

Monthly Market Update January'21

Indian Equity Markets

Benchmark indices ended the year with double digit returns by registering strong gains in Dec to touch a new life time high led by highest ever FII inflows of ₹62,016 Cr (in a month since '02) and a rally in global markets after multiple vaccines received approval for emergency use.

All the major sectoral indices turned positive for the year, Pharma & IT being the top gainer. Large Cap (6.8%) outperformed Mid Cap (5.09%) and Small Cap (6.38%) indices.

Debt Markets

RBI governor met Public & Private sector bank CEO's to reiterate measures for strengthening their resilience and lending capacity by raising capital & making provisions proactively.

RBI conducted simultaneous purchase & sale of Govt. Sec's under OMO of ₹10,000 Cr each.

Forex reserves touched a high of \$580.84 bn as on Dec 25th.

Fiscal deficit until Nov stood at ₹10.75 lakh Cr, 135% of the budgeted target for the year.

Rupee appreciated by 1.3% to close at 72.82/\$.

10Y G-sec yield fell from 5.91% to 5.89% as FIIs bought ₹4,079 Cr in debt.

Global Markets

All Major global indices rallied led by announcement of multiple vaccines being approved for emergency usage and stimulus package.

Gold and Silver rallied 6.4% and 11.7% to \$1,895 and \$26.4/ounce respectively.

Oil rallied sharply to touch a high of \$52.48/bbl and closed at \$51.8/bbl.

OPEC+ agreed to increase production by half a million bpd in January and Saudi Arabia agreed to make additional voluntary oil output cuts of 1 million bpd in February and March.

Initial jobless claims for the week ended 2nd Jan were 787,000 vs. 835,000 and continuing claims are expected at 5.2M vs. 5.219M during the prior week.

Corporate Announcements

Bajaj Auto signs MoU with the Govt of Maharashtra for proposed investment of ₹650 Cr.

Nettle Infrastructure Inv Ltd acquired an additional equity stake of 4.94% in **Bharti Infratel**.

Cadila receives approvals from DCGI to start Phase III clinical Trial of ZyCoV-D.

Cipla launches 'CIPtest' Rapid Antigen Detection Test for COVID-19 Diagnosis.

RIL acquires equity shares of IMG Reliance Ltd from IMG Singapore Pte. Ltd.

Sun Pharma initiates Phase 2 Clinical Trial of SCD-044 in Patients with Plaque Psoriasis.

Buyback of ₹16,000 Cr at ₹3,000 per share in **TCS** started on 18th Dec.

UltraTech to raise ₹1,000 Cr by issuing NCDs on private placement basis.

Jindal Stainless approves merger with JSIL in the share swap ratio of 1.95:1

Shoppers Stop allots 2.13 Cr rights equity shares of ₹5 each at a premium of ₹135 per share.

ICICI Bank sold 2.21% stake in ICICI Securities.

Market Outlook

GST collection for Dec '20 stood at ₹1,15,174 Cr (highest since it was implemented), Auto & HCV sales increased in December, indicating an early broader economic recovery.

RBI expects GDP to contract by 7.5% for FY21, Q3 growth seen at 1% and Q4 at 0.7%.

Dry runs are conducted in various states as the vaccine roll-out is being planned after SII and Bharat Biotech got emergency authorization, a step towards complete Unlock post 31st Jan.

Fiscal deficit, farmers protest & new coronavirus strain (U.K) remain a cause of concern.

We expect market to be volatile in the near term ahead of Q3 earnings.

Key Events to watch-out are Q3 Earnings (starting with TCS on Jan 8) US FOMC (Jan 27).

Benchmark	31-Dec-20	MTD	2020
SENSEX	47751.33	8.16%	15.75%
NIFTY	13981.75	7.81%	14.9%
10Y G-Sec	5.89%	-0.29%	-10.15%
Top Gainers	Change	Top Losers	Change
Asian Paints	24.67%	ONGC	5.38%
Sun Pharma	15.8%	Power Grid	1.4%
Titan	15.44%	HDFC Bank	0.27%
L&T	15.39%		
HCL Tech	15.05%		

BSE Sector Performance	MTD	2020
Basic Materials	7.88%	26.07%
Telecom	9.42%	13.64%
Utilities	6.09%	-0.39%
Industrials	9.51%	17.79%
Finance	6.33%	0.83%
Consumer Discretionary	10.2%	20.33%
FMCG	7.53%	10.55%
Energy	3.73%	16.79%
Healthcare	6.71%	61.45%
IT	12.08%	56.68%

FII (Cr)	EQUITY	DEBT	DEBT-VRR	HYBRID	TOTAL
MTD	62016	4079	2463	2489	71046
YTD	170262	-104873	25225	12546	103156

Currencies	31-Dec-20	MTD	2020
USDINR	72.82	-1.33%	2.17%
EURINR	89.31	1.46%	11.8%
GBPINR	99.862	1.17%	6.82%

Global Indices	31-Dec-20	MTD	2020
DJIA	30606.48	3.27%	7.25%
NASDAQ	12888.28	5.65%	43.64%
DAX	13718.78	3.22%	3.55%
FTSE	6460.52	3.10%	-14.34%
CAC	5551.41	0.6%	-7.14%
NIKKEI	27444.17	3.82%	17.03%
HSI	27231.13	3.38%	-3.4%
KOSPI	2873.47	10.89%	30.75%
RTSI	1387.46	6.40%	-10.42%
SHANGHAI	3473.07	2.4%	13.87%

Commodity (\$)	31-Dec-20	MTD	2020
Gold	1895.1	6.41%	24.42%
Silver	26.41	11.7%	47.39%
Brent	51.8	8.85%	-21.52%

IPO	Issue Size	Price Band	Listing Price
Gland Pharma	2267.84 Cr	1500	2461
Mrs.Bectors	189.01Cr	288	475
Antony WHC	104.99 Cr	315	367
Burger King	81Cr	60	170

	30-Nov-20	31-Dec-20	% Chng		30-Nov-20	31-Dec-20	% Chng
Gold	1,780.90	1,895.10	6.4%	Gold	1,780.9	1,895.1	6.4%
Silver	23.64	26.41	11.7%	WTI	45.3	48.5	7.0%
Ratio	75.33	71.75		Ratio	39.27	39.05	

In-line with our view, Silver posted strong gains by rallying 11.7% in Dec while Gold & Oil rallied by 6.4% & 7% respectively. Gold-Oil ratio is now at 39.27 vs 39.05 in Nov while Gold-Silver ratio is at 75.33 vs 71.75 in Nov.

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

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