

## Indian equity benchmark indices' returns

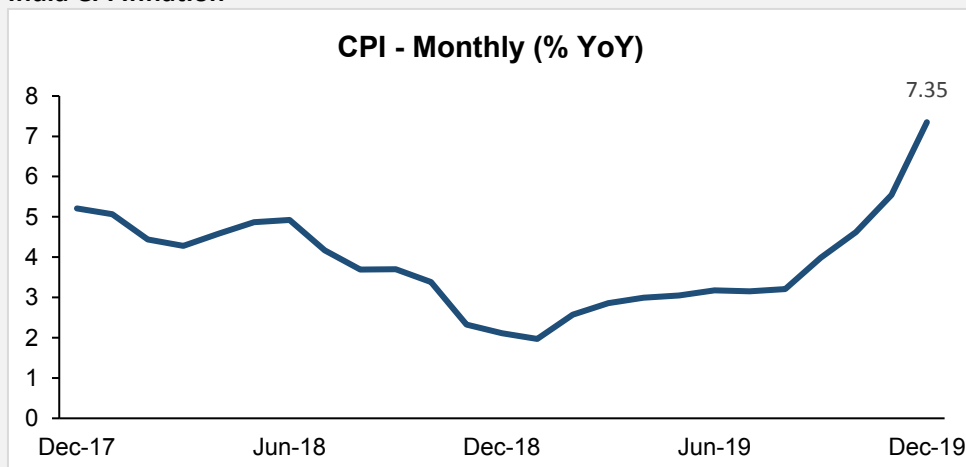
Broad Indices	31 January 2020	% change for month	% change for YTD
S&P BSE Dollex 30	4,685.50	-1.36%	-1.46%
Nifty 50	11962.10	-1.97%	-2.26%
S&P BSE Dollex 100	1,751.74	-1.32%	-1.42%
Nifty 500	9861.45	-0.39%	-0.73%
S&P BSE Midcap	15,462.01	3.01%	2.62%
Sectoral Indices	31 January 2020	% change for month	% change for YTD
S&P BSE IT	15,871.46	2.27%	1.47%
S&P BSE Power	1,899.25	-1.68%	-3.57%
S&P BSE Realty Index	2,526.17	10.46%	10.48%
S&P BSE Consumer Durables	26,147.11	4.25%	5.53%
S&P BSE Healthcare	13,957.01	3.64%	3.18%
S&P BSE FMCG	11,641.54	1.78%	1.10%
S&P BSE Oil & Gas	13,923.67	-5.83%	-5.76%
S&P BSE Bankex	35,289.35	-4.04%	-3.96%
S&P BSE Metal	9,494.10	-9.21%	-9.17%
S&P BSE Capital Goods	17,462.11	2.77%	2.05%
S&P BSE Auto	18,161.18	-2.03%	-1.71%

Source: BSE, NSE, Investing.com

Note: All returns in dollar returns

Currency depreciation during the month considered for calculating dollar returns

## India CPI Inflation



Source: tradingeconomics.com

## Indian Equity Market

- S&P BSE Sensex and Nifty were affected by negative sentiments, in line with global equities, over fears of the economic impact of the coronavirus epidemic in China.
- Real Estate, Consumer Durables, Healthcare, Capital Goods and IT were the top performing sectors during the month whereas significant correction was witnessed in Metals, Oil & Gas and Banks.
- 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 CPI Inflation breached the RBI's medium term target of 4% and was 7.35% for December 2019 mainly on account of high food prices.
- The government announced sale of 100% stake in Air India

## Domestic macro indicators

Indicators	Current	Previous
Monthly CPI Inflation	7.35%	5.54%
	(Dec-19)	(Nov-19)
Monthly WPI Inflation	2.59%	0.58%
	(Dec-19)	(Nov -19)
IIP	1.80%	-3.80%
	(Nov -19)	(Oct -19)
GDP	4.50%	5.00%
	(Jul-Sep 19)	(Apr-Jun 19)

Source: tradingeconomics.com

## India Government bond generic bid yield 10 year



Source: investing.com

## Indian debt market indicators

Indicators	31 January 2020	31 December 2019	Trend
Call Rate***	4.91%	5.09%*	↓
3 M CP	5.85%	5.45%*	↑
1 Yr CP	6.85%	6.75%*	↑
3 M CD	5.40%	5.10%*	↑
1 Yr CD	6.00%	6.00%*	<->
3 Yr AAA	6.44%	6.50%	↓
5 Yr AAA	6.77%	6.98%	↓
1 Yr G-Sec***	5.25%	5.77%	↓
3 Yr G-Sec***	6.07%	6.25%	↓
5 Yr G-Sec	6.36%	6.47%	↓
10 Yr G-Sec	6.60%	6.56%	↑
Forex Reserves	466.69	457.47	↑
	(January 24, 2020)	(December 27, 2019)	

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

\*\*\*Weighted average

\*As on 30th December 2019

Note: Returns in local currency

as it issued the preliminary bid document for the strategic disinvestment, and has set March 17 as the deadline for submission of expressions of interest

- The government's Goods and Services Tax collection came in at about Rs 1.11 lakh crore in January.

