

# Monthly Market Update December'20

## Indian Equity Markets

Benchmark indices touched lifetime high by posting strong gains led by sharp rally in global markets and unprecedented FII inflows of ₹60,358 Cr (highest ever in a month) in equities.

Mid & Small Cap indices outperformed Large Cap (12.5%) by 14.5% & 14.2% respectively.

Except Energy all major sectoral indices ended positively, Finance (22.6%) is the top gainer.

## Debt Markets

RBI MPC left repo rate unchanged at 4% despite inflation remaining out of range.

Fiscal deficit until Oct stood at ₹9.53 lakh Cr, 119.7% budgeted target for the year.

Forex reserves touched a life-time high of \$575.29 bn as on 20th Nov.

Rupee appreciated by 0.42% to close at 73.7983/\$.

10Y G-sec yield recovered from 5.89% to 5.91% as FIIs net sold ₹1,806 Cr in debt.

## Global Markets

Global indices bounced back sharply from Oct correction supported by successful final stage vaccine trials in anticipation of an early commercial availability and Biden's victory in US Presidential Election is expected to improve the US-China trade relations.

10Y Treasury yield rose to 0.97% during the month to close at 0.84%.

Democratic candidate Joseph Biden elected as the 46th President of US beating incumbent Donald Trump, by securing more than the required 270 of 538 Electoral College votes.

US FOMC left the target range for the federal funds rate unchanged at 0 to 0.25%.

Gold and Silver corrected to \$1,780 and \$22.5/ounce respectively, lowest since July20.

Oil rallied sharply to \$48.6/bbl intra month (highest since Mar) and closed at \$47.6/bbl.

## Corporate Announcements

**Bajaj Finance** issued NCDs aggregating to ₹755 Cr on a private placement basis.

**Bharti Airtel** shareholding reduced to 36.7% in Infratel after merger with Indus Towers.

**Cadila** successfully completes Phase II clinical trials of Pegylated Interferon alpha-2b.

**Cipla** launches Covi-G for COVID-19 rapid antibody detection.

**Dr. Reddy's** and RDIF commence clinical trials for Sputnik V vaccine in India.

**HDFC** issued NCDs aggregating to ₹3,000 Cr on a private placement basis.

**L&T** won a mega contract (>7000 Cr) to build India's first High-Speed Rail Corridor.

**Suzuki Motor Gujarat** to commence operations of Plant No.3 in April 2021.

**Reliance Retail Ventures** completes fund raise of ₹47,265Cr for 10.09% stake.

**SBI** issued AT 1 Capital NCDs worth ₹2,500 Cr bearing a coupon of 7.73% p.a.

**TCS** to Acquire Postbank Systems from Deutsche Bank.

**Ultra Tech Cement** announces ₹5,477 Cr investment towards 12.8 MTPA capacity expansion.

## Market Outlook

GST Collection for Nov stood at ₹104,963 Cr vs ₹ 1,03,491 Cr, 1.4% YoY higher.

Govt. approved ex-gratia payment to borrowers upto ₹2Cr to reimburse the differential between compound and simple interests for moratorium period estimated at ₹7,500 Cr.

Benchmark indices turned positive for the year despite the disruption in the economy caused by Covid-19 (spike in unemployment, fiscal deficit and inflation resulting in negative GDP growth), in anticipation of commercial availability of a vaccine and complete normalisation of economic activity in the near term and any disappointment in either of the two would reverse the gains.

**Key Events to watch-out are** All party meet on Covid-19, OPEC Meet, SC decision on loan moratorium.

In-line with our view, Oil posted strong gains by rallying 26.7% in Nov while Gold & Silver corrected by -5.3% & -4.7% respectively, an opportunity to buy for long term investors.

Gold-Oil ratio is now at 39.28 vs 52.5 in Oct while Gold-Silver ratio is at 79.03 vs 79.5 in Oct.

Long term investors may continue to remain invested in Gold, Silver and Oil.

Benchmark	27-Nov-20	MTD	2020
SENSEX	44149.72	11.45%	7.02%
NIFTY	12968.95	11.34%	6.58%
10Y G-Sec	5.91%	0.36%	-9.89%

Top Gainers	Change	Top Losers	Change
Bajaj Finserv	57.09%	RIL	-6.06%
ONGC	51.66%	HCL Tech	-2.49%
Bajaj Finance	48.24%		
IndusInd Bank	46.46%		
Tata Steel	40.82%		

BSE Sector Performance	MTD	2020
Basic Materials	12.42%	16.86%
Telecom	8.72%	3.85%
Utilities	13.77%	-6.11%
Industrials	18.57%	7.56%
Finance	22.58%	-5.17%
Consumer Discretionary	11.09%	9.19%
FMCG	7.35%	2.8%
Energy	-2.45%	12.59%
Healthcare	5.51%	51.3%
IT	2.74%	39.8%

FII (Cr)	EQUITY	DEBT	DEBT-VRR	HYBRID	TOTAL
MTD	60358	-1806	4399	-169	62782
YTD	108246	-108952	22762	10057	32110

Currencies	27-Nov-20	MTD	2020
USDINR	73.7983	-0.42%	3.54%
EURINR	88.0222	1.24%	10.19%
GBPINR	98.7057	3.04%	5.59%

Global Indices	27-Nov-20	MTD	2020
DJIA	29638.64	11.84%	3.86%
NASDAQ	12198.74	11.80%	35.96%
DAX	13291.16	15.01%	0.32%
FTSE	6266.19	12.35%	-16.92%
CAC	5518.55	20.12%	-7.69%
NIKKEI	26433.62	15.04%	12.72%
HSI	26341.49	9.27%	-6.56%
KOSPI	2591.34	14.3%	17.91%
RTSI	1304	22.26%	-15.81%
SHANGHAI	3391.7551	5.19%	11.2%

Commodity (\$)	27-Nov-20	MTD	2020
Gold	1780.9	-5.27%	16.93%
Silver	22.534	-4.70%	25.75%
Brent	47.59	27.04%	-27.89%

Q2 Earnings			
Company	PAT Growth	Company	PAT Growth
Cadila	341.6%	Lupin	-117.3%
ICICI Bank	331.6%	M&M	-59.7%
HPCL	290.7%	HDFC	-53.2%
Sun Pharma	67%	ITC	-18.1%
SBI	48.2%	NTPC	-7.75%

	30-Oct	27-Nov	% Chng		30-Oct	27-Nov	% Chng
Gold	1,879.90	1,780.90	-5.3%	Gold	1,879.9	1,780.9	-5.3%
Silver	23.65	22.53	-4.7%	WTI	35.8	45.3	26.7%
Ratio	79.50	79.03		Ratio	52.53	39.28	

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