

Markets scale record high; Sensex tops 56,600 to gain 500 points

Indian equities scaled new record peaks in early deals on Monday as Jerome Powell's speech last Friday suggested interest rate hike in the US could be later than previously thought.

At 9:58 AM, the frontline S&P BSE Sensex was trading at 56,612, up 490 points or 0.87%. Market breadth is positive and out of a total of 2,823 shares traded on the Bombay Stock Exchange, 2,034 advanced while 639 declined and 150 remained unchanged. The broader Nifty50 was at 16,850 levels, up 145 points or 0.87%.

Among sectors, metal, realty and auto indices were up 1% each. In the broader markets, the BSE Midcap and Smallcap indices gained 0.7% each.

WEEKLY REVIEW – AUGUST 23 – AUGUST 27, 2021

Domestic equity market benchmarks logged strong gains during the week. The Sensex and Nifty ended at record closing high. The Sensex closed above 56,000 mark while the Nifty index settled above 16,700 level. Broader markets outperformed.

In the week ended on Friday, 27 August 2021, the Sensex surged 795.40 points or 1.44% to settle at 56,124.72. The Nifty 50 index jumped 254.70 points or 1.55% to settle at 16,705.20. The BSE Midcap index advanced 575.52 or 2.54% to settle at 23,255.39. The BSE Smallcap index rallied 526.04 points or 2.04% to settle at 26,284.15.

COVID 19- UPDATE

The sharp surge in Covid-19 infections in Kerala post Onam sent India's cases in the week ending Sunday zooming to an eight-week high, with the southern state alone accounting for 66% of all cases in the country in this period.

India recorded more than 2.9 lakh fresh Covid cases in the week (August 23-29), a 32% jump from the tally in the preceding seven days. This was the highest number of weekly infections since the June 28-July 4 week when 3.05 lakh cases were recorded. India recorded a 10.5% rise in deaths from the virus during the week. There were 3,439 fatalities in the period as opposed to 3,111 in the previous week.

GLOBAL MARKETS

Asian shares started the week with gains and the dollar was not far off two-week lows after U.S. Federal Reserve Chairman Jerome Powell struck a more dovish tone than some investors expected in long-awaited speech on Friday.

Oil prices rose, meanwhile, after energy firms suspended production as Hurricane Ida slammed into the U.S.' southern coast.

Japan's Nikkei rose 0.9% soon after the bell, and MSCI's broadest index of Asia-Pacific shares outside Japan gained 0.32% in early trading before Chinese markets had opened.

Australia climbed 0.39% and Korea's Kopsi gained 0.54%.

U.S. stock futures, the S&P 500 e-minis, were barely moved, up 0.04%.

Investors had been waiting to see whether Powell, who was speaking at a symposium in Jackson Hole, Wyoming, would give a clear indication of his views on timing of the central bank's tapering of asset purchases or hiking interest rates to start removing monetary stimulus.

OIL, RUPEE & FIIs

Crude Oil: Oil was also in focus after energy firms suspended 1.74 million barrels per day of oil production in the U.S. Gulf of Mexico as Hurricane Ida slammed into the Louisiana coast as a Category 4 storm.

U.S. crude rose 0.86% to \$69.34 a barrel. Brent crude rose 1.25% to \$73.38 per barrel.

Indian Rupee: The rupee saw its biggest weekly gain in four months on Friday as investors unwound long dollar positions ahead of US Federal Reserve chairman Jerome Powell's Jackson Hole speech later in the day.

The partially convertible rupee ended the session at 73.68/69 per dollar, better than Thursday's close of 74.2150. The unit rose 1% on the week, its best since the last week of April.

MF & FIIs: Domestic mutual funds (MFs) and foreign portfolio investors (FIIs) have been net buyers of stocks in August. MFs had purchased stocks worth more than Rs 8,300 crore until August 23, according to the data provided on the SEBI website.

Equity funds have continued to attract net inflows over the past couple of months amid the continued surge in the stock markets. Since March this year, equity funds have seen net inflows of Rs 51,000 crore, of which Rs 22,583 crore came in August.

On the other hand, while FIIs invested heavily in domestic equities (Rs 55,742 crore) in the January-March period, since the start of FY22, they have sold stocks worth Rs 5,720 crore. They sold equities worth Rs 11,308 crore in July. August, so far, has seen net FII purchases, albeit at only Rs 986 crore. FIIs sold equities in all the sessions last week. On Friday, they sold shares worth Rs 778 crore, according to the provisional data from exchanges.

WEEK AHEAD

Local and global macroeconomic data, Covid updates, trend in global stock markets, movement of rupee against the dollar, progress of monsoon, Brent crude oil price movement and investments by foreign portfolio investors (FPI) and domestic institutional investors (DII) will also be watched.

On the coronavirus front, investors would continuously watch out government's course of action along with progress on vaccination drive. Besides, as new COVID cases have seen a considerable decline, all eyes would be on state governments for further easing of the restrictions. Globally, the trend of rise in COVID cases on account of the delta variant, especially in UK and Asia.

On the macro front, infrastructure output data for July will be released tomorrow.

India's gross domestic product (GDP) for the April-June quarter of the ongoing fiscal will be released tomorrow.

Markit Manufacturing PMI for August will be declared on 1 September 2021. Markit Services PMI for August will be declared on 3 September 2021.

Auto stocks will be in focus as auto companies will start announcing monthly sales numbers for August starting from 1 September 2021.

Overseas, the China NBS Manufacturing PMI for August will be announced tomorrow.

China will announce the Caixin Manufacturing PMI for August on 1 September 2021.

In Europe, Retail Sales data for July will be declared on 3 September 2021.

Source: Reuters, Capital Market, ET

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

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Market Flash

August 30, 2021

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