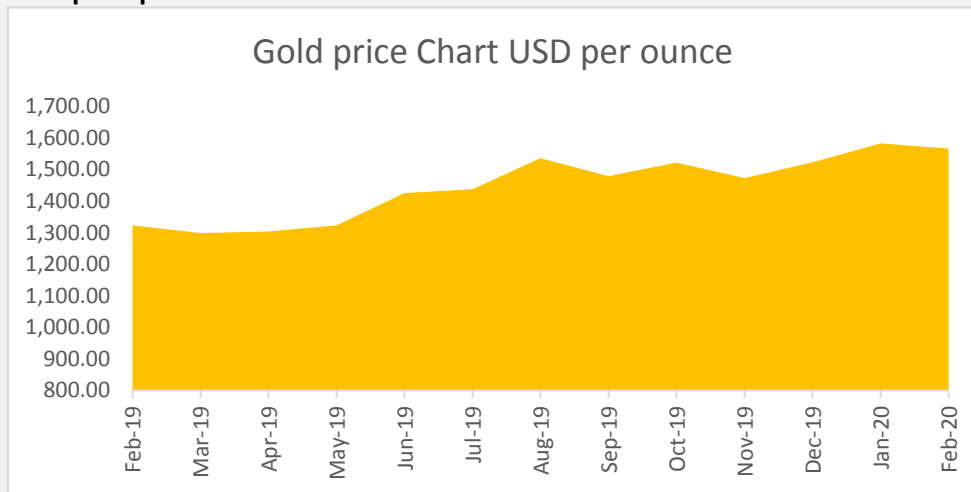
Source: [investing.com](http://investing.com), [goldprice.org](http://goldprice.org)

## Brent Crude oil per barrel USD



Source: [www.investing.com](http://www.investing.com)

## Gold price per ounce USD



Source: [investing.com](http://investing.com)

- Major OPEC and non OPEC producers are for an all-out price war after failing to reach an output cut agreement which can potentially lead to prices plummeting.
- Crude oil prices have slid almost 15% in February due to decline in demand caused by coronavirus.
- Lower Crude Oil prices can be positive for India it brings comfort to the government's exchequer amid a revenue shortfall and a burgeoning fiscal deficit.
- Gold prices have largely gained from the beginning of the year as US treasury yields have softened along with uncertainty of global growth.
- Gold prices during the start of the month rose as geopolitical tensions between US and Iran reignited safe-haven demand for gold with global prices hitting the highest in six years.
- Gold prices are expected to remain elevated and volatile as global markets remain optimistic as well as cautious at the same time.

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