

Sensex tumbles over 700 points, Nifty below 16,450 mark; Banks drag

Tracking weakness in Asian and global peers, the domestic benchmark indices started trade lower on Monday amid the Russia-Ukraine conflict uncertainty.

The market witnessed extreme volatility in the last week amid uncertainty over war-like situation and registered the biggest single day fall on February 24 after Russia invaded Ukraine, however, witnessed a smart pull back after the US and UK imposed new sanction on Russia.

At 10:05 AM, the frontline S&P BSE Sensex was trading at 55,094 down 764 points or 1.37%. Market breadth is dismal and out of a total of 3,031 shares traded on the Bombay Stock Exchange, 828 advanced while 2,062 declined and 141 remained unchanged. The broader Nifty50 was at 16,439 levels down 219 points or 1.31%.

In the broader markets, the BSE Midcap and Smallcap indices were also in the negative territory, down 1% each.

Among sectors, the BSE Auto, Telecom, Bankex, and Realty indices slipped 2% each, while IT and Pharma were down over a per cent each. BSE Metal index was the outperformer and was flat in a weak market.

WEEKLY REVIEW – FEBRUARY 21 – FEBRUARY 25, 2022

Key indices dropped sharply during the week amid the ongoing Russia-Ukraine conflict, firming crude oil prices and relentless selling by Foreign Portfolio Investors (FPIs).

In the week ended on Friday, 25 February 2022, the S&P BSE Sensex lost 1,972.10 points or 3.41% to settle at 55,858.52. The Nifty50 fell 3.6% or 618 points to 16,658 during the week.

Broader market too witnessed sharp selloff with Nifty Midcap 100 and Smallcap 100, down 3.4% and 5.3% respectively.

All the sectoral indices ended in the negative territory with Nifty Media index shed 7.6%, PSU Bank index declined 5.7% and Auto index slipped 4.6%.

GLOBAL MARKETS

Asian markets were trading mix amid the Russia-Ukraine crisis. President Vladimir Putin ordered Russian nuclear forces put on high alert Sunday in response to what he called "aggressive statements" by leading NATO powers.

Japan's benchmark Nikkei 225 added 20 points to 26,496.82. Hang Seng Index declined 0.84% or 192 points, to 22,574.82. The Shanghai Composite Index was marginally lower, dipping 16 points to 3,434.53. Australia's S&P/ASX 200 rose 47 points to 7,320.80.

The Dow on Friday registered its biggest daily percentage gain since November 2020 with the market rebounding for a second day from the sharp selloff leading up to Russia's invasion of Ukraine.

The Dow Jones Industrial Average rose 834.92 points, or 2.51%, to 34,058.75, the S&P 500 gained 95.95 points, or 2.24%, to 4,384.65 and the Nasdaq Composite added 221.04 points, or 1.64%, to 13,694.62.

OIL, RUPEE & FIIs

Crude Oil: Crude oil jumped while the rouble plunged nearly 30 per cent to a fresh record low on Monday after Western nations imposed new sanctions on Russia for its invasion of Ukraine, including blocking some banks from the SWIFT international payments system.

The ramp-up in tensions heightened fears that oil supplies from the world's second-largest producer could be disrupted, sending Brent crude futures up \$4.21 or 4.3% at \$102.14. US West Texas Intermediate (WTI) crude futures were up \$4.58 or 5% at \$96.17 a barrel.

Rupee: The rupee appreciated by 27 paise to close at 75.33 against the US dollar on Friday in line with regional currencies, following a retreat in crude oil prices and a rebound in domestic equities.

At the interbank forex market, the local unit opened at 75.31 against the greenback and witnessed an intra-day high of 75.18 and a low of 75.46.

The rupee finally ended at 75.33, registering a gain of 27 paise over its previous close.

FPIs & DIIs: Continuing the selling streak for the fifth consecutive month, foreign portfolio investors (FPIs) pulled out as much as Rs 35,506 crore out of the Indian markets in February.

FPIs have been pulling funds out of the Indian markets since October 2021 and the quantum of outflow in February 2022 is highest since March 2020 when overseas investors had pulled out Rs 1,18,203 crore.

During February 1-25, FPIs pulled out Rs 31,158 crore from equities, Rs 4,467 crore from the debt segment, according to depositories' data. However, they pumped in Rs 120 crore into hybrid instruments during the same time.

Domestic institutions, including mutual funds and insurance firms, bought stocks worth Rs 4,318 crore, taking their total investments to Rs 11,985 crore in 2 days.

WEEK AHEAD

Markets are expected to move in sync with global peers in the week ahead. A close eye will be kept on the developments concerning the Russia – Ukraine crisis.

On the political front, developments in the upcoming assembly polls in Uttar Pradesh, Uttarakhand, Goa, Punjab, and Manipur will also 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.

On the macro front, infrastructure output data for January will be released today.

India's gross domestic product (GDP) for the fourth quarter will also be released today.

Markit Manufacturing PMI for February will be declared on 2 March 2022. Markit Services PMI for February will be declared on 4 March 2022.

Geopolitical tensions will continue to remain focus in the context of a war with a high level of uncertainty.

Russia on Thursday launched an attack on Ukraine via land, air and sea, prompting fears of a devastating humanitarian crisis and sending shockwaves through financial markets.

Auto stocks will be in focus as auto companies will start announcing monthly sales numbers for February starting from tomorrow.

Overseas, the China NBS Manufacturing PMI for Tuesday will be announced tomorrow.

China will also announce the Caixin Manufacturing PMI for February tomorrow.

US too will announce the ISM Manufacturing PMI for February tomorrow.

The Euro Area inflation rate for February will be declared on 2 March 2022.

Source: Reuters, Capital Market, ET

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

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