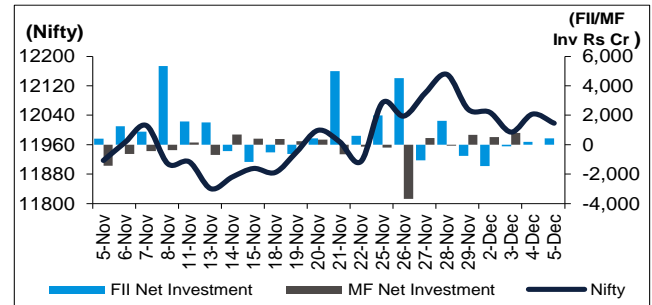


DOMESTIC EQUITY

- Indian equity benchmarks fell sharply in the week with S&P BSE Sensex and Nifty 50 declining 0.85% and 1.12%, respectively.
- Market lost the four-week positive momentum after the Reserve Bank of India (RBI) unexpectedly kept repo rate unchanged to 5.15% and also lowered the gross domestic product (GDP) forecast to 5% for fiscal 2020.
- Selling pressure in the metal, banking and oil and gas shares also dented the sentiments. S&P BSE Metal index, S&P BSE Oil & Gas index and S&P BSE Bankex index fell 3.5%, 3.3% and 1.2%, respectively.
- Globally, reports that US is planning to restore tariffs on steel imported from Brazil and Argentina and weak economic cues from China also weighed on the benchmarks.
- Further losses were however capped due to gains in the technology stocks and renewed optimism about US-China trade deal. S&P BSE Information technology (IT) was the topmost sectoral gainer – up 2%.

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-0.85	9.37	14.54
Nifty 50	-1.12	8.91	12.45
S&P BSE Midcap	-2.77	9.75	-0.11
S&P BSE Smallcap	-1.63	5.91	-5.68
S&P BSE Bankex	-1.21	16.69	22.54
S&P BSE CG	-2.83	-0.41	-6.62
S&P BSE FMCG	-1.35	6.17	1.74
S&P BSE IT	2.02	-6.63	5.67
S&P BSE Healthcare	-1.87	3.06	-2.40

Source: BSE, NSE



Source: SEBI, NSE

GLOBAL EQUITY

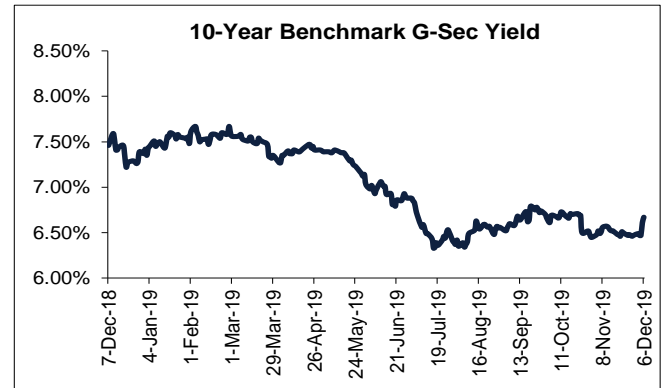
- US stocks retreated on the back of weak domestic manufacturing data, concerns regarding US-China trade talks and reports of US mulling to restore tariffs on steel imported from Brazil and Argentina.
- However, some losses were cut short following gains in technology stocks and after US President Donald Trump said that trade talks with China were going well.
- Britain's FTSE dipped nearly 3% mainly due to resurfacing global trade concerns and weak economic data from US.
- Asian equities posted positive performance. Japan's Nikkei index rose 0.3% owing to a rally in exporters' shares amid a weaker yen and strong Chinese economic data.
- Hong Kong's Hang Seng index advanced 0.6% on tracking encouraging Chinese factory activity data and renewed US-China trade optimism.
- China's Shanghai Composite advanced 1.4% buoyed by upbeat domestic economic data and hopes about Sino-US trade deal.

