

Markets volatile on first trading day of Samvat 2078; Nifty Pharma index down 2%

Equity markets were volatile on the first trading day of Samvat 2078. After hitting an opening high of 60,434, the BSE Sensex gave up gains and slipped into negative zone.

At 9:56 AM, the frontline S&P BSE Sensex was trading at 59,911, down 156 points or 0.26%. Market breadth is neutral and out of a total of 2,949 shares traded on the Bombay Stock Exchange, 1,416 advanced while 1,387 declined and 146 remained unchanged. The broader Nifty50 was at 17,871 levels, down 45 points or 0.25%.

In the broader market, the BSE Midcap and Smallcap indices slipped up to 0.44%.

Sectorally, the Nifty Pharma index was down 2% on the NSE, followed by the Nifty Private Bank index, down 1%. On the flipside, only the Nifty Media and Auto indices were trading higher, rising up to 0.8%.

WEEKLY REVIEW – NOVEMBER 1– NOVEMBER 3, 2021

The benchmark indices logged modest gains amid volatility during the truncated trading week. The Nifty index closed above the 17,800 level. The Sensex settled below the psychological 60,000 mark.

In the week ended on Wednesday, 3 November 2021, the Sensex rose 464.99 points or 0.78% to settle at 59,771.92. The Nifty 50 index gained 157.55 points or 0.89% to settle at 17,829.20. The BSE Midcap index advanced 530.46 or 2.10% to settle at 25,808.18. The BSE Smallcap index added 532.02 points or 1.90% to settle at 28,514.82.

MUHURAT TRADING: SAMVAT 2078 (NOV 4, 2021)

The markets started Samvat 2078 on an upbeat note in the backdrop of a sharp cut in excise duty on fuel prices and a scale down in its bond-buying program by the US Federal stimulus as per expected.

At the end of its two-day meeting, the US Fed said monthly \$120 billion purchases of Treasuries and mortgage-backed securities would be trimmed by \$15 billion a month.

The BSE Sensex opened at the day's high of 60,208, and ended 296 points higher at 60,068. The NSE Nifty gained 88 points at 17,917.

The broader markets also ended on a firm note. The BSE Midcap index was up 0.7 per cent at 25,992, and the Smallcap index added 1.4 per cent to 28,901.

MUTUAL FUND UPDATE

Strong inflows in new fund offers (NFOs) and a stable SIP book helped equity mutual funds attract a net investment of nearly Rs 40,000 crore in the three months ended September 2021, a two-fold growth from the preceding quarter.

The inflow pushed the asset base of equity mutual funds (MFs) to Rs 12.8 trillion by September-end, from Rs 11.1 trillion at the end of June, data with the Association of Mutual Funds in India (Amfi) showed.

As per the data, the equity category witnessed flows to the tune of Rs 39,927 crore in September quarter, as compared to an inflow of Rs 19,508 crore in the June quarter.

Within the categories of equity funds, flexi-cap segment saw highest net infusion of Rs 18,258 crore, followed by sectoral funds that witnessed a net investment of Rs 10,232 crore and focused funds that attracted Rs 4,197 crore.

Further, multi-cap and mid-cap funds witnessed net inflow to the tune of Rs 3,716 crore and Rs 3,000 crore respectively.

Moreover, investment through the SIP route surged to Rs 29,883 crore in the September quarter from Rs 26,571 crore in the June quarter. Besides, monthly contributions to SIPs rose to an all-time-high of Rs 10,351 crore in September from Rs 8,596 crore in April.

Overall, mutual funds have seen a net inflow of Rs 99,974 crore in three months ended September, from Rs 69,625 crore in the previous quarter.

GLOBAL MARKETS

Asian shares edged up on Monday as risk assets basked in the glow of the upbeat October payrolls report, though caution was warranted ahead of a reading on US inflation that could spook the rate horses.

Data out over the weekend also showed China's exports beat forecasts in October, though imports lagged.

Early moves were modest with MSCI's broadest index of Asia-Pacific shares outside Japan up 0.1%. Japan's Nikkei added 0.3%, but was just short of the recent five-week peak.

Nasdaq futures were off 0.2%, after 10 straight sessions of gains which left the index looking over extended. S&P 500 futures dipped 0.1%.

Friday's US robust payrolls report included upward revisions to the previous couple of months and another strong reading on wages.

OIL, RUPEE & FIIs

Crude Oil: Oil prices firmed after OPEC+ producers rebuffed a US call to accelerate output increases even as demand nears pre-pandemic levels.

Saudi Aramco also raised its official selling price of crude to all buyers across the globe.

Brent rose 22 cents to \$82.96 a barrel, while U.S. crude gained 34 cents to \$81.61 per barrel.

Indian Rupee: Rupee closed strong in this short trade week at 74.50 to a USD on back of lower crude and IPO inflows.

FPIs: The FPIs have been on a selling spree in India's equity market, however, the rate of off-load has significantly come down during the last few sessions.

On last Thursday, during the hour-long `Muhurat Trade Session`, FPIs sold just Rs 328.11 crore worth of stocks on the BSE, NSE and MSEI in the capital market segment.

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 coronavirus front, India has seen a significant dip in its coronavirus caseload over the past few weeks. However, health care workers and policymakers are warning of a possible third wave during the winter months. India crossed the milestone of 100 crore doses in Covid-19 vaccination. The country achieved the feat in just about nine months after the beginning of the nationwide vaccination drive in January.

On the macro front, the Industrial Production and Manufacturing Production data for September will be released on 12 November 2021.

Overseas, China will announce inflation rate for October on 10 November, 2021.

US will announce core inflation rate for October on 10 November 2021.

In Europe, the ZEW Economic Sentiment Index for November will be declared tomorrow.

Source: Reuters, Capital Market, ET

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

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