

Indian Equity Markets

Benchmark indices ended positively for a 3rd consecutive month led by rally in Global markets, strong FII inflows of ₹47,080 Cr (majorly in BFSI stocks) highest in a month since 2002 despite surge in COVID positive cases, geopolitical tensions and extension of lockdown until 30th Sept.

Mid & Small Cap indices outperformed Large cap (2.68%) by 6.56% and 10.09% respectively.

Except Telecom, IT & FMCG all other sectors ended positively, Industrials being the top gainer.

Debt Markets

RBI's MPC decided to keep the policy rate unchanged with an accommodative stance and remain watchful for a durable reduction in inflation to use the available space to support the revival of the economy and mitigate the impact of COVID-19.

Forex reserves hit a record high level of \$538 bn as on 21st Aug, a 3% surge within 3 weeks.

Fiscal deficit at ₹8.21 lakh Cr exceeded ₹7.96 lakh Cr budgeted target for the year.

Rupee appreciated by 1.6% to close at 73.62/\$.

10Y G-sec yield rose to 5.95% from 5.83% and FIIs sold net ₹3,310 Cr in debt.

Global Markets

Global indices rallied (US indices touched a new life time high during the month) driven by liquidity after FOMC decided to maintain target range for the federal funds rate despite inflation expected to run higher than the standard 2% target, better than expected results and prospects of an early availability of vaccine.

Gold touched a high of \$2,089/ounce, witnessed profit booking after strong economic data and potential tax cuts while 10Y Treasury yield rose to 0.72% from 0.53%.

Oil prices rallied supported by Iraq's decision to cut its oil output by 4Lakh bpd in Aug & Sept to compensate for overproduction in the past 3 months and in anticipation of demand recovery.

Corporate Announcements

HDFC Bank appointed Sashidhar Jagdishan as MD and CEO.

Axis bank raised ₹10,000 Cr via QIP at ₹420 per share.

HDFC raised ₹10,000 Cr in equity capital via QIP at ₹1,760 per share and ₹3,693 Cr via NCD.

Eicher motors splits its shares in the ratio of 1:10.

Cadila announced completion of dosing in Phase-I Trial of ZyCov-D, commences Phase II trial.

ICICI Bank raised ₹15,000 Cr via QIP at a price of ₹358 per share.

RIL acquired 60% stake in Netmeds for ₹620Cr and to pick stake in Future Group for ₹24,713Cr.

SBI raised ₹8,931 Cr in Tier-II bond sale.

REC to raise funds through issue of NCD upto ₹85,000 Cr in one or more tranches.

ONGC raised ₹1,000 Cr via NCD on a private placement basis.

Mindspace business park lists at ₹304 per share, 11% premium over issue price of ₹275.

Market Outlook

India received 25% surplus rainfall in August (highest in 44 years) improving the prospects for farm sector output while several parts of the country have witnessed floods causing distress.

The impact of Covid captured in the recent data points like 23.9% contraction in Q1 GDP, fiscal deficit exceeding budgeted target of the year within 4 months, shortfall of ₹1.54 Lakh Cr in GST collection until 31st Aug, expected contraction in full year GDP, potential rise in NPA's to 12.5% by Mar'21 and elevated levels of unemployment remains a cause of concern.

Loan moratorium relief ended on 31st August and in the absence of an extension, its impact on the lenders will be watched closely.

India now stands as the new epicenter for Covid with over 7 Lakh active cases and the prospects of an early vaccine availability alone can provide respite.

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

Key event to watch-out are US FOMC Meet (16th Sept).

Inline with our view, Silver (16%) and Oil (12%) rallied sharply vs Gold (-1%) in August.

The Gold-Silver ratio improved from 94.8 in May to 69.2. We expect gold to remain range bound while silver may see profit booking in the near term.

The Gold-Oil ratio improved from 49.32 in July to 43.7. Oil prices could continue to rally and improve the ratio further.

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

Benchmark	31-Aug-20	MTD	2020
SENSEX	38,628.29	2.72%	-6.36%
NIFTY	11,342.45	2.43%	-6.79%
10Y G-Sec	5.83%	-1.06%	-11.19%

Top Gainers	Change	Top Losers	Change
IndusInd Bank	20.51%	Bharti Airtel	7.90%
Axis Bank	15.14%	UltraTech	5.30%
ICICI Bank	12.55%	Infosys Limited	4.58%
Tata Steel	12.09%	HUL	4.35%
SBI	10.81%	Nestle	3.63%

BSE Sector Performance	MTD	2020
Basic Materials	6.18%	-0.02%
Telecom	-3.80%	9.98%
Utilities	5.19%	-12.13%
Industrials	11.26%	-11.19%
Finance	6.76%	-23.38%
Consumer Discretionary	8.37%	-4.33%
FMCG	-0.85%	-0.50%
Energy	0.60%	18.92%
Healthcare	0.56%	36.92%
IT	-1.07%	16.67%

FII (Cr)	EQUITY	DEBT	DEBT-VRR	HYBRID	TOTAL
MTD	47080	-3310	2762	3347	49879
YTD	36130	-112745	17106	8211	-51302

Currencies	31-Aug-20	MTD	2020
USDINR	73.5951	-1.63%	3.26%
EURINR	87.5742	-1.38%	9.63%
GBPINR	98.1297	-0.02%	4.97%

Global Indices	31-Aug-20	MTD	2020
DJIA	28430.05	7.57%	-0.38%
NASDAQ	11775.46	9.59%	31.24%
DAX	12945.38	5.13%	-2.29%
FTSE	5963.57	1.12%	-20.93%
CAC	4947.22	3.42%	-17.24%
NIKKEI	23139.76	6.59%	-1.32%
HSI	25177.05	2.37%	-10.69%
KOSPI	2326.17	3.41%	5.85%
RTSI	1258.6	1.66%	-18.74%
SHANGHAI	3395.68	2.59%	11.33%

Commodity (\$)	31-Aug-20	MTD	2020
Gold	1978.6	-0.77%	29.91%
Silver	28.594	16.09%	59.56%
Brent	45.28	4.04%	-31.39%

Q1 Results FY21			
Company	PAT Growth	Company	PAT Growth
HPCL	157%	Tata Steel	NA
Cadila	50%	Bata	-200%
Cipla	27%	Titan	-182%
BPCL	22%	Eicher	-112%
		Hero	-95%

	31-Jul-20	31-Aug-20	% Chng		31-Jul-20	31-Aug-20	% Chng
Gold	1,994.00	1,978.60	-1%	Gold	1,994.00	1,978.6	-1%
Silver	24.63	28.59	16%	WTI	40.43	45.3	12%
G/S Ratio	80.96	69.20		G/O Ratio	49.32	43.70	

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