DOMESTIC DEBT

Indicators	December 6, 2019	Previous Week	Trend
Call Rate	4.90%	4.90%	↔
3 M CP	5.40%	5.25%	↑
1 Yr CP	6.85%	6.70%	↑
3 M CD	5.10%	5.00%	↑
1 Yr CD	5.85%	5.68%	↑
5 Yr AAA	7.00%	6.78%	↑
1 Yr G-Sec	5.59%	5.34%	↑
5 Yr G-Sec	6.37%	6.26%	↑
10 Yr G-Sec	6.67%	6.47%	↑
USD/INR	71.19	71.74	↓

Source: CRISIL Fixed Income Database, RBI

- Government bond prices declined sharply in the week as sentiments were dented after the RBI kept its key policy rate unchanged, fuelling uncertainty regarding the timing of next rate cut.
- The yield of the 10-year benchmark 7.26% 2029 paper fell 20 bps in the week to close at 6.67% on December 6, versus 6.47% on November 29
- Losses were capped by positive sentiments earlier in the week of the central bank continuing its rate cutting spree.
- The release of domestic economic output numbers for the September quarter also moved sentiments for gilts in the week.
- In the weekly gilt auction, the banking regulator sold the 6.17% 2021 paper, the 7.27% 2026 paper, the 6.45% 2049 paper, the 7.62% 2039 paper and 7.63% 2059 paper, for a total notified Rs 16,000 cr



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- US treasury prices ended lower in the week ended December 5, 2019 following release of few domestic indicators and renewed optimism about US-China trade deal.
- The yield of the 10 year benchmark bond rose to 1.80% on December 5, 2019 compared to 1.77% on November 28, 2019.
- Bond prices fell after positive comments by US President Donald Trump raised hopes of a trade agreement with China.
- More gains were seen following the release of positive domestic economic cues including decline in the US trade deficit, fall in weekly jobless claims and rise in the oil prices ahead of an OPEC meeting which is likely to lead to deeper output cuts.
- Demand for the bonds also dented after China's factory activity expanded at its fastest pace in three years.
- Further fall was however capped after the US private-sector job growth unexpectedly slowed to its weakest pace in six months in November 2019, fall in the US ISM manufacturing index in November 2019 and US construction spending for October 2019.

- Treasury prices were also supported by the intermittent concerns about global trade tensions after reports of US mulling to restore tariffs on steel imported from Brazil and Argentina.

DOMESTIC NEWS

- The Reserve Bank of India's (RBI's) Monetary Policy Committee (MPC) kept policy repo rate under the liquidity adjustment facility (LAF) and reverse repo rate under the LAF unchanged at 5.15% and 4.90%, respectively. It also maintained the marginal standing facility (MSF) rate and the Bank Rate at 5.40%.
- India's manufacturing Purchasing Managers' Index (PMI) rose to 51.2 in November 2019 compared to 50.6 in October 2019.
- India's services Purchasing Managers Index (PMI) expanded to 52.7 in November 2019 compared to 49.2 in October 2019.
- RBI revises Gross Domestic Product (GDP) forecast downward for Fiscal Year 2020 to 5% from 6.1% estimated in October 2019 policy, while the Consumer Price Index (CPI) inflation projection revised upwards to 5.1-4.75% for second half of Fiscal Year 2019-20.
- According to RBI's MPC statement, capacity utilization in manufacturing sector declined to 68.9% in September 2019 quarter from 76% in the previous quarter.
- Finance Minister said the government will come out with a slew of infrastructure projects this month as part of a plan to invest Rs 100 lakh crore in the sector to boost the economy.
- Goods and Service Tax (GST) collections rose to Rs 1.03 lakh crore in November 2019 compared with Rs 95380 crore in October 2019.
- Cabinet gave nod for launch of Bharat Bond Exchange Traded Fund (ETF) which will invest into basket of bonds issued by any Government organisation.
- Cabinet granted approval for Personal Data Protection Bill.
- Cabinet approved the fourth labour code – the Code on Social Security Bill 2019.
- Cabinet approved a pact with Germany for cooperation of strategic projects in the field of Railways.
- Finance Minister Nirmala Sitharaman clarified that lower 15% corporate tax rate will not be applicable to computer software development, mining and printing of books. She also clarified that the lower minimum alternate tax (MAT) rate announced as part of the corporation tax rate cuts in September 2019 will be applicable from the current fiscal year.
- Government withdrew a circular issued in July 2019 on 'intermediary' services under the GST.
- Government unveiled a databank of independent directors under the Company Law.
- Government announced extending the date to December 15, 2019 for making FASTag mandatory for toll payments on national highways.
- RBI raised the lending limit for each peer-to-peer (P2P) lenders from the current Rs 10 lakh to Rs 50 lakh.
- RBI unveiled new draft guidelines for on-tap licensing of small finance banks (SFBs); permitted payment banks to convert into SFBs after five years of operations.
- Securities and Exchange Board of India (SEBI) came out with a new framework for issue of depository receipts.
- SEBI advanced margins determination period for commodity derivatives by six hours.