## Indian Debt Market

- India's 10-year G-sec yields largely remained range bound.
- RBI reported that currency in circulation (CIC) increased by Rs 25.5bn and stood at INR 23tn for the week ending 24 Jan 2020. Reserve money rose by 11.8% on a YoY basis, compared with 16.2% a year ago. On a FYTD basis, reserve money increased by 5.5% as against 8.1% last year.
- India's forex reserves rose to a fresh lifetime high of US\$ 462.2bn in the week ended 17 Jan 2020. On a weekly basis, forex reserves rose by US\$ 943mn vs US\$ 57mn last week. In FYTD20, forex reserves have risen by US\$ 50.3bn vs a depletion of (-) US\$ 27.7bn in the same period last year.
- The system-wide liquidity was surplus to the tune of INR 3.24 Lac Cr as on 30<sup>th</sup> Jan, 2020 as compared with INR 3.04 Lac Cr as on 31<sup>st</sup> December, 2019.
- Spread narrowed between Corporate Bond and G-sec for quality papers.

## Corporate bond spreads over G-sec

AAA Corporate Bond Yield and Spread on 31st January 2020						
	PSU AAA	G-sec	Spread	Private AAA	G-sec	Spread
3 Year	6.44%	6.07%	0.37%	7.18%	6.07%	1.11%
5 Year	6.77%	6.36%	0.41%	7.42%	6.36%	1.06%
10 Year	7.40%	6.60%	0.80%	7.75%	6.60%	1.15%

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

## Currencies vs the rupee

Currency	31 January 2020	31 December 2019	% change during month
USD	71.56	71.36	-0.28%
GBP	94.46	94.68	0.23%
Euro	79.38	80.00	0.77%
100 Yen	66.04	65.67	-0.56%

Source: investing.com

## Global equity benchmark indices' returns

Country/Region	Indices	31 January 2020	% change for month	% change for YTD
The US	DJIA	28,256.03	-0.99%	-2.12%
	Nasdaq Composite	9,150.94	1.99%	0.65%
	S&P 500	3,225.52	-0.16%	-0.99%
The UK	FTSE 100	7,286.00	-3.40%	-4.19%
France	CAC 40	5,806.34	-2.87%	-3.89%
Germany	XetraDax*	12,981.97	-2.02%	-3.02%
Japan	Nikkei 225*#	23,205.18	-1.91%	0.00%
Singapore	Straits Times	3,153.73	-2.14%	-3.02%
Hong Kong	Hang Seng	26,312.63	-6.66%	-7.82%
China	Shanghai Comp^	2,976.53	-2.41%	-3.52%

Source: investing.com, yahoofinance.com

\*As on 30<sup>th</sup> December, 2019, #As on 6<sup>th</sup> January, 2020

^As on 23<sup>rd</sup> January, 2020

Note: All returns in respective countries currency

## Major global bond yields

Indicators	31 January 2020	31 December 2019
US 10-Year	1.51%	1.92%
UK 10-Year	0.53%	0.83%
German 10-Year	-0.43%	-0.19%
Japan 10-Year*	-0.06%	-0.02%
France 10-Year	-0.18%	0.12%

