

## **Sensex hovers around 57,000 amid weakness; bank stocks drag**

Benchmark indices opened lower on Monday amid weak sentiment led uncertainty over the economic impact of the Omicron coronavirus. Weakness in bank stocks weighed on the bourses. The Nifty dropped below 17,000 levels.

Except pharma, all other sectoral indices are trading in the red with oil & gas, metal, bank and realty indices down 1% each.

At 10:20 AM, the frontline S&P BSE Sensex was trading at 57,008, down 116 points or 0.20%. Market breadth is positive and out of a total of 3,308 shares traded on the Bombay Stock Exchange, 1,746 advanced while 1,389 declined and 173 remained unchanged. The broader Nifty50 was at 16,958 levels, down 46 points or 0.27%.

In the broader markets, the BSE Midcap and Smallcap indices were also in the red zone, trading 1% lower.

## **WEEKLY REVIEW – DECEMBER 20 – DECEMBER 24, 2021**

The benchmark indices saw high volatility during the week as the impact of Omicron variant continued to puzzle investors. The Nifty settled above the key 17,000 level. Investors have been juggling with the news of the rapid spread of the omicron variant and the introduction of containment measures by governments around the world, with new scientific analysis of its severity and pharmaceutical developments on booster shots and treatments.

In the week ended on Friday, 24 December 2021, the Sensex rose 112.57 points or 0.20% to settle at 57,124.31. The Nifty 50 index gained 18.55 points or 0.11% to settle at 17,003.75. The BSE Midcap index fell 184.88 or 0.75% to settle at 24,357.27. The BSE Smallcap index shed 88.65 points or 0.31% to settle at 28,366.55.

## **GLOBAL MARKETS**

Asian stock markets were generally weaker with U.S. crude in holiday-thinned trading on Monday, as uncertainty over the economic impact of the Omicron coronavirus variant weighed on investor sentiment.

Japan's Nikkei lost 0.20% while South Korea's Kospi fell 0.11%.

Mainland Chinese shares, though, were mixed, with Shanghai's benchmark sliding 0.37% but an index of blue chips edged 0.05% higher.

Australia, Hong Kong and Britain are among markets closed Monday for holidays.

Wall Street trading resumes later in the global day following a holiday on Friday. US stocks closed at records on Thursday amid signs Omicron may cause a milder level of illness, even as the highly transmissible strain led to a surge in case numbers around the world.

Emini futures point to a 0.1% rise for the S&P 500 when it reopens.

## **OIL, RUPEE & FIIs**

**Crude Oil:** In the crude market, U.S. West Texas Intermediate futures fell 59 cents to \$73.20 a barrel. The contract did not trade on Friday because of the U.S. market holiday.

Brent crude though rose 26 cents to \$76.40 a barrel, rebounding from Friday's 71 cent decline.

**Rupee:** The rupee surged 24 paise to close at 75.02 (provisional) against the U.S. dollar on Friday, extending its gains for the seventh straight day, as risk appetite improved amid easing fears of fallout from the Omicron coronavirus variant.

At the interbank forex market, the local unit opened at 75.12 against the greenback and witnessed an intra-day high of 75.00 and a low of 75.20.

## **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.

Trading could be volatile in the forthcoming week as traders roll over positions in the F&O segment from the near month December series to January series. The December 2021 F&O contracts will expire on Thursday, 30 December 2021. Investors will also continue to monitor the situation surrounding the omicron COVID-19 variant.

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, on the macro front, the Infrastructure Output data for November will be released on 31 December 2021.

Overseas, China will announce the NBS Manufacturing PMI for December on 31 December 2021.

Japan will announce Retail Sales data for November today. Japan's industrial production data for November will be announced tomorrow.

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

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