GLOBAL NEWS

- US Automatic Data Processing (ADP) employment report showed that private sector employment

WEEKLY YIELD – December 6, 2019

increased by 67,000 from October 2019 to November 2019.

- US Institute for Supply Management (ISM) manufacturing index edged down to 48.1 in November 2019 from 48.3 in October 2019, while non-manufacturing index fell to 53.9 in November 2019 from 54.7 in October 2019.
- US trade balance narrowed down to \$47.2 billion in October 2019 compared to a downwardly revised \$51.1 billion in September 2019.
- US factory orders rose 0.3% in October 2019, compared with a revised 0.8% drop in September 2019.
- US construction spending fell by 0.8% to an annual rate of \$1.29 trillion in October 2019 after slipping by 0.3% to a revised \$1.30 trillion in September 2019.
- US Markit final manufacturing PMI posted 52.6 in November 2019, up from 51.3 in October 2019.
- Eurozone economy grew 1.2% year-on-year in the third quarter of 2019 same as that in the previous quarter.
- Eurozone retail sales fell 0.6% month-on-month in October 2019, compared with a 0.2% dip in September 2019.
- Eurozone inflation rose more-than-expected to 1% in November 2019 from 0.7% in October 2019.
- China Caixin manufacturing PMI index rose to 51.8 in November 2019 from 51.7 in October 2019, while services PMI rose to 53.5 in November 2019 from 51.1 in October 2019.
- Japan's cabinet approved a \$122 billion fiscal package to support stalling growth in the world's third-largest economy amid offshore risks.

DAY	ECONOMIC EVENTS IN THE WEEK AHEAD
Monday, December 9, 2019	<ul style="list-style-type: none"> • Eurozone Sentix Investor Confidence, December 2019 • China's Consumer Price Index, November 2019 • China's Producer Price Index, November 2019 • Japan's Eco Watchers Survey: Current & Outlook, November 2019
Tuesday, December 10, 2019	<ul style="list-style-type: none"> • US Nonfarm Productivity, Q3 2019 • Eurozone ZEW Survey - Economic Sentiment, December 2019 • UK Monthly GDP, October 2019 • UK Industrial Production, October 2019 • Japan's Producer Price Index, November 2019
Wednesday, December 11, 2019	<ul style="list-style-type: none"> • US Federal Open Market Committee (FOMC) Rate Decision • US Consumer Price Index, November 2019
Thursday, December 12, 2019	<ul style="list-style-type: none"> • US Producer Price Index, November 2019 • European Central Bank Monetary Policy Meeting • UK RICS Housing Price Balance, November 2019 • India's Consumer Price Index Inflation, November 2019

Friday, December 13, 2019

- India's Index of Industrial Production, October 2019
- India's Trade Deficit, November 2019
- US Retail Sales, November 2019
- US Import & Export Price Index, November 2019
- Japan's Industrial Production, October 2019

Source: CRISIL

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