

## **Sensex sinks over 1,000 points to break 56,000 mark; Nifty below 16,700 mark**

Indian benchmarks opened lower on Monday as investors continue to track the spread of the Omicron Covid variant. The World Health Organization recently warned that the number of cases is doubling in 1.5 to 3 days in areas with community spread.

That apart, Asian stock dropped in early trading today after China slashed its benchmark lending rate for the first time in more than one-and-a-half years. The move likely indicates policymakers concerns around the slowing economic growth in China, which worried investors.

At 9:55 AM, the frontline S&P BSE Sensex was trading at 55,933, down 1,052 points or 1.84%. Market breadth is weak and out of a total of 3,074 shares traded on the Bombay Stock Exchange, 545 advanced while 2,438 declined and 91 remained unchanged. The broader Nifty50 was at 16,666 levels, down 320 points or 1.88%.

In the broader markets, the BSE Midcap and Smallcap indices fell over 2% each.

Among sectors, the Nifty Bank tanked 2.6%, at 34,672 levels. Meanwhile, all the sectoral indices are in the red with the Nifty Metal index down 3.5%.

## **WEEKLY REVIEW – DECEMBER 13– DECEMBER 17, 2021**

The market edged lower in the week gone by as concerns persisted about the spread of the Omicron COVID-19 variant in various countries and the global inflation outlook.

In the week ended on Friday, 17 December 2021, the Sensex tumbled 1,774.93 points or 3.02% to settle at 57,011.74. The Nifty 50 index slumped 526.1 points or 3% to settle at 16,985.20. The BSE Midcap index declined 4.53% and the BSE Smallcap index fell 2.75%.

## **GLOBAL MARKETS**

Asian share markets fell and oil prices slid on Monday as surging Omicron cases triggered tighter restrictions in Europe and threatened to drag on the global economy into the New Year.

A seasonal lack of liquidity made for a bumpy start and S&P 500 futures led the way with a 0.7% drop, while Nasdaq futures shed 0.6%.

MSCI's broadest index of Asia-Pacific shares outside Japan slipped 0.4% and Japan's Nikkei 0.7%.

The spread of Omicron saw the Netherlands go into lockdown on Sunday and put pressure on others to follow, though the United States seemed set to remain open.

## OIL, RUPEE & FIIs

**Crude Oil:** Oil prices swung lower amid concerns the spread of the Omicron variant would crimp demand for fuel and signs of improving supply.

Brent fell \$1.56 to \$71.96 a barrel, while U.S. crude lost \$1.43 to \$69.43 per barrel.

**Rupee:** The rupee pared its initial losses to settle marginally higher by 3 paise at 76.06 against the US dollar on Friday, even as concerns over foreign fund outflows and rising crude oil prices weighed on overall sentiment.

The local unit, however, recorded its fourth weekly decline amid growing concerns over the Omicron variant of coronavirus. Firming up of crude oil prices too weighed on the local unit.

At the interbank foreign exchange market, the rupee opened lower at 76.23 a dollar, registering a decline of 14 paise from the last close. During the day, it pared its losses and settled at 76.06 (provisional) against the American currency.

On a weekly basis, the rupee depreciated 28 paise against the US dollar.

**FPIs:** A combination of concerns over high valuations, interest-rate hikes, and the emergence of a new Covid variant have led to foreign portfolio investors (FPIs) remaining net sellers of Indian equities.

Since October, FPIs have sold shares worth Rs 32,965 crore in the domestic market. According to the provisional data from exchanges, FPIs sold shares worth Rs 2,070 crore on Friday.

## WEEK AHEAD

Volatility is likely to continue following the emergence of the omicron Covid-19 variant and its potentially concerning mutation profile. Traders may maintain cautious stance in the near term, with the focus on severity of the new strain.

Trend in global stock markets, the movement of rupee against the dollar and crude oil prices will dictate trend on the bourses in the trading week ahead.

Overseas, China will announce Loan Prime Rate for 1 year and 5 years today.

Japan will announce inflation rate for November on 24 December 2021.

The United States Durable Goods Orders for November will be declared on 23 December 2021.

**Source:** Reuters, Capital Market, ET

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

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