

Sensex slumps over 1,100 points; Bank index dips 3%

Following their Asian peers, the domestic benchmark indices started trade sharply lower on Monday.

In the broader markets, the BSE Midcap and Smallcap indices were also deep in red, down 2.7% and 3.15%, respectively.

At 10:00 AM, the frontline S&P BSE Sensex was trading at 57,011, down 1,142 points or 1.96%. Market breadth is dismal and out of a total of 3,239 shares traded on the Bombay Stock Exchange, 487 advanced while 2,639 declined and 113 remained unchanged. The broader Nifty50 was at 17,035 levels down 340 points or 1.96%.

Sectorally, all Nifty indices were in the negative territory, led by losses in Nifty Bank, PSU Bank indices, down nearly 3% and 4%, respectively. The Nifty Auto, Realty, Metals, Financial Services were all nearly 3% lower. The Nifty IT and Pharma indices had the lowest cut of 0.6 and 0.8%, respectively.

The volatility gauge-the VIX index, meanwhile, soared to 22 levels by jumping 17%.

WEEKLY REVIEW – FEBRUARY 7 – FEBRUARY 11, 2022

The benchmark indices settled lower in a volatile trading week on negative global stocks. Ongoing Russia-Ukraine conflict, rising crude oil prices and relentless selling by foreign portfolio investors (FPIs) also put pressure on domestic shares. Higher-than-expected US inflation data raised fears of aggressive rate hikes by the US Federal Reserve.

In the week ended on Friday, 11 February 2022, the Sensex fell 491.9 points or 0.84% to settle at 58,152.92. The Nifty 50 index declined 141.55 points or 0.81% to settle at 17,516.30. The BSE Midcap index fell 2.02% to settle at 24,250.92. The BSE Smallcap index lost 3.4% to settle at 28,691.82.

GLOBAL MARKETS

Asian shares sagged on Monday as warnings that Russia could invade Ukraine at any time sent oil prices to seven-year peaks, boosted bonds and belted the euro.

The United States on Sunday said Russia might create a surprise pretext for an attack, as it reaffirmed a pledge to defend "every inch" of NATO territory.

The cautious mood saw MSCI's broadest index of Asia-Pacific shares outside Japan drop 1.2%. Japan's Nikkei lost 2.6%, while Chinese blue chips fell 0.6%.

S&P 500 futures were down a fraction and Nasdaq futures eased 0.1% after steep losses on Friday. EUROSTOXX 50 futures shed 1.8% and FTSE futures 0.7%.

OIL, RUPEE & FIIs

Crude Oil: Oil prices climbed further to fresh seven-year highs amid concerns a Russian invasion of Ukraine would trigger US and European sanctions and disrupt exports from the major oil producer in an already tight market.

Brent added another \$1.14 to \$95.58 a barrel, while U.S. crude rose \$1.34 to \$94.44.

Rupee: Rupee weakened further on Friday and closed below the 75/dollar mark for the first time in 2022 after US January inflation accelerated to 40 years high of 7.5 per cent year-on-year, which spooked the global markets.

The rupee was on a weaker footing after the Reserve Bank of India (RBI) announced a 'super dovish' policy on Thursday, and depreciated further on Friday as the dollar strengthened globally.

FPIs: Foreign portfolio investors (FPIs) have withdrawn a net INR 14,935 crore from the Indian market in the first half of February. FPIs have been net sellers for the fourth consecutive month.

The total net outflow during February 1-11 stood at INR 14,935 crore.

As per data from depositories, FPIs took out INR 10,080 crore from equities, INR 4,830 crore from the debt segment and INR 24 crore from hybrid instruments.

WEEK AHEAD

Macro-economic data and earnings announcements from India Inc will continue to remain in focus in the near term. 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.

Investment by foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) will also be watched.

On the macro front, India's inflation rate for January will be unveiled today. India's inflation based on wholesale price index (WPI) for January will also be unveiled today

On the political front, developments in the upcoming assembly polls in Uttar Pradesh, Uttarakhand, Goa, Punjab, and Manipur will be closely watched. Polls in all the five states will be held between February 10 and March 7 in seven phases. The counting of votes and the result will be declared on March 10.

Overseas, China will announce inflation rate for January on 16 February 2022.

Japan will announce inflation rate for January on 18 February 2022.

US Retail Sales for January will be announced on 16 February 2022.

Source: Reuters, Capital Market, ET

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

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