

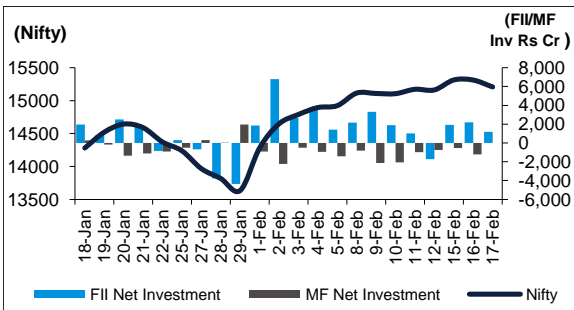


Indian equity benchmark indices' returns

Broad indices	Feb 19	% change for week	% change for YTD
S&P BSE Smallcap	19,863	1.23	9.75
S&P BSE Midcap	20,036	0.63	11.67
Nifty 500	12,439	-0.56	7.99
S&P BSE 100	15,144	-1.03	7.40
Nifty 50	14,982	-1.20	7.15
S&P BSE Sensex	50,890	-1.27	6.57
Sectoral indices	Feb 19	% change for week	% change for YTD
S&P BSE Power	2,416	7.33	17.18
S&P BSE Oil & Gas	15,434	4.24	9.54
S&P BSE Metal	12,807	2.10	10.41
S&P BSE CG	21,786	-0.04	16.23
S&P BSE Realty Index	2,768	-0.89	11.69
S&P BSE Bankex	40,334	-1.23	12.39
S&P BSE FMCG	12,283	-1.79	-2.58
S&P BSE IT	25,444	-2.04	4.93
S&P BSE Healthcare	21,332	-2.04	-1.61
S&P BSE CD	31,837	-2.65	4.75
S&P BSE Auto	23,796	-3.41	14.34

Source: Bombay Stock Exchange, National Stock Exchange (NSE)

Fill and mutual fund investment vs Nifty



FII – Foreign institutional investor

Source: Securities and Exchange Board of India (SEBI), NSE

Fill and mutual fund weekly investment

Rs crore	Feb 12 – Feb 17	
	Fill investment (equity)	MF investment (equity)*
Buy	24,736	17,863
Sell	34,042	25,262
Net	9,800	-7,398
YTD	43,060	-27,494

Source: SEBI, National Securities Depository Ltd (NSDL)

*Data till Feb 16

Domestic macro indicators

Indicators	Current	Previous
Monthly CPI inflation	4.06% (Jan-21)	4.59% (Dec-20)
Monthly WPI inflation	2.03% (Jan-21)	1.22% (Dec-20)
IIP	1.0% (Dec-20)	-2.1% (Nov-20)
GDP	-7.50% (Jul-Sep20)	-23.90% (Apr-Jun20)

CPI – Consumer Price Index, WPI – Wholesale Price Index, IIP – Index of Industrial Production

Source: CRISIL Centre for Economic Research

Indian equity market summary

- The two-week positive trend in Indian equities hit pause, with S&P BSE Sensex and Nifty 50 falling about 1.2% on week each.
- Sentiments were strong earlier in the week as investors cheered encouraging domestic retail inflation and industrial production data.
- A rally in power, oil & gas and metal counters supported the market further. S&P BSE Power (topmost sectoral gainer), S&P BSE Oil & Gas and S&P BSE Metal rose 7.3%, 4.2% and 2% on week, respectively.
- However, sentiments were reversed amid worries about rising new Covid-19 cases in Asian countries.
- A sell-off in auto, consumer durables healthcare and information technology (IT) stocks also weighed on the market. S&P BSE Auto (biggest sectoral decliner), S&P BSE Consumer Durables, S&P BSE Healthcare and S&P BSE IT lost 3.4%, 2.7%, 2% and 2% on week, respectively.

