

Sensex surges 650 points, Nifty above 17,700; pharma & PSU Bank shares gain

The benchmark indices kicked off the week on an upbeat note amid mixed cues from global markets. The broader indices, too, opened in the positive territory with the Nifty Midcap 100 up 0.7% and the Smallcap 100 by 0.09%. The volatility indicator--India VIX--rose by 1.6% at 17.48 level. Among sectors, Power, Pharma and PSU Bank indices are up 1% each.

At 10:10 AM, the frontline S&P BSE Sensex was trading at 59,403, up 659 points or 1.12%. Market breadth is positive and out of a total of 3,003 shares traded on the Bombay Stock Exchange, 2,185 advanced while 682 declined and 136 remained unchanged. The broader Nifty50 was at 17,716 levels, up 183 points or 1.04%.

WEEKLY REVIEW – SEPTEMBER 27– OCTOBER 1, 2021

Key benchmark indices registered losses in the week on profit booking, reversing a five-week gaining spree. The Nifty managed to close above the 17,500 mark. The Sensex settled a tad above 58,750 level. Global stocks declined amid the spread of the contagious delta variant of COVID-19, surging long-term bond yields and strong dollar.

Global shares were also under pressure due to China Evergrande Group's debt crisis and a widening power shortage in China.

In the week ended on Friday, 1 October 2021, the Sensex dropped 1,282.89 points or 2.1% to settle at 58,765.58. The Nifty 50 index fell 321.20 points or 1.7% to settle at 17,532.05.

COVID 19- UPDATE

Ahead of the main festive season, India has been witnessing a steady decline in daily Coronavirus infections, thanks to the increasing pace of vaccination across the country and decline in new cases in Kerala.

India reported 1.56 lakh new Coronavirus infections last week, a nearly 22% decline over the previous week — the sharpest fall since mid-June, according to data from the Union Health Ministry. The country has reported below 2 lakh new Covid-19 cases last week for the first time in nearly seven months. New cases have been hovering around 20,000-25,000 for the past few days.

GLOBAL MARKETS

Asian markets were mixed in Monday trade, with the Hang Seng index in Hong Kong tumbling more than 2% following its return from a Friday holiday.

In Japan, the Nikkei 225 shed 1.42% while the Topix index dipped 0.92%.

Australian stocks jumped, with the S&P/ASX 200 up 0.93%.

MSCI's broadest index of Asia-Pacific shares outside Japan slipped 0.34%.

OIL, RUPEE & FIIs

Crude Oil: Oil fell on Monday ahead of an OPEC+ supply policy meeting that may decide whether a recent rally in prices can be sustained as the world fitfully recovers from the COVID-19 pandemic.

Brent crude was down 24 cents or 0.3% at \$79.04 per barrel by 0143 GMT. It rose 1.5% last week, its fourth weekly gain in a row. U.S. oil dropped by 27 cents or 0.4% to \$75.61, after rising for the past six weeks.

Oil prices have risen amid supply disruptions and recovering global demand, pushing Brent last week to an almost three-year high above \$80.

Indian Rupee: The rupee reversed early losses and settled for the day higher by 11 paise at 74.12 against the U.S. dollar on Friday, despite a muted trend in domestic equities.

At the interbank foreign exchange market, the local unit witnessed heavy volatility. It opened on a negative note at 74.33 per dollar as against its previous close of 74.23.

FPIs: FPIs have net sold Rs 6,092 crore worth of equity shares in India during the week. On the contrary, the support by DIIs with purchases of Rs 4,305 crore limited the correction to two odd percent in the benchmark indices.

WEEK AHEAD

The Reserve Bank of India's (RBI) monetary policy committee (MPC) will announce its interest rate decision on Friday, 8 October 2021.

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 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. Globally, the trend of rise in COVID cases on account of the delta variant, especially in UK and Asia.

On the macro front, Markit Services PMI for September will be declared tomorrow.

Overseas, markets in mainland China are closed for the Golden Week holiday from Friday, 1 October 2021 till 7 October 2021.

The China Caixin Services PMI for September on 8 October 2021.

In the near term, investors will keep an eye on Washington as Congress passed a bill that would fund the government through early December.

The US Non-Farm Payrolls data for September will be announced on 8 October, 2021.

Source: Reuters, Capital Market, ET

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

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