Source: investing.com

## Global Markets

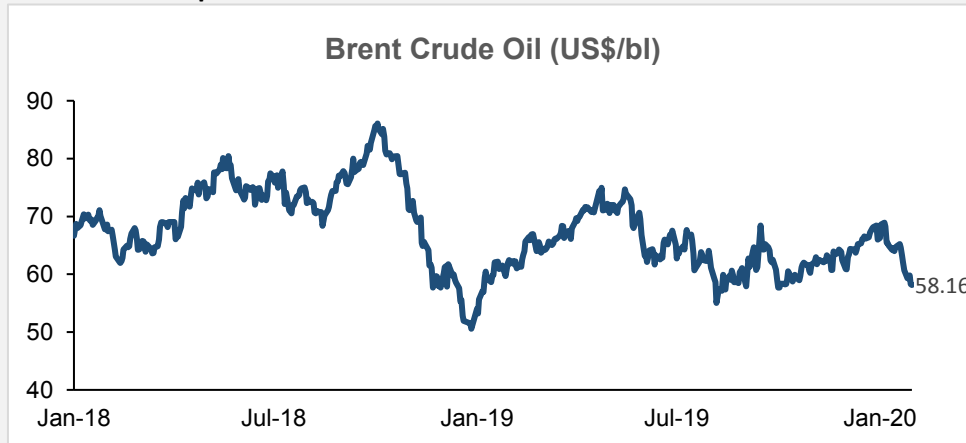
- US equity markets surged to new highs on the back of signing of US-China trade deal and positive macro data in US (retail sales, housing starts) and China (GDP, industrial production, investments).
- The US Federal Reserve left its policy interest rate unchanged between 1.5-1.75% and said the economy is growing at a moderate pace.
- US real gross domestic product (GDP) climbed by 2.1% in the fourth quarter, unchanged from the third quarter
- Britain's FTSE fell sharply 3.40% over various uncertainties.
- Germany's industrial production surprised positively to rise by 1.1% in Nov'19 (est: 0.8%) vs (-) 1% in Oct'19 on MoM basis. This was driven by capital goods (2.4% vs -4.2%). Separately, exports declined to (-) 2.3% in Nov'19 from 1.5% in Oct'19 on a MoM basis. Imports too declined by (-) 1.6% vs (-) 0.1% in Oct'19.
- Asian equities specially Hong Kong Hang Seng were deep in the red due to fear of impact of the coronavirus.
- Japan's services PMI eased in Nov'19 to 50.3 from 50.4 in Oct'19 owing to restoration work post the typhoon and sluggish demand conditions. New orders increased marginally, while new export orders remained unchanged.

## Commodity prices

Commodity	31 January 2020	% change for month	% change for YTD
NYMEX Crude Oil (\$ per barrel)*	51.56	-15.56%	-15.93%
Brent Crude Oil (\$ per barrel)	58.16	-11.88%	-12.21%
Gold (\$ per ounce)	1582.90	3.93%	4.07%
Silver (\$ per ounce)	18.01	0.51%	0.41%

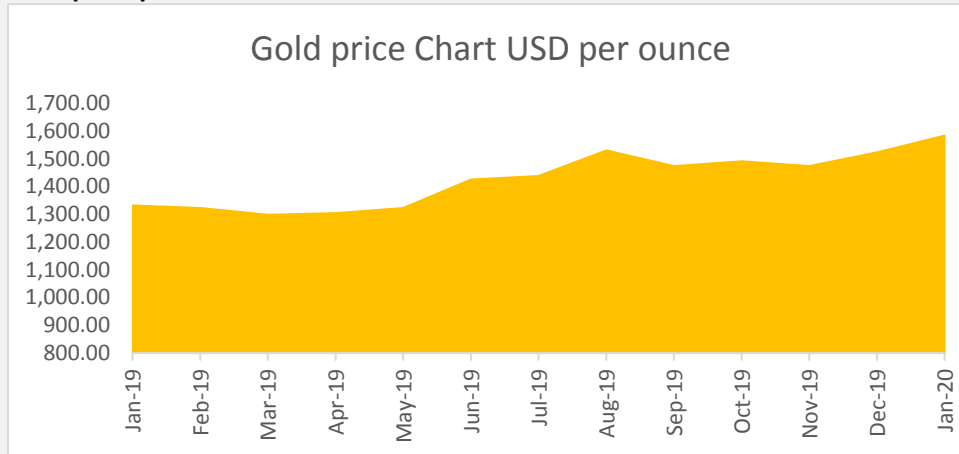
Source: [investing.com](http://investing.com), [goldprice.org](http://goldprice.org)

## 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)

- Global bond yields fell globally as bond prices rallied.
- 10Y yields in UK slipped by 14bps after data surprised negatively (industrial production, inflation).
- Crude Oil Prices declined pressured by a new bearish surplus forecast by IEA which outweighed concern over disruptions to Libya's crude output.
- Crude oil prices have slid almost 15% in January due to coronavirus. Travel restrictions are denting fuel demand and OPEC is closely evaluating on responding to the viral emergency.
- 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.
- Softer interest rates along with uncertainties in the global market will inch up prices for the yellow metal.
- Gold prices are expected to remain elevated and volatile as global markets remain optimistic as well as cautious at the same time.

**For more information, kindly contact:**

Rakesh Shetty: [rakesh@zyfin.com](mailto:rakesh@zyfin.com)

Darshan Gala: [darshan@zyfin.com](mailto:darshan@zyfin.com)

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