

## **Sensex, Nifty dip around 1%; India VIX up 6%**

The Indian benchmark indices have fallen over half a per cent in Monday's early deals amid worry over the rapidly increasing Covid-19 cases in the nation. The volatility index, India VIX, rose 6% to 21.2 levels.

At 9:45 AM, the frontline S&P BSE Sensex was trading at 49,643, down 387 points or 0.77%. Market breadth is negative and out of a total of 2,348 shares traded on the Bombay Stock Exchange, 922 advanced while 1,268 declined and 158 remained unchanged. The broader Nifty50 was at 14,778, levels, down 89 points or 0.60%.

The Nifty sectoral indices were largely in the red, with Nifty Bank, Nifty Financial Services, and Nifty Realty index falling over 1%, each.

In the broader markets, the S&P BSE Midcap and Smallcap indices fell 0.4% and 0.6%, respectively.

## **THE YEAR GONE BY – FY20-21**

The year gone by – FY21 has been nothing short of a roller coaster ride for Indian equities, which rebounded after the market crash late March 2020 on fears over the economic impact of the Covid-19 pandemic. The year was a painful disaster for humanity but beneficial for global stock markets.

Indices hit four-year lows on March 23, 2020, a day before India locked down to contain the spread of Covid-19. The S&P BSE Sensex and Nifty50 closed at 25,981 and 7,610, after crashing 33% in just 13 trading sessions.

Indian equity markets posted their best performance in a decade in FY21. After ending 26% lower in FY20, the benchmarks made an unprecedented comeback in FY21. FY21 has been the best year for the Indian markets since the financial year 2009-10. The stimulus and expected recovery in the economic activity contributed to the stellar rally in FY21.

The S&P BSE Sensex and Nifty50 closed at 49,509 and 14,691 levels - rising by 68% and 71%, respectively, over FY21 on the back of strong foreign portfolio investment inflows of Rs 2.6 lakh crore. In absolute terms, Sensex gained over 20,000 points and Nifty 6,100 points.

From its March 2020 low of 25,639, the S&P BSE Sensex climbed to an all-time high of 52,517 points on February 16, 2021 while the Nifty 50 scaled a record high of 15,432. Investors witnessed a wide array of emotions in 2020-21 - from witnessing mammoth losses to record-shattering gains.

The gains in mid-and small-caps have been sharper with both the indices rallying 91% and 115%, respectively on the BSE.

Among sectors, the metal index gained 144% in FY21. While Automobile, information technology (IT) also logged stellar gains and doubled, real estate, capital goods, power, Nifty Bank and healthcare indices also outperformed and gained between 70% and 94% in FY21.

The rally has been partly on account of strong foreign inflows on expectation of improvement in the economy. Accommodative monetary policies of global central banks, especially the US, ensured emerging markets, including India, remained flushed with funds all through the year.

## **WEEKLY REVIEW – MARCH 29 TO APRIL 2, 2021**

The benchmark indices ended higher in truncated trading week. The Sensex regained the key 50,000 level. The announcement by US President Joe Biden to invest \$2.3 trillion in infrastructure and record GST collection for the month of March back home boosted sentiment.

In the week ended on Thursday, April 1, 2021, the Sensex soared 1,021.33 points or 2.08% to settle at 50,029.83. The Nifty50 index advanced 360.05 points or 2.48% to settle at 14,867.35. The BSE Midcap index jumped 546.03 or 2.73% to settle at 20,516.40. The BSE Smallcap index surged 792.73 points or 3.91% to settle at 21,071.69.

## **GLOBAL MARKETS**

Global stock prices rose to a 1 1/2-month high on Monday after data showing a surge in US employment while US bonds came under pressure on worries the Federal Reserve may bump up interest rates sooner than it has indicated.

US S&P500 futures traded 0.5% higher, maintaining their gains made during a truncated session on Friday though tech-heavy Nasdaq futures lagged behind, trading almost flat.

In Asia, Japan's Nikkei rose 0.8% while MSCI's broadest index of Asia-Pacific shares outside Japan was almost flat, with China closed for Tomb-Sweeping day and Australia on Easter Monday.

MSCI's all-country world index was almost flat but stood near its highest level since late February and within sight of a record high set that month.

The US labour department said on Friday that nonfarm payrolls surged by 916,000 jobs last month, the biggest gain since last August.

## **OIL, RUPEE & FIIs**

**Crude Oil:** Oil prices dipped after OPEC+ agreed last week to gradually ease some of its production cuts between May and July. US crude futures fell 0.6% to \$61.09 per barrel.

**Indian Rupee:** For FY21, rupee has appreciated 3.3 percent which is much lower when compared to appreciation seen in other Asian currencies.

**FPIs:** Foreign investors have poured in \$35.22 billion, the biggest inflow since 2014-15. India has attracted the highest-ever foreign direct investment (FDI) inflows at \$67.54 billion during the first nine months of the financial year 2020-21.

## MF Data: - (till Feb end)

- Monthly SIP book of Rs 8,340 cr in FY20 against Rs 7,900 cr in FY21
- Monthly average of new SIP registration has increased from 9.8 lakhs in FY20 to 11.1 lakhs in FY21. Total new SIP registration increased from 117.9 lakhs SIP in FY20 to 124.6 lakhs SIP in FY21
- Overall AUM of the industry has increased from Rs 22.26 lakh cr in Mar-20 to 31.86 lakhs cr in Feb-21, up 42% YoY. Growth is mainly on account of increase in market movement of equity and large chunk of flows in ETF/ Index funds and debt funds. Till YTD feb21, debt net inflows amounts to ₹ 257500 cr against net outflows of Rs 32,503 cr in FY20
- Index/ ETF category AUM has increased from ~1.8 lakh cr to 3.40 lakh cr in Feb-21
- Despite pandemic hit year, industry added incremental 60 lakh folios in FY21

## WEEK AHEAD

The RBI policy and macroeconomic data could be the trigger for the market in the forthcoming week.

Global central bank's policy decisions, trend in global stock markets, macro data, movement of rupee against the dollar, Brent crude oil price movement and investments by foreign portfolio investors (FPI) and domestic institutional investors (DII) will be watched.

Global cues will continue to be in focus as resurgence in virus cases around the world, leads to more restrictions and more pressure on economic recovery. Updates related to COVID-19 will be closely watched. Also, on the radar will be news on Covid vaccine development.

In economic data, Markit Manufacturing PMI for March will be declared today. Markit Services PMI for March will be declared on 7 April 2021.

The RBI is slated to announce its first bi-monthly monetary policy of the 2021-22 fiscal on April 7, 2021 after a three-day meeting of the Monetary Policy Committee (MPC) headed by RBI Governor Shaktikanta Das.

On the political front, all eyes will be on outcome of state assembly elections. Polls are to be held for 294 seats in West Bengal, 234 seats in Tamil Nadu, 140 seats in Kerala, 126 seats in Assam and 30 seats in the Union Territory of Puducherry.

Overseas, China will announce inflation rate for March on 9 April 2021.

The US Markit Manufacturing PMI for March will be declared today.

*Source: Reuters, Capital Market, ET*

**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**

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