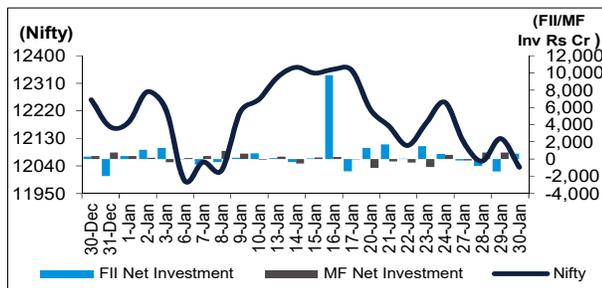


DOMESTIC EQUITY

- Indian equities ended in the red for the second consecutive week. The S&P BSE Sensex and Nifty 50 lost ~2% each
- Sentiments were affected, in line with global equities, over fears of the economic impact of the coronavirus outbreak in China. As a result, metal stocks were dented the most
- Selling pressure in oil & gas, power and fast moving consumer goods (FMCG) counters brought in more losses into the market
- Market fell further on volatility ahead of the expiry of January series derivative contracts
- Wariness ahead of the Union Budget induced more selling by investors
- However, some losses were recovered due to gains in a few index heavyweights
- Buying interest in realty firms also supported the market to a certain extent

Broad Indices	Week change%	3 month change%	1 year change%
S&P BSE Sensex	-2.14	1.48	12.32
Nifty 50	-2.34	0.71	10.44
S&P BSE Midcap	-2.28	4.02	6.19
S&P BSE Smallcap	-1.20	8.19	5.33
S&P BSE Bankex	-1.06	4.02	14.83
S&P BSE CG	-1.49	-7.23	0.87
S&P BSE FMCG	-2.51	-4.94	0.22
S&P BSE IT	-2.23	3.11	3.98
S&P BSE Healthcare	-1.08	5.50	0.55

Source: BSE, NSE



GLOBAL EQUITY

- US stocks retreated on worries regarding the potential impact of the coronavirus outbreak on the global economy
- Britain's FTSE lost 2.7% as the coronavirus outbreak raised global economic worries
- However, investors found some relief as intermittent weakness in the pound buoyed exporters' shares
- Asian equities ended in the red. Japan's Nikkei index lost 2.6%, weighed down by subdued corporate earnings and worries regarding the spread of the coronavirus
- Hong Kong's Hang Seng index plummeted ~6% on persistent fears about the global economic impact of the coronavirus outbreak
- China's Shanghai Composite nosedived 3.2% on worries about spreading of a new virus in the country.

DOMESTIC DEBT

Indicators	January 31, 2020	Previous Week	Trend
Call Rate	4.90%	4.90%	↔
3 M CP	5.80%	5.86%	↓
1 Yr CP	6.76%	6.76%	↔
3 M CD	5.50%	5.48%	↑
1 Yr CD	5.99%	5.99%	↔
5 Yr AAA	6.90%	6.95%	↓
1 Yr G-Sec	5.44%	5.46%	↓
5 Yr G-Sec	6.40%	6.39%	↑
10 Yr G-Sec	6.60%	6.58%	↑
USD/INR	71.35	71.32	↑

Source: CRISIL Fixed Income Database, RBI

- Government bond prices gave up midweek gains to end lower. The yield of the 10 year benchmark 6.45% 2029 paper settled at 6.60% on January 31, 2020 as against 6.58% on January 24, 2020
- Prices received support owing to cooling crude oil prices and declining US benchmark treasury yields

- Persistent fears of additional borrowing and fiscal slippage ahead of the Union Budget announcement dented sentiment
- Supply pressure from the state development bond auction and weekly gilt sale also erased some price gains
- In the state development bond auction, states raised a total notified Rs 18,170 crore via sale of dated securities
- In the last scheduled weekly bond auction for the current fiscal, the Reserve Bank of India (RBI) sold the 6.17% 2021 paper, the 7.27% 2026 paper, the 6.45% 2029 paper, the 7.62% 2039 paper, and the 7.63% 2059 paper for a total notified Rs 14,000 crore



Source: CRISIL Fixed Income Database

GLOBAL DEBT

- US treasury prices ended the week on a firm note owing to mounting worries about coronavirus outbreak in China.
- Bond prices rose amid persistent fears about economic impact of coronavirus outbreak in China and after the US Federal Reserve (Fed) left interest rates unchanged and said it would continue expanding its balance sheet.
- More gains were seen after the domestic economy posted the slowest annual growth in three years in 2019. The economy expanded by 2.3% in 2019, its lowest level since 2016, when growth stood at 1.6%.
- The yield of the 10-year benchmark bond continued to slide and ended at 1.56% on January 30, 2020 compared to 1.68% on January 24, 2020.
- Further gains were however capped after US consumer confidence surged to a five-month high in January 2020.