Other major domestic news

- The wholesale price index (WPI)-based inflation rose to 2.03% in January 2021 owing to costlier manufactured products; WPI inflation was 1.22% in December and 3.52% in January 2020.
- India's retail inflation for farm workers and rural labourers eased to 2.17% and 3.25% respectively in January, mainly due to lower prices of certain food items.
- India's trade deficit in January 2021 narrowed to \$14.54 billion from \$15.3 billion in January 2020. It was \$15.44 billion in December 2020. Exports rose 6.16% on-year to \$27.45 billion while imports rose 2.03% to \$41.99 billion.
- S&P Global Ratings said India would be one of the fastest growing emerging market economies with 10% growth in the next fiscal, and future sovereign rating action would hinge on the extent of fiscal deficit and debt burden.
- An India Ratings report said the aggregate fiscal deficit of states is likely to be at 4.3% of the gross domestic product (GDP) in fiscal 2022 compared with 4.6% in fiscal 2021.
- Prime Minister Narendra Modi said the Government of India was planning to spend around Rs 7.5 lakh crore to build oil and gas infrastructure over the next five years.
- The Cabinet approved the Comprehensive Economic Cooperation and Partnership Agreement (CECPA) between India and Mauritius to encourage and improve trade between the two countries.
- The Cabinet approved a production-linked incentive (PLI) scheme of Rs 12195 crore to locally manufactured telecom and networking equipment.
- The Reserve Bank of India (RBI) came out with guidelines to strengthen the digital payments architecture and improve security, control and compliance among banks, gateways, wallet operators and other non-bank entities.
- The RBI issued various directions related to maintenance of liquidity coverage ratio, risk management, asset classification and loan-to-value ratio, among others, for housing finance companies (HFCs).
- It constituted an expert panel to chart a regulatory roadmap for urban cooperative banks and study the sector's consolidation prospects.
- The Securities and Exchange Board of India (SEBI), at its board meeting, approved a slew of proposals, including relaxing minimum public offer requirements for large issuers and amending norms for portfolio managers.



Indian debt market indicators

Indicators	Feb 18	Previous week	Trend
Call rate	3.25%	3.30%	↓
3-month CP	3.70%	3.70%	↔
1-year CP	4.70%	4.75%	↓
3-month CD	3.34%	3.42%	↓
1-year CD	4.20%	4.25%	↓
3-year AAA	5.30%	5.30%	↔
5-year AAA	6.00%	6.00%	↔
1-year G-Sec*	4.08%	4.01%	↑
3-year G-Sec*	4.84%	4.84%	↔
5-year G-Sec*	5.68%	5.50%	↑
10-year G-Sec*	6.12%	5.98%	↑
Forex reserves	\$ 583.70 billion (Feb 12)	\$ 583.95 billion (Feb 5)	↓

*Weighted average yield

Source: CRISIL fixed income database, RBI

Corporate bond spreads over G-secs

Spreads		AAA	AA+	AA	AA-	A+
Feb 18, 2021	3 yr	0.40%	1.60%	3.19%	4.16%	4.45%
	5 yr	0.24%	1.92%	3.51%	4.48%	5.00%
	10 yr	0.95%	2.63%	4.22%	5.19%	5.71%
Previous week	3 yr	0.40%	1.60%	3.19%	4.16%	4.45%
	5 yr	0.42%	2.10%	3.69%	4.66%	5.18%
	10 yr	0.97%	2.65%	4.24%	5.21%	5.73%

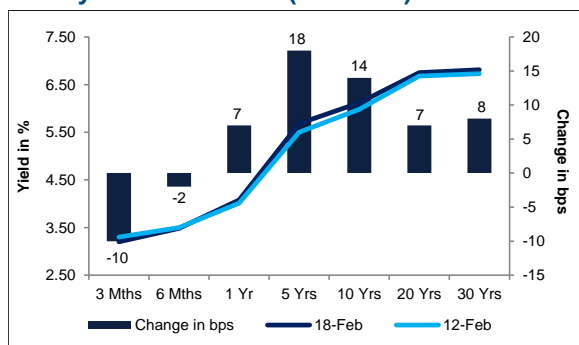
Source: CRISIL fixed income database

10-year benchmark G-sec movement



Source: CRISIL fixed income database

India yield curve shift (on-week)*



*Weighted average yield

Source: CRISIL fixed income database

Indian debt market summary

- The interbank call money rate settled at 3.25% on February 18 compared with 3.30% on February 12.
- Overall systemic liquidity remained in surplus.
- Government bond prices slumped in the last session after staying range bound most of the week.
- Yield on the 10-year benchmark 5.85% 2030 paper settled at 6.13% on February 18 compared to 5.99% on February 12.
- Bond sentiments took a hit early in the week after the RBI announced that it would conduct a simultaneous purchase and sale of government securities via special open market operations for an aggregate amount of Rs 10,000 crore each on February 25, dashing the market's hopes of an outright bond purchase auction.
- Intermittent rise in US benchmark treasury yields and crude oil prices added to the pressure on bond prices.
- Bond prices fell sharply on February 18 after the week's debt sale, which included the current 10-year benchmark paper, witnessed significant devolvement amid investor concerns over excessive supply.
- Nearly the entire quantum of the 5.15% 2025 and 5.85% 2030 papers were devolved on primary dealerships.
- In the week's state development bond auction, states raised a total notified Rs 17687 crore via sale of dated securities.
- The rupee ended higher against the US dollar aided by banks' dollar sales and tracking sporadic weakness in the US dollar index.
- Optimism that global economic growth was poised for a swift recovery enhanced investor risk appetite and augured well for the local unit.
- Intermittent declines in other Asian units and periodic dollar demand from state-owned banks put the rupee under pressure and prevented further appreciation.

