

## **Sensex plunges over 350 points; Nifty Bank index falls 2%**

Dalal Street clocked a gap-down start on Monday as concerns about the impact of elevated inflation and a Covid-19 outbreak on economic prospects weighs on sentiment.

At 10 AM, the frontline S&P BSE Sensex was trading at 52,783, down 357 points or 0.67%. Market breadth is negative and out of a total of 2,909 shares traded on the Bombay Stock Exchange, 1,513 advanced while 1,266 declined and 130 remained unchanged. The broader Nifty50 was at 15,830 levels, down 94 points or 0.6%.

In the broader market, the BSE Midcap and Smallcap indices slipped 0.4% and 0.3%, respectively.

All the key sectoral indices were in the red. The Nifty Bank index was the top loser, down 2%.

## **WEEKLY REVIEW – JULY 13 – JULY 17, 2021**

Indian shares scaled all-time highs during the week, registering their first weekly gain in three. The Nifty index closed little below the 16,000 mark. The Sensex closed above the 53,000 mark. Good June 2021 quarterly earnings, declining new COVID cases and increased pace of vaccination boosted sentiment.

In the week ended on Friday, 16 July 2021, the Sensex rose 753.87 points or 1.44% to settle at 53,140.06. The Nifty 50 index gained 233.60 points or 1.49% to settle at 15,923.40. The BSE Midcap index added 316.74 or 1.39% to settle at 23,130.41. The BSE Smallcap index advanced 587.91 points or 2.27% to settle at 26,462.31.

## **COVID 19- UPDATE**

India logged 41,157 new coronavirus cases, which took the infection tally to 3,11,06,065, while the death toll climbed to 4,13,609 with 518 more fatalities, according to the Union Health Ministry data updated on Sunday.

The active cases have declined to 4,22,660 and comprise 1.36% of the total infections, while the national COVID-19 recovery rate stands at 97.31%.

It said that active COVID-19 cases have decreased by 1,365 in a span of 24 hours.

## **GLOBAL MARKETS**

Asian shares slipped again on Monday while perceived safe haven assets, including the yen and gold, edged higher as investor risk appetite was soured by fears of rising inflation and a relentless surge in coronavirus cases.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.4% for its second straight day of losses.

Japan's Nikkei dropped 1.3% as did Australia's benchmark share index. South Korea's KOSPI was 1% lower while New Zealand's shares were off 0.4%.

Global economic growth is beginning to show signs of fatigue while many countries, particularly in Asia, are struggling to curb the highly contagious Delta variant of the coronavirus and have been forced into some form of lockdown. The spectre of elevated inflation, which the market has long feared, is also haunting investors.

## **OIL, RUPEE & FIIs**

**Crude Oil:** Oil prices fell more than \$1 a barrel on Monday, after the OPEC+ group of producers overcame internal divisions and agreed to boost output, sparking some concerns about a crude surplus as COVID-19 infections continue to rise in many countries.

Brent crude was down \$1.08, or 1.5%, at \$72.51 a barrel, after falling nearly 3% last week. US oil was down \$1.01 cents, or 1.4%, at \$70.80 a barrel, having declined almost 4% last week.

**Indian Rupee:** The Indian rupee slipped 3 paise to settle at 74.57 (provisional) against the US dollar on Friday, as investors awaited fresh triggers.

At the interbank forex market, the local unit opened at 74.53 against the greenback and witnessed an intra-day high of 74.51 and a low of 74.66 during the session.

The local unit finally ended the day at 74.57, down 3 paise over its last close.

**FPIs:** Foreign Portfolio Investors (FPI) who have turned cautious again, have so far withdrawn net investments worth Rs 4,515 crore in July.

The sell-off comes after FPIs were net buyers of Indian equities in June. Last month, FPIs made a net investment of Rs 17,215 crore in the equities segment.

With the net selling in July so far, the net FPI investment in 2021 stands at Rs 55,829 crore, backed by robust investment in January-March.

## **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. Domestic stock markets will remain closed on Wednesday, 21 July 2021 on account of Bakri Id.

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.

On the political front, the monsoon session of Parliament is scheduled to start from July 19. It will be the first session after the second wave of Covid-19. It will conclude on August 13 with 19 days of business.

Overseas, China will announce Loan Prime Rate for 1 year and 5 years tomorrow.

Japan will announce inflation rate for June tomorrow.

The US Markit Manufacturing PMI flash for July will be declared on 23 July, 2021.

*Source: Reuters, Capital Market, ET*

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

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