DOMESTIC NEWS

- India's fiscal deficit as of December 2019 stood at Rs 9.32 lakh crore, which is 132.4% of the Budgeted Estimate (BE) of Rs 7.04 lakh cr for 2019-20; the corresponding figure in the same month of the previous fiscal was 112.4%
- Government revised downwards the economic growth rate for 2018-19 to 6.1% from 6.8% estimated earlier; growth rate for 2017-18 has also been revised to 7%
- India's core sector growth recovered to 1.3% in December 2019; the growth was, however, lower than 2.1% recorded in December 2018
- Economic Survey Highlights:
 - India's gross domestic product (GDP) to grow at 6-6.5% in FY 21 compared to 5% in FY 20
 - Industrial growth in 2019-20 is estimated at 2.5%
- International Monetary Fund (IMF) Chief said India's economic slowdown appears to be temporary; expects the momentum to improve going ahead.
- Finance ministry directed banks to set up a committee to monitor progress of pending disciplinary and internal vigilance cases against employees.
- Government took various decisions, including doing away with personal responsibilities of Managing Director (MD) and Chief Executive

Officer (CEO) of public sector banks (PSBs) for compliance in dealing with large value frauds committed by bank officials.

- Government received bids worth Rs 9200 crore in Central Public Sector Enterprises' (CPSE) Exchange Traded Fund (ETF) from institutional investors.
- Government made it mandatory for employees, who are subjected to tax deducted at source (TDS), to share their permanent account number or Aadhaar, or face the prospect of a mandatory 20% deduction from their salary.
- Ministry of Corporate Affairs (MCA) notified rules for winding up of companies.
- Union Cabinet approved the allocation of 30% of funds of the North-Eastern Council for new projects for focused development of deprived areas, neglected sections of society and emerging priority sectors.
- A Security Exchange Board of India (SEBI)-appointed panel proposed changes to strengthen the monitoring and enforcement of norms pertaining to related party transactions.
- SEBI rationalised margin framework for the commodity derivatives segment, wherein clearing corporations will have to categorise commodities as per their realised volatility.
- Insurance Regulatory and Development Authority (IRDAI) said upon the merger of PSBs, group health insurance policies of customers of the merged banks shall continue to be serviced by the insurer till the end of the policy period.
- IRDAI is working on a pilot scheme with some states to extract data pertaining to insured and

uninsured vehicles; Centre will then send messages to vehicles owners without insurance in a bid to have greater compliance.

GLOBAL NEWS

- The US Fed left its policy interest rate unchanged in a range of 1.5-1.75% and said the economy is growing at a moderate pace.
- US real GDP climbed by 2.1% in the fourth quarter of 2019, unchanged from the third quarter of 2019.
- US durable goods orders surged up by 2.4% in December 2019 after tumbling by a revised 3.1% in November 2019.
- US manufacturing Purchasing Managers' Index (PMI) was 51.7 in January 2020 compared to 52.4 in December 2019.
- US new home sales fell to a 694,000 annualized pace in December 2019, the weakest since July 2019, and compared to the November 2019 figure of 697,000.
- Eurozone GDP advanced 1% annually in Q4 2019 following 1.2% growth in the previous quarter.
- Eurozone manufacturing PMI was 47.8 in January 2020 compared to 46.3 in December 2019, while services PMI was 52.2 in January 2020 compared to 52.8 in December 2019. The composite PMI was 50.9 in January 2020, unchanged compared to December 2019.
- China's official manufacturing PMI came in at 50.0 for January 2020, compared with 50.2 in December 2019.
- Japan's industrial output rose 1.3% month-on-month in December 2019.

DAY	ECONOMIC EVENTS IN THE WEEK AHEAD
Monday, February 3, 2020	<ul style="list-style-type: none"> • US ISM Manufacturing Index, January 2020 • India's Nikkei Manufacturing PMI, January 2020

Tuesday, February 4, 2020	<ul style="list-style-type: none"> • US Factory Orders, December 2019 • Eurozone Producer Price Index, December 2019 • UK Markit/CIPS Construction PMI, January 2020 • China's Caixin Composite & Services PMI, January 2020 • Japan's Jibun Bank Composite & Services PMI, January 2020
Wednesday, February 5, 2020	<ul style="list-style-type: none"> • US ADP Employment Report, January 2020 • US ISM Non-Manufacturing Index, January 2020 • Eurozone Retail Sales, December 2019 • India's Nikkei Services PMI, January 2020
Thursday, February 6, 2020	<ul style="list-style-type: none"> • US Non-farm Productivity, Q4 2019 • RBI's Sixth Bi-monthly Monetary Policy Statement for 2019-20
Friday, February 7, 2020	<ul style="list-style-type: none"> • US Non-farm Payrolls & Unemployment Rate, January 2020 • China's Trade Balance, January 2020

Source: CRISIL

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