Currencies versus rupee

Currency	Feb 18	Week ago	3 months ago	1 year ago
USD	72.64	72.74	74.19	71.55
GBP	100.99	100.43	98.62	93.32
Euro	87.68	88.15	88.21	77.53
100 Yen	68.75	69.35	71.43	65.17

Source: CRISIL



Global equity benchmark indices' returns

Country/Region	Indices	Feb 19	% change for week	% change for YTD
US	DJIA*	31,493	0.11	2.90
	Nasdaq Composite*	13,865	-1.63	7.58
	Russell 3000 Growth*	2,047	-1.35	4.81
UK	FTSE 100*	6,617	0.42	2.42
France	CAC 40*	5,728	0.43	3.19
Germany	XetraDax*	13,887	-1.16	1.23
Japan	Nikkei 225	30,018	1.69	9.38
Singapore	Straits Times	2,881	-1.53	1.30
Hong Kong	Hang Seng	30,645	1.56	12.54
China	Shanghai Comp	3,696	1.12	6.42

Source: Websites of respective stock exchanges; *As of Feb 18

Macro indicators

Indicators	Current	Previous
US Housing Starts	1.58 million (Jan 2021)	1.68 million (Dec 2020)
US Industrial Production	0.9% (Jan 2021)	1.3% (Dec 2020)
US Retail Sales	5.3% (Jan 2021)	-1.0% (Dec 2020)
Eurozone GDP	-5.0% (Q4 2020)	-4.3% (Q3 2020)
Japan Tertiary Industry Activity Index	-0.4% (Dec 2020)	-0.6% (Nov 2020)

Source: CRISIL internal research

Major global bond yields

Indicators	Feb 19	Feb 12
US 10-year*	1.29	1.20
UK 10-year*	0.62	0.52
German 10-year*	-0.34	-0.43
Japan 10-year	0.10	0.06

Source: Bloomberg.com; *As of Feb 18

Commodity prices

Commodity	Feb 19	% change for week	% change for YTD
NYMEX crude oil (\$ per barrel)*	60.52	1.77	24.73
Brent crude oil (\$ per barrel)*	63.93	2.40	23.42
Gold (Rs per 10 gm)	45954.00	-2.63	-8.10
Silver (Rs per kg)	68173.00	-0.26	1.33

Source: Respective commodity exchanges; *As of Feb 18

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Global market summary

- Rising hopes of a quick global economic recovery buoyed most global equities. US Treasury prices ended lower as expectations of the additional stimulus package, coupled with hopes of an economic recovery, dented the safe-haven appeal of the bonds. Crude oil prices rose on anticipation that US stimulus would boost the economy and fuel demand, and on supply constraints, following output cuts decision by major producing countries.
- US stocks ended mixed with Dow Jones rising 0.1% while Nasdaq fell 1.6%.
- Market started on a positive note on prospects of more fiscal aid and buying in energy, financial and material stocks.
- However, a pullback in technology stocks erased the gains, especially from the Nasdaq.
- Sentiments were also affected by an unexpected rise in weekly jobless claims.
 - US initial jobless claims inched up to 861,000 in the week ended February 13, an increase of 13,000 from the previous week's revised level of 848,000
- Britain's FTSE index rose 0.4% led by gains in healthcare stocks, following optimism over a Covid-19 vaccine-led economic recovery.
- Buying in mining and energy stocks, following a sharp rally in commodities prices, also supported the market.
- Further gains were however capped on profit booking and as inflation picked up by a little more-than-expected in January.
 - UK consumer price inflation rose slightly to 0.7% in January from 0.6% in December; output prices fell 0.2% annually in January compared to a 0.5% decrease in December.
- Other European equities were mixed as gains on hopes of a global economic recovery were overshadowed by rising global bond yields and some weak regional corporate earnings reports. France's CAC 40 rose 0.4%, while Germany's Dax fell 1.2%.
- Asian equities ended in the green. Japan's Nikkei advanced 1.7% as progress in the distribution of Covid-19 vaccines raised expectations of a swift economic recovery.
- Hopes of a rebound in domestic corporate earnings induced more buying in the market.
- Some gains were, however, pared on sporadic profit taking.
- Hong Kong's Hang Seng index rose 1.6% due to gains in property stocks and optimism over global economic recovery from the pandemic's fallout.
- China's Shanghai Composite rose about 1% owing to gains in infrastructure and securities stocks.
- However, some gains were trimmed on worries over policy tightening.

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