

Sensex falls over 250 points tracking weak Asian cues; Metal & PSU Bank plunge

The Indian benchmark indices fell over half a per cent in Monday's early deals, tracking weak cues from their Asian peers.

At 10:15 AM, the frontline S&P BSE Sensex was trading at 52,081, down 263 points or 0.50%. Market breadth is marginally positive and out of a total of 2,856 shares traded on the Bombay Stock Exchange, 1,405 advanced while 1,326 declined and 125 remained unchanged. The broader Nifty50 was at 15,598, levels, down 85 points or 0.54%.

The Nifty sectoral indices were painted red, with Nifty Metal and Nifty PSU Bank indexes, down 2% each, bleeding the most.

In the broader markets, the S&P BSE Midcap and Smallcap indices traded 0.9% and 0.7% down, respectively.

WEEKLY REVIEW – JUNE 14 – JUNE 18, 2021

Key benchmark indices ended with small losses to snap a four-week gaining streak on profit booking. The Sensex and the Nifty, both, corrected after scaling record highs during the week. The US Fed's indication that it would raise interest rates sooner than expected weighed on the markets.

In the week ended on Friday, 18 June 2021, the Sensex fell 130.31 points or 0.25% to settle at 52,344.45. The Nifty 50 index lost 116 points or 0.73% to settle at 15,683.35. The BSE Midcap index dropped 689.62 or 3.01% to settle at 22,238.21. The BSE Smallcap index declined 467.47 points or 1.86% to settle at 24,648.83.

COVID 19- UPDATE

The daily Covid count in India remained below 1 lakh for the fourteenth day in a row. At 53,256, the country reported the lowest daily rise in Covid cases in 88 days, pushing the total Covid tally to 2,99,35,221, according to data updated by the Union health ministry.

So far, 2,88,44,199 total recoveries have been across and 78,190 patients recovered in last 24 hours.

GLOBAL MARKETS

Asian stocks dropped on Monday as investors mulled the implications of a surprise hawkish shift last week by the US Federal Reserve, while the Treasury yield curve flattened further with 30-year yields dropping below 2%.

Japan's Nikkei led declines with a 3.3% drop and dipped below 28,000 for the first time in a month, while MSCI's broadest index of Asia-Pacific shares outside Japan fell 1% in early trading.

Chinese blue chips opened 0.4% lower, and Australia's benchmark slid 1.8%.

Benchmark 10-year US Treasury yields fell to the lowest since early March at 1.4110%, while those on 30-year bonds slid as low as 1.9990% for the first time in more than four months.

The yield curve - measured by the spread between two- and 30-year yields - was the flattest since early February.

The US dollar hovered near the 10-week high touched on Friday versus major peers, following its biggest weekly advance in more than a year.

OIL, RUPEE & FIIs

Crude Oil: Crude oil rose for a second day, with the initial move triggered by OPEC sources saying the producer group expected limited US oil output growth this year despite rising prices.

Brent crude futures rose 46 cents to \$73.97 a barrel, while US West Texas Intermediate (WTI) crude rose 55 cents to \$72.19 a barrel.

Indian Rupee: Rupee opens weaker at 74.23/\$ vs Friday's close of 73.86 against the US dollar. The rupee on Friday broke its eight-session losing streak to end 22 paise higher at 73.86 against the US dollar, taking cues from stronger Asian currencies and lower crude oil prices.

At the interbank foreign exchange market, the domestic unit opened lower at 74.10 per dollar from the previous close of 74.08.

It touched a low of 74.27 during the day following a weak trend in domestic equities, before clawing back lost ground to end at 73.86.

FPIs: Overseas investors infused a net Rs 13,667 crore so far in the month of June as Indian markets continued to remain attractive to them. However, market experts observed that the Foreign Portfolio Investors (FPIs) pulled out money from Indian equities last week.

FPIs pumped in Rs 15,312 crore in equities between June 1 and June 18, according to depositories data. During the same period, overseas investors withdrew Rs 1,645 crore from the debt segment.

WEEK AHEAD

Local and global macroeconomic data, Covid updates, quarterly results, 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 be watched.

India Inc will continue to report its March quarter earnings.

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.

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

The US Market Manufacturing PMI flash for June will be declared on 23 June 2021. The United States Durable Goods Orders for May will be announced on 24 June 2021.

The Euro Area Market Manufacturing PMI flash for June will be declared on 23 June 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.

CL08352