

Nifty holds 17,050 mark amid volatility; Midcap & Smallcap down 3%

The frontline indices have recovered after making a dismal opening in Monday's early deals amid weakness in Asian peers as investors continue to monitor developments surrounding the recently discovered omicron Covid variant.

At 10:10 AM, the frontline S&P BSE Sensex was trading at 57,340, up 244 points or 0.43%. Market breadth is negative and out of a total of 3,077 shares traded on the Bombay Stock Exchange, 2,192 advanced while 745 declined and 140 remained unchanged. The broader Nifty50 was at 17,083 levels, up 56 points or 0.33%.

In the broader markets, the BSE Midcap and Smallcap indices fell up to 3%. Sectorally, all the sectoral indices are trading in the red with metal, auto, power and PSU Bank indices down 2-3%.

WEEKLY REVIEW – NOVEMBER 22– NOVEMBER 26, 2021

The domestic equity barometers registered steep losses in the week amid renewed COVID-19 fears over a new variant found in South Africa. The Nifty index closed tad above the 17,000 level. The Sensex settled just above the 57,100 mark.

In the week ended on Friday, 26 November 2021, the Sensex fell 2,528.86 points or 4.24% to settle at 57,107.15. The Nifty 50 index declined 738.35 points or 4.16% to settle at 17,026.45. The BSE Midcap index lost 1,072.11 or 4.14% to settle at 24,846.51. The BSE Smallcap index fell 726.82 points or 2.52% to settle at 28,071.41.

GLOBAL MARKETS

Asian markets regained a little composure on Monday as investors settled in for a few weeks of uncertainty on whether the Omicron variant would really derail economic recoveries and the tightening plans of some central banks.

Shares in Asia-Pacific largely fell in Monday trade with Hong Kong's Hang Seng index slipping about 0.3%.

Japan's Nikkei 225 declined about 1% earlier but was last trading around 0.2% lower. The Topix index also saw a partial recovery, last dipping 0.59% lower after falling more than 1% earlier. South Korea's Kospi shed 0.39%.

Shares in Australia also slipped as the S&P/ASX 200 fell 0.17%. MSCI's broadest index of Asia-Pacific shares outside Japan traded 0.1% lower.

US indices closed well in the red on Friday as renewed covid fears gripped markets. The WHO called the new Omicron a concern as the Dow clocked its worst day of trade of 2021 on Friday tumbling 900 points. However, some of that has reversed over the course of Sunday as news that the covid vaccine may be effective against the new variant started to come through. The Dow futures have opened higher on Monday after that Friday sell-off.

OIL, RUPEE & FIIs

Crude Oil: Oil prices rose on Monday, recouping some losses after Friday's plunge of about \$10 a barrel, as investors looked for bargains but remained cautious with the focus on the Omicron coronavirus variant and Iran nuclear deal negotiations.

Brent crude futures climbed \$3.05, or 4.2%, to \$75.77 a barrel by 0014 GMT, after falling \$9.50 on Friday.

U.S. West Texas Intermediate (WTI) crude was up \$3.27, or 4.8%, at \$71.42 a barrel, having tumbled \$10.24 in the previous session.

Indian Rupee: The rupee Friday plunged 37 paise to 74.89 against the dollar as a massive sell-off in equities, amid worries over a new variant of Covid and capital outflows, hit the forex market sentiment.

FIIs: Foreign portfolio investors (FPI) have pumped in a net sum of Rs 5,319 crore in Indian capital markets despite a massive correction seen in equities over the last fortnight. In October, they were net sellers to the tune of Rs 12,437 crore.

As per depositories data, overseas investors put in a net Rs 1,400 crore into equities and Rs 3,919 crore into the debt segment between November 1-26. This translated into total net investment of Rs 5,319 crore.

WEEK AHEAD

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. Investors will continue to watch quarterly earnings for direction.

On the macro front, the Infrastructure Output data for October will be released tomorrow.

India's gross domestic product (GDP) for the third quarter will be released tomorrow.

Markit Manufacturing PMI for November will be declared on 1 December 2021. Markit Services PMI for November will be declared on 3 December 2021.

Auto stocks will be in focus as auto companies will start announcing monthly sales numbers for November starting from 1 December 2021.

Developments in the winter session of Parliament will be closely watched. The Winter session is slated to be held between November 29 and December 23. The government has listed as many as 26 bills for introduction in Parliament during the Winter session from the withdrawal of the Centre's three contentious farm laws to the Cryptocurrency Bill.

Overseas, China will announce the NBS Manufacturing PMI for November tomorrow. China will announce the Caixin Manufacturing PMI for November on 1 December.

The US ISM Manufacturing PMI data for November will be announced on 1 December.

The US Non Farm Payrolls data for November will be announced on 3 December. Trading could be volatile in the forthcoming week as traders roll over positions in the F&O segment from the near month November series to December series. The November 2021 F&O contracts will expire on Thursday.

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

The United States Durable Goods Orders for October will be announced 24 November 2021. **Source:** *Reuters, Capital Market, ET*

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

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