

## **Sensex surges over 300 points; Realty & Auto sectors lead**

The Indian benchmark indices surged half a per cent in Monday's morning deals, tracking firm cues from their Asian peers.

At 9:55 AM, the frontline S&P BSE Sensex was trading at 52,816, up 331 points or 0.63%. Market breadth is positive and out of a total of 2,839 shares traded on the Bombay Stock Exchange, 1,993 advanced while 722 declined and 124 remained unchanged. The broader Nifty50 was at 15,818 levels, up 96 points or 0.61%.

All the Nifty sectoral indices traded in the green, led by Nifty Realty and Nifty Auto indexes, both up 0.6%.

In the broader markets, the S&P BSE Midcap and Smallcap indices rose 0.3% and 0.6%, respectively.

## **WEEKLY REVIEW – JUNE 28 – JULY 2, 2021**

Local stocks ended with modest losses during the week after scaling record highs. Concerns over the rapid spread of the new highly contagious COVID-19 delta variant have dented sentiment in Asia-Pacific, with several countries in the region battling outbreaks. The Sensex ended below 52,500 while the Nifty settled below 15,750 level.

Additionally, firm crude oil prices above \$75 mark also worried investors. India is heavily dependent on oil imports for satisfying its domestic demand. A high crude price directly maps into a high trade deficit and in turn a high current account deficit (CAD). At the same time, being an important input for the aggregate economy, a crude price shock also leads to a spike in domestic inflation.

In the week ended on Friday, July 2, 2021, the Sensex dropped 440.37 points or 0.83% to settle at 52,484.67. The Nifty50 index skid 138.15 points or 0.87% to settle at 15,722.20. The BSE Midcap index fell 43.83 or 0.19% to settle at 22,505.82. The BSE Smallcap index added 571.03 points or 2.28% to settle at 25,567.26.

## **COVID 19- UPDATE**

India reported 43,071 new coronavirus cases on Sunday, slightly lower than Saturday, and added 955 deaths. This increased the country's cumulative tally to 3,05,45,433 and 4,02,005 fatalities.

The country crossed a grim milestone of 4 lakh Covid deaths on Friday - the third after US and Brazil.

The active caseload has declined to 4,85,350 while recovery rate increased to 97.09%. Over 52,000 patients recovered during the last 24 hours as the daily recoveries continued to outnumber the daily new cases for the 52nd consecutive day, the ministry said.

## GLOBAL MARKETS

Most Asian stocks gained on Monday, extending the rally that took global equities to a record high after a US jobs report signalled the economic recovery remained intact but didn't yet warrant any immediate withdrawal of Federal Reserve stimulus.

Japanese markets, however, bucked the trend, with the Nikkei falling 0.5% following a surge in COVID-19 infections in Tokyo, just weeks before the city hosts the Olympics.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.3%, led by a 1% gain in Taiwan. Chinese blue chips added 0.1%.

## OIL, RUPEE & FIIs

**Crude Oil:** Crude oil slipped as OPEC+ talks dragged on. Saudi Arabia's energy minister pushed back on Sunday against opposition by fellow Gulf producer the United Arab Emirates to a proposed OPEC+ deal and called for "compromise and rationality" to secure agreement when the group reconvenes on Monday.

Brent crude fell 29 cents to \$75.88 a barrel, and US crude lost 24 cents to \$74.92 a barrel.

**Indian Rupee:** The rupee declined for the fourth straight day to end 19 paise lower at 74.74 (provisional) against the US currency on Friday as a firm dollar NSE 1.35 % and expectations of further spike in crude oil prices weighed on investor sentiment.

At the interbank foreign exchange market, the rupee opened on a negative note at 74.71 per dollar against its previous close of 74.55. It hovered in the range of 74.65 to 74.87 per dollar during the day before ending at 74.74.

The domestic currency has lost 55 paise in the four trading sessions to Friday.

**FPIs:** Foreign portfolio investors (FPIs) turned out to be net buyers in the month of June, in reversal of a two-month trend.

They pumped in a net of Rs 13,269 crore in Indian equity markets. Overseas investors infused Rs 17,215 crore into equities between June 1 and June 30, according to depositories data.

Regarding the debt segment, FPIs on the contrary withdrew Rs 3,946 crore.

Net investment during the period under review stood at Rs 13,269 crore.

Prior to this, overseas investors had pulled out Rs 2,666 crore in May and Rs 9,435 crore in April.

## WEEK AHEAD

Investors will turn their attention to the upcoming first-quarter earnings season for direction. 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 June. As per the weather department, the country is likely to experience 101 per cent rainfall during the monsoon season. The IMD will issue the forecast for the July rainfall in the last week of June 2021.

On the macro front, Markit Services PMI for June will be declared today.

Overseas, China will announce inflation rate for June on 9 July 2021.

The Euro Area Markit Manufacturing PMI for June will be declared today.

*Source: Reuters, Capital Market, ET*

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

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