

Sensex rallies over 200 points; Bank Nifty leads

Domestic equity market benchmarks BSE Sensex and Nifty 50 were trading nearly half a per cent up on Monday.

Bank Nifty was up nearly half a per cent and Nifty Auto surged 1%. On the flip side, Nifty Metal fell 0.75% and Nifty Pharma 0.4%.

At 10:15 AM, the frontline S&P BSE Sensex was trading at 54,491, up 211 points or 0.41%. Market breadth is positive and out of a total of 3,123 shares traded on the Bombay Stock Exchange, 1,686 advanced while 1,300 declined and 137 remained unchanged. The broader Nifty50 was at 16,296 levels, up 58 points or 0.25%.

In the broader markets, the BSE MidCap index slipped 0.12% while the BSE SmallCap index added 0.3%.

WEEKLY REVIEW – AUGUST 2 – AUGUST 6, 2021

The key barometers logged strong gains during the week. Indices gained for four days since Monday to attain multiple all-time highs during the week. However, investors booked profits on the last day of the week. On Friday, the Reserve Bank of India kept the key policy rates unchanged. Small-cap and midcap indices underperformed the market.

In the week ended on Friday, 6 August 2021, the Sensex surged 1,690.88 points or 3.22% to settle at 54,277.72. The Nifty 50 index soared 475.15 points or 3.01% to settle at 16,238.20. The Nifty hit a record high of 16,349.45 while the BSE Sensex hit an all-time of 54,717.24 during the week. The BSE Mid-Cap index rose 117.50 or 0.51% to settle at 23,204.72. The BSE Small-Cap index gained 19.35 points or 0.07% to settle at 26,805.97.

COVID 19- UPDATE

Even as India is bracing for a possible Covid-19 third wave, the country witnessed a 4% decline in the number of Coronavirus cases for the week ended August 8. According to the data from the Union Health Ministry, the sharp decline in Covid-19 cases in several north-eastern states is the reason for this.

Kerala, till now a concern for its Covid-19 surge, has witnessed a sign of plateauing in the Covid-19 surge last week. The southern state has reported a marginal increase of 1% in the number of cases over the previous week.

In the meanwhile, the vaccine vaccination drive in the country has picked up in August. According to Health Ministry data, the daily average has gone up to 51.45 lakh doses during the 7-day period of July 31-August 6 from the 48.26 lakh doses in the previous week.

On August 7, India's cumulative vaccine coverage crossed the 50-crore mark, the second-highest after China. In another positive development, an ICMR (Indian Council of Medical Research) study says the mixing of Covishield and Covaxin vaccines elicits better immune protection.

GLOBAL MARKETS

Asian shares wobbled on Monday amid sharp losses in gold and oil prices, while the dollar held near four-month highs after an upbeat US jobs report lifted bond yields.

Sentiment was shaken by a sudden dive in gold as a break of \$1,750 triggered stop loss sales taking it as low as \$1,684 an ounce. It was last down 2.2% at \$1,723.

Brent sank almost 2% on concerns the spread of the Delta variant would temper travel demand.

Holidays in Tokyo and Singapore made for thin trading conditions, leaving MSCI's broadest index of Asia-Pacific shares outside Japan down 0.1%.

Japan's Nikkei was shut but futures were trading just below Friday's close. Nasdaq futures slipped 0.5% and S&P 500 futures 0.3%.

OIL, RUPEE & FIIs

Crude Oil: Oil prices eased further after suffering their largest weekly drop in four months amid worries coronavirus travel restrictions would threaten bullish expectations for demand.

Brent fell \$1.30 to \$69.40 a barrel, while US crude lost \$1.29 to \$66.99.

Indian Rupee: On Friday, rupee secured its fifth gain in a row and settled at 74.15 against the US dollar after the Reserve Bank came out with policy rates in line with market expectations and focused on economic recovery. At the interbank forex market, the rupee opened at 74.11 and hit an intra-day high of 74.10 and a low of 74.22. It finally closed at 74.15, higher by 2 paise over its last close. On a weekly basis, the rupee rose 27 paise over the US dollar.

FPIs: Foreign portfolio investors (FPI) have made a comeback to India's equities segment and made a net investment of Rs 975 crore in the first week of August.

The FPIs have made a comeback after a net outflow of Rs 11,308 crore in July.

With the return of investments in August, net FPI investments into equities segment in 2020 have again breached the Rs 50,000 mark.

The net FPI investment into the equities segment in 2020 stood at Rs 50,011 crore, as per NSDL data.

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. Investors will monitor a fresh round of corporate earnings and the global spread of the delta COVID-19 variant.

Investors will continue to watch June 2021 quarterly earnings for direction.

Progress of monsoon and developments in the monsoon session of the Parliament will also be closely watched. The monsoon session of the Parliament began on Monday (19 July) and it will conclude on 13 August 2021. The government and the opposition are likely to discuss raging issues of the COVID-19 pandemic, farmers' protest, fuel prices hike and vaccination strategy.

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, the Industrial Production and Manufacturing Production data for June will be released on 12 August 2021. Inflation rate for July will be declared on the same day.

Overseas, China will announce inflation rate for July today.

Source: Reuters, Capital Market, ET

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

Disclaimer: The article (including market views expressed herein) is for general information only and does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this information. The data/information used/disclosed in the article is only for information purposes and not guaranteeing/indicating any returns. The article provides general information and comparisons made (if any) are only for illustration purposes. Investments in mutual funds and secondary markets inherently involve risks and recipient should consult their legal, tax and financial advisors before investing. Recipient of this document should understand that statements made herein regarding future prospects may not be realized. Recipient should also understand that any reference to the indices/ sectors/ securities/ schemes etc. in the article is only for illustration purpose and are NOT stock recommendation(s) from the author or L&T Investment Management Limited, the asset management company of L&T Mutual Fund ("the Fund") or any of its associates. Any performance information shown refers to the past and should not be seen as an indication of future returns. The value of investments and any income from them can go down as well as up. The distribution of the article in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of the article are required to inform themselves about, and to observe, any such restrictions.

CL08513