

Sensex zooms 300 points; Nifty PSU Bank index gains 1%

Frontline indices started gap-up on Dalal Street on Monday, mirroring firm trends in Asia.

At 9:55 AM, the frontline S&P BSE Sensex was trading at 52,685, up 299 points or 0.57%. Market breadth is positive and out of a total of 2,774 shares traded on the Bombay Stock Exchange, 2,080 advanced while 578 declined and 116 remained unchanged. The broader Nifty50 was at 15,777 levels, up 87 points or 0.56%.

In the broader markets, the BSE Midcap index advanced 0.6% while the BSE Smallcap index added 0.91%. Sectorally, the Nifty PSU Bank index was ruling as the best performing index, up 1%.

WEEKLY REVIEW – JULY 6 – JULY 10, 2021

Indian shares posted their second weekly loss on Friday, July 9, 2021. The Nifty index closed a tad below the 15,700 mark. Volatility was high during the week due to domestic events such as a cabinet rejig by Prime Minister Narendra Modi and the start of the first-quarter earnings season. Worries that the spread of the Delta variant of coronavirus may hamper global economic recovery weighed on investor sentiment.

In the week ended on Friday, July 9, 2021, the Sensex fell 98.48 points or 0.19% to settle at 52,386.19. The Nifty50 index lost 32.40 points or 0.21% to settle at 15,689.80. The BSE Midcap index surged 307.85 or 1.37% to settle at 22,813.67. The BSE Smallcap index advanced 307.14 points or 1.20% to settle at 25,874.40.

COVID 19- UPDATE

India on Sunday reported a net reduction of 915 in active coronavirus cases to take its count to 454,118. India's share of global active coronavirus cases now stands at 3.79% (one in 26). The country is fourth among the most affected countries by active cases. On Saturday, it added 41,506 cases to take its total caseload to 30,837,222 from 30,795,716 — an increase of 0.1%. And, with 895 new fatalities, its Covid-19 death toll reached 408,040, or 1.32% of total confirmed infections.

With 3,723,367 more Covid-19 vaccine doses being administered on Friday, India's total count of vaccine shots so far reached 376,032,586. The count of recovered coronavirus cases across India, meanwhile, reached 29,975,064 – or 97.2% of total caseload – with 41,526 new cured cases being reported on Saturday.

Now the fourth-most-affected country by active cases, third by deaths, second by total cases, and first by recoveries, India has added 291,789 cases in the past 7 days.

India now accounts for 3.79% of all active cases globally (one in every 26 active cases), and 10.07% of all deaths (one in every 10 deaths).

India has so far administered 376,032,586 vaccine doses. That is 1216.41 per cent of its total caseload, and 26.97 per cent of its population.

Among Indian states, the top 5 in terms of number of vaccine shots administered are Uttar Pradesh (42020052), Maharashtra (41039592), Gujarat (31590998), Rajasthan (31094445), and Karnataka (28365445).

Among states with more than 10 million population, the top 5 in number of vaccine shots per one million population are Delhi (530429), Kerala (511517), Gujarat (494595), Uttarakhand (485055), and J&K (424161).

GLOBAL MARKETS

Asian shares were enjoying a relief rally on Monday as record highs on Wall Street and policy easing in China helped calm some of the recent jitters on global growth, though plenty of potential pitfalls lay ahead this week.

In the United States, inflation data could provide a scare ahead of testimony by Federal Reserve Chair Jerome Powell on Wednesday and Thursday, where markets will be hyper-sensitive to any talk of early tapering.

On Monday, MSCI's broadest index of Asia-Pacific shares outside Japan gained 0.9%, after shedding 2.3% last week.

Japan's Nikkei bounced 2.3%, and away from a two-month trough touched on Friday, while South Korea added 0.9%. Chinese blue chips rose 1.7%.

Nasdaq futures and S&P 500 futures were little changed following their recovery on Friday.

Yields on US 10-year notes were steady at 1.362%, having been as low as 1.25% on Friday following eight straight sessions of price gains.

OIL, RUPEE & FIIs

Crude Oil: Oil prices steadied on Monday after ending a volatile week with a bounce as US inventories tightened. Dealers are still uncertain about the outlook for supplies after OPEC talks on restrictions broke down.

Brent was last down 4 cents at \$75.51 a barrel, while US crude stood unchanged at \$74.56.

Indian Rupee: The Indian rupee snapped a five-week fall on back of dollar inflows towards initial public offerings while the benchmark 10-year bond yield posted its biggest weekly rise in five months on back of rising worries over inflation.

The partially convertible rupee closed at 74.6375/6475 per dollar compared to its close of 74.7050. On the week, the unit gained around 0.14%, its first weekly rise in six weeks.

FPIs: After a month of net inflows, foreign portfolio investors (FPIs) pulled out Rs 2,249 crore from the Indian equities segment in the first seven trading sessions of July.

Conversely, the debt segment saw a net inflow of Rs 2,088 crore between July 1 and July 10, as per the depositories data.

The total net outflow during the period under review stood at Rs 161 crore.

Bond Yield: India's benchmark 10-year bond yield ended at 6.19% compared to its previous close of 6.12%. On the week, the yield rose 12 basis points, its highest rise since mid-February.

The most-traded 6.64% 2035 bond ended at 6.76%, up 3 bps on the day. The central bank sold a new 10-year paper at a higher-than-expected yield of 6.10%.

WEEK AHEAD

Q1 June 2021 results, local and global macroeconomic data, Covid updates, trend in global stock markets, movement of rupee against the dollar, progress of monsoon, Brent crude oil price movement and investments by foreign portfolio investors (FPI) and domestic institutional investors (DII) will also be watched.

On the coronavirus front, investors would continuously watch out government's course of action along with progress on vaccination drive. Besides, as new COVID cases have seen a considerable decline, all eyes would be on state governments for further easing of the restrictions.

Progress of monsoon will be closely watched. The Indian Meteorological Department has predicted a normal monsoon in most parts of the country in July. Monthly rainfall for July 2021 over the country as a whole is most likely to be normal (94 to 106% of Long Period Average), the IMD said.

In economic data, the Industrial Production and Manufacturing Production data for May will be released today. Inflation rate for June is due today. WPI inflation for June 2021 is due on 14 July 2021.

Overseas, China will announce Q2 GDP data on 15 July 2021.

US will announce inflation rate for June tomorrow. US Retail Sales for June will be announced on 16 July 2021.

Euro Area's industrial production data for May will be announced on 14 July 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.

CL08391