

## **Markets turn volatile after a firm start; Nifty PSU Bank index up 2%**

The Indian benchmark indices have turned choppy after making a higher opening in Monday's morning deals, lifted mainly by financials.

At 10:05 AM, the frontline S&P BSE Sensex was trading at 50,542, up 2 points. Market breadth is positive and out of a total of 2,708 shares traded on the Bombay Stock Exchange, 1,654 advanced while 918 declined and 136 remained unchanged. The broader Nifty50 was at 15,165, levels, down 15 points or 0.07%.

The Nifty sectoral indices were majorly in the green, led by Nifty PSU Bank index, up 2%. On the other hand, Nifty Metal index fell 1%.

The broader markets tracked the gains in the benchmarks, with the S&P BSE Midcap and Smallcap indexes trading 0.6% and 0.8% higher, respectively.

## **WEEKLY REVIEW – MAY 17 – MAY 21, 2021**

The domestic equities logged robust returns in the week ended Friday, 21 May 2021 led by broad-based buying across sectors. Better-than-expected corporate earnings and positive global cues boosted sentiment. The Sensex settled above the psychological 50,000 mark. The Nifty index closed above the psychological 15,000 mark.

The undertone of the market was upbeat amid hopes of reopening of economic activity soon as fresh daily COVID-19 cases declined. Investors' risk appetite improved as the vaccination drive is expected to pick up pace in the coming weeks. The COVID-19 recoveries in India outnumbered fresh cases, helped by the extended lockdowns by majority states. The launch of first batch of anti-COVID drug 2-DG, developed by the DRDO lifted sentiment.

## **COVID 19- UPDATE**

India saw an addition of 2.22 lakh fresh Covid infections to its active caseload, taking the overall case count to 2.67 crore. In the last 24 hours, 4,454 people died, taking the total number of deaths to 3,03,720.

India has become the third country after Brazil and the United States to record over 3 lakh deaths linked to Covid since the pandemic broke.

## **GLOBAL MARKETS**

Asian shares got off to a cautious start on Monday as investors awaited key U.S. inflation readings for guidance on monetary policy, while Bitcoin tried to steady after being hammered on news of China's crackdown on mining and trading of the cryptocurrency.

MSCI's broadest index of Asia-Pacific shares outside Japan dipped 0.4% in slow trade. Japan's Nikkei added 0.2% and Chinese blue chips lost 0.5%.

Nasdaq futures were flat and S&P 500 futures firmed 0.2%. EUROSTOXX 50 futures and FTSE futures added 0.1%.

## **OIL, RUPEE & FIIs**

**Crude Oil:** Oil prices edged higher as a storm formed in the Gulf of Mexico and Iran said a three-month nuclear monitoring deal had expired, raising doubts about the future of indirect talks that could end U.S. sanctions on Iranian crude exports.

Brent was last up 63 cents to \$67.06 a barrel, while U.S. crude added 61 cents to \$64.19 per barrel.

**Indian Rupee:** Rupee in trade today on May 24, 2021 opened higher at 72.81 on buoyancy in equity markets and stability in the dollar index.

On Friday rupee ended higher below 73 at 72.838 per US dollar. While the yield on 10-year benchmark bonds closed at 5.977%. The gain was to the tune of 29 paise in the rupee, which hit a 8-week high.

**FPIs:** Overseas investors withdrew Rs 4,444 crore from Indian markets in May so far amid concerns over the second wave of the coronavirus pandemic and its possible impact on the Indian economy.

As per depositories data, foreign portfolio investors (FPIs) took out Rs 6,370 crore from equities but pumped in Rs 1,926 crore in the debt segment between May 1-21.

This took the total net outflow to Rs 4,444 crore.

## **WEEK AHEAD**

Local and global macroeconomic data, state elections, Covid updates, Q4 March 2021 results, trend in global stock markets, movement of rupee against the dollar, Brent crude oil price movement and investments by foreign portfolio investors (FPI) and domestic institutional investors (DII) will be watched.

Global cues will continue to be in focus as resurgence in virus cases around the world, leads to more restrictions and more pressure on economic recovery. Updates related to COVID-19 will be closely watched.

Trading could be volatile in the forthcoming week as traders roll over positions in the F&O segment from the near month May series to June series. The May 2021 F&O contracts will expire on Thursday, 27 May 2021.

Overseas, China's industrial profits data for April will be announced on 27 May 2021.

The United States Durable Goods Orders for April will be declared on 27 May 2021.

*Source: Reuters, Capital Market, ET*

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

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