

Sensex zooms 1,100 points to regain 60,000 mark; financials lead

The key benchmark indices started Monday's session on an upbeat note driven by banking majors on announced merger deal talks.

At 9:45 AM, the frontline S&P BSE Sensex was trading at 60,427 up 1,151 points or 1.94%. Market breadth is firm and out of a total of 3,047 shares traded on the Bombay Stock Exchange, 2,436 advanced while 487 declined and 124 remained unchanged. The broader Nifty50 was at 17,979 levels up 308 points or 1.74%.

In the broader markets, the BSE Midcap and Smallcap indices were in the positive territory, up to 1% higher.

Sectorally, Nifty Bank and Nifty Financial indices were the front runners led by index heavyweight twins, and were up to 2.8% higher. Nifty Pharma, Consumer Durables and Oil & Gas were the other notable gainers. While, the Nifty Auto was the sole loser.

THE FISCAL YEAR GONE BY – FY21-22

The fiscal year gone by - FY22 has been an eventful year for markets witnessing a roller coaster ride with the indices touching several milestones.

FY22 could be divided into two distinct halves. The first half saw the continuation of the bull rally that had started the previous year and that continued till October when the S&P BSE Sensex peaked above the 62,000 mark. The next half was of extreme uncertainty due to a host of geopolitical factors that included a galloping US inflation, stoking fears of a rate hike in the world's largest economy, a war in Europe and the rising crude oil prices.

However, as the saying goes, all is well that ends well - Indian stock market outperformed major global peers including the US & UK in the fiscal year 2021-22. The Nifty50 index emerged as the best performing index in FY22, gaining by 19% at 17,465 levels in the period under review. In comparison, US market benchmark S&P500 index gained 16%, UK's FTSE100 index 13% & French benchmark CAC40 11%.

The S&P BSE Sensex surged 18% helped by a largely buoyant trend in domestic stocks. Braving many headwinds in the latter part of the fiscal, Sensex closed the financial year with a gain of 9,059.36 points at 58,569 mark. The Sensex arrived at its all-time high of 62,245 on October 19, 2021.

Continuous support from the government and central bank (keeping interest rates low & adequate liquidity) to revive the economic growth helped markets inch higher. The Indian market has seen a lot of

buying over the past two years riding on easy liquidity, policy reforms and government thrust on developing infrastructure.

Continuing the upbeat trend, the broader markets especially the smallcap index outperformed the key indices. The BSE Smallcap index jumped 7,566.32 points or 36.64% in the 2021-22 fiscal, and the Midcap index went higher by 3,926.66 points or 19.45%.

Nifty Metal was the best performer, rising 62% during the year. The sector gained attention after a rally in commodity prices across the world improved the outlook of companies from the segment.

FPIs have sold US \$19 billion, and DIIs have bought US \$29 billion in FY22. FPI were net sellers in 10 out of the past 12 months. On average, they pulled out nearly \$ 2.3 billion each month between April 2021 and March 2022.

The Indian market has seen large DII inflows for the past several months, which robust inflows into domestic Mutual Funds in turn led by new investors and increase in SIP (Systematic Investment Plan) flows India has also seen a surge in 'active' retail investors, along with greater involvement of retail investors in equity markets over the pandemic.

The energy-sensitive rupee closed out the 2021-22 financial year with a loss of nearly 4%, tracking a general surge in crude oil prices from the ongoing Russia-Ukraine war.

WEEKLY REVIEW – MARCH 28 – APRIL 1, 2022

The domestic equity barometers ended the week with strong gains. The overall market sentiment remained simmered due to the ongoing Russia-Ukraine conflict, impending US Fed rate hikes and downward revision of domestic GDP forecasts by various agencies.

In the week ended on Friday, 1 April 2022, the S&P BSE Sensex advanced 1,914.49 points or 3.34% to settle at 59,276.69. The Nifty50 index gained 383.4 points or 2.22% to settle at 17,670.45. The BSE Midcap index rose 2.75% to settle at 24,443.59. The BSE Smallcap index added 3.23% to settle at 28,699.41.

Among sectors, BSE Telecom index gained 6%, BSE Realty index added 5.6% and Bankex rose 5%. On the other hand, BSE Metal index shed nearly 2%.

GLOBAL MARKETS

Asian share markets got off to a cautious start on Monday amid talk of yet more sanctions against Russia over its invasion of Ukraine, while bond markets continued to sound the risk of a hard landing for the US economy as short-term yields surged.

A holiday on China made for sluggish trading, and MSCI's broadest index of Asia-Pacific shares outside Japan dipped 0.1%.

Japan's Nikkei was flat, while S&P 500 stock futures eased 0.2% and Nasdaq futures 0.3%.

On Friday, US markets managed to close higher despite March's lower than expected employment report. The US added 4,31,000 jobs during the month, as against an estimated 4,90,000. The Dow Jones added 0.4%, S&P 500 gained 0.34%, and Nasdaq added 0.3%.

OIL, RUPEE & FIIs

Crude Oil: Oil prices continued retreat in early trade as investors tracked a worsening Covid-19 outbreak in China that is denting crude demand. Brent crude was down around a per cent to \$103.38 a barrel. WTI crude fell to \$98.7 a barrel.

Rupee: Rupee ends 42 paise higher at 75.78 per dollar on March 31 against its March 25 close of 76.20.

FPIs & DIIs: Continuing their selling spree for the sixth consecutive month, foreign investors pulled out a massive Rs 41,000 crore from the Indian equity market in March on anticipation of rate hikes by the US Federal Reserve and the deteriorating geopolitical environment amid the Russia-Ukraine war.

According to data available with the depositories, FPIs were net sellers to the tune of Rs 41,123 crore in the equity market last month and DIIs bought equities worth Rs 39,677.03 crore.

Foreign investors have been withdrawing money from equities since the last six months, pulling out a net Rs 1.48 lakh crore between October 2021 and March 2022.

Apart from equities, the debt market saw net outflows to the tune of Rs 5,632 crore in March.

WEEK AHEAD

Trend in global stock markets, the movement of rupee against the dollar and crude oil prices will dictate trend on the bourses in the near term. Investment by foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) will be monitored.

Volatility is also likely to remain high amid the ongoing Russia-Ukraine crisis.

On the macro front, S&P Global Manufacturing PMI for