

Sensex below 57,500 amid volatility; broader markets outperform

Domestic equities started in the red zone amid volatility on Monday tracking weakness in Asian markets.

At 10:03 AM, the frontline S&P BSE Sensex was trading at 57,444, down 253 points or 0.44%. Market breadth is marginally positive and out of a total of 3,058 shares traded on the Bombay Stock Exchange, 1,571 advanced while 1,327 declined and 140 remained unchanged. The broader Nifty50 was at 17,127 levels, down 70 points or 0.40%.

In the broader markets, the BSE Midcap index was up 0.15% and the BSE Smallcap index added 0.14%. Sectorally, realty and media stocks were the only gainers. On the flipside, auto, financials, and IT stock were in the red.

WEEKLY REVIEW – NOVEMBER 29– DECEMBER 3, 2021

The market advanced last week as positive domestic economic data boosted sentiment. However, renewed COVID-19 fears over a new Omicron variant capped gains.

In the week ended on Friday, 3 December 2021, the Sensex jumped 589.68 points or 1.03% to settle at 57,696.83. The Nifty 50 index advanced 170.25 points or 1% to settle at 17,196.70. The BSE Midcap rose 1.35% and the BSE Smallcap index gained 1.25%.

GLOBAL MARKETS

Asian share markets lagged a bounce in US and European futures on Monday, while bonds surrendered some of their recent gains and oil rallied as Saudi Arabia lifted its crude prices.

November's mixed US jobs report did little to shake market expectations of a more aggressive tightening by the Federal Reserve, leaving a week to wait for a consumer price report that could make the case for an early tapering.

Omicron remained a concern as the variant spread to about one-third of U.S. states, though there were reports from South Africa that cases there only had mild symptoms.

Early trade was cautious as MSCI's broadest index of Asia-Pacific shares outside Japan inched down 0.4%.

Japan's Nikkei eased 0.6%, even as the government considered raising its economic growth forecast to account for a record \$490 billion stimulus package.

Chinese blue chips managed a 0.7% gain after state media quoted Premier Li Keqiang as saying Beijing will cut banks' reserve requirement ratios (RRR) "in a timely way".

Wall Street was looking to rally after Friday's late slide, with S&P 500 futures adding 0.4% and Nasdaq futures 0.1%. EUROSTOXX 50 futures firmed 1.0% and FTSE futures 0.7%.

OIL, RUPEE & FIIs

Crude Oil: Oil prices bounced after top exporter Saudi Arabia raised prices for its crude sold to Asia and the United States, and as indirect US-Iran talks on reviving a nuclear deal appeared to hit an impasse.

Brent climbed \$1.45 to \$71.33 a barrel, while U.S. crude added \$1.46 to \$67.72 per barrel.

Rupee: The Indian rupee extended its loss by another 10 paise to settle at 75.12 against the US currency on Friday in line with massive sell-offs in domestic equities amid growing worries over the new COVID variant.

10-year bonds: India 10-year bond jumped 0.27 per cent to 6.36 after trading in 6.35 - 6.37 range on Friday.

FPIs: Net-net, foreign portfolio investors (FPIs) turned sellers of domestic stocks to the tune of Rs 3,356.17 crore, data available with NSE suggested. DIIs turned net buyers to the tune of Rs 1,648.79 crore, data suggests.

WEEK AHEAD

Domestic stock market could continue facing volatility 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, and FII flow in the equity market.

On the technical front, the Nifty 50 index's RSI (relative strength index) stood at 44.17. The RSI oscillates between zero and 100. Traditionally, the RSI is considered overbought when above 70 and oversold when below 30.

The Reserve Bank of India (RBI)'s Monetary Policy Committee (MPC) is scheduled to meet during 6 to 8 December 2021. MPC's interest rate decision will be disclosed on Wednesday, 8 December 2021.

On the economic front, India's industrial production data for October will be unveiled on Friday, 10 December 2021.

India's inflation based on consumer price index (CPI) for November will also be unveiled on Friday, 10 December 2021.

Overseas, China's annual inflation data for November will be unveiled on Thursday, 9 December 2021.

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.

CL08910