

Indian Equity Markets

Benchmark indices rallied sharply led by gains in RIL and Infosys, commercial prospect of an indigenously developed vaccine and better than expected Q1 earnings despite surge in COVID positive cases and a standstill in the economy due to extension of lockdown until 31st Aug.

Large cap outperformed Mid (5.39%) & Small Cap indices (5.18%) and closed at 7.1%.

While Telecom & Utilities corrected IT, Energy & Pharma were top sector gainers.

FII were net buyers for the third consecutive month and invested ₹7,563 Cr.

Debt Markets

RBI observed in its Financial Stability Report, nearly half of those banking customers accounting for around 50% of outstanding bank loans by value opted for loan moratorium.

Fiscal deficit widened to ₹6.62 lakh Cr in Q1, an approx. 83.2% of the budgeted target.

Forex reserves hit a record high level of \$522.63 bn as on 24th July, a near 3.5% jump in 3 weeks.

10Y G-sec yield dropped from 5.89% to 5.83% while FIIs sold net ₹2,476 Cr in debt.

Global Markets

Global indices showed a mixed trend after several countries claimed to be front runners in discovering a vaccine while Moderna needs a mention as it has conducted clinical trials with 30,000 participants in US.

US FOMC left rates unchanged and agreed to extend dollar liquidity swaps and temporary repo operations through 31st Mar'21 to help ease the strain on US dollar funding and facilitate the supply of credit to households and businesses during the pandemic.

10 Year Treasury yield dropped from 0.68% to 0.53%, lowest since Mar'20.

54.1mn Americans sought unemployment aid for the first time since Mar'20 leading to expectations of extending the unemployment insurance benefit through the end of the year.

Global surge in Covid positive cases, progress of trade negotiation between the US - China and rebound in US economic activity in Q3 (Q2 GDP shrank 9.5% vs Q1) which also coincides with the Presidential Election would be closely watched by the street.

Gold touched a high of \$2,005/oz as investors rushed for safe-haven assets.

OPEC+ decision to reduce production cut from Aug to 7.7m bpd kept the oil prices in check.

Corporate Announcements

Cipla receives approval to launch Ciplenza in India to treat mild to moderate COVID-19.

Cadila receives approval to initiate human clinical trials for its Covid-19 vaccine.

Vodafone paid ₹1,000 Cr to DoT towards AGR dues.

Mindspace Business park REIT to raise IPO of ₹4,500 Cr.

RBI sought details of internal probe conducted by **HDFC Bank** in its vehicle finance unit.

Infosys announced strategic partnership with vanguard.

Yes bank raised ₹15,000 Cr by issuing FPO at ₹12 per share.

Wipro appoints Thierry Delaporte as MD & CEO.

Sanjiv Bajaj replaces Rahul Bajaj as chairman of **Bajaj Finance**.

Roshni Nadar Malhotra is appointed as Chairman of **HCL Tech**.

Carlyle to acquire approx. 25% stake in **Airtel's** Data Center business at a valuation of \$1.2 bn.

HDFC Life replaces Vedanta in Nifty 50 index w.e.f 3rd July.

Market Outlook

Timely onset of monsoon helped record a 6% above normal rainfall during the month, best in 6 years while floods in Bihar and Assam displaced over 55 lakh people.

India's exports fell by 12.41% and imports by 47.5% in June resulting in a trade surplus (of \$790 mn) for the first time in over 18 years as pandemic hit domestic demand (in Oil and Gold) while restriction of more than 370 goods originating from China curtailed imports.

GST collection in July shows signs of slowdown as it dropped to ₹87,422 Cr vs ₹90,917 Cr in June.

RBI MPC Meet scheduled on 6th Aug will be crucial as its decision on a rate cut (given inflation is spiraling out of the target range) and on extension of loan moratorium will set the direction for credit growth and provisions in the banking sector.

We remain bearish on equity markets in the near term as current valuations are not sustainable.

Key events to watch-out are RBI MPC Meet (6th Aug) and continuing Q1 Earnings.

In previous market update, we indicated how bullion has rallied due to its safe heaven status and silver is trading at a huge discount compared to gold from a historical perspective. In a period of 2 months (from May to July) silver rallied sharply compared to gold while with Gold-Oil ratio the divergence between gold and oil prices indicates the possibility of sharp recovery in the oil prices.

Benchmark	31-July-20	MTD	2020
SENSEX	37606.89	7.71%	-8.84%
NIFTY	11073.45	7.49%	-9%
10Y G-Sec	5.83%	-1.06%	-11.19%

Top Gainers	Change	Top Losers	Change
Infosys	31.3%	NTPC	9.08%
HCL Tech	26.81%	ONGC	3.69%
Tech M	25.49%	Nestle	3.68%
RIL	21.35%	L&T	3.25%
M&M	18.76%	HDFC Bank	3.1%

BSE Sector Performance	MTD	2020
Basic Materials	6.88%	-5.84%
Telecom	-2.3%	14.32%
Utilities	-4.04%	-16.47%
Industrials	0.46%	-20.19%
Finance	1.77%	-28.24%
Consumer Discretionary	3.9%	-11.72%
FMCG	1.66%	0.35%
Energy	16.56%	18.21%
Healthcare	12.43%	36.16%
IT	22.6%	17.93%

FII (Cr)	EQUITY	DEBT	DEBT-VRR	HYBRID	TOTAL
MTD	7563	-2476	-1786	1	3301
YTD	-10950	-109435	14344	4864	-101181

Currencies	31-July-20	MTD	2020
USDINR	74.815	-0.94%	4.97%
EURINR	88.7995	4.88%	11.16%
GBPINR	98.1491	5.89%	4.99%

Global Indices	31-July-20	MTD	2020
DJIA	26428.32	2.38%	-7.39%
NASDAQ	10745.27	6.82%	19.76%
DAX	12313.36	0.02%	-7.06%
FTSE	5897.76	-4.41%	-21.81%
CAC	4783.69	-3.09%	-19.98%
NIKKEI	21710	-2.59%	-7.42%
HSI	24595.35	0.69%	-12.75%
KOSPI	2249.37	6.69%	2.35%
RTSI	1238.07	1.54%	-20.07%
SHANGHAI	3310.01	10.9%	8.52%

Commodity (\$)	31-July-20	MTD	2020
Gold	1,994	10.75%	30.92%
Silver	24.63	32.14%	37.44%
Brent	43.52	6.02%	-34.06%

Q1 Results FY21			
Company	PAT Growth	Company	PAT Growth
SBI	63.85%	Bharti Airtel	NA
Bajaj Finserv	43.75%	Zee	-361.79%
RIL	30.64%	Sun Pharma	-261.6%
ICICI Bank	24.03%	TVS Motor	-220.86%
HDFC Bank	22.04%	JSW Steel	-157.74%

	May-20	31-Jul-20	% Chng		30-Jun-20	31-Jul-20	% Chng
Gold	1,751.70	1,994.00	14%	Gold	1,801.00	1,994.00	11%
Silver	18.50	24.63	33%	WTI	39.80	40.43	2%
G/S Ratio	94.69	80.96		G/O Ratio	45.25	49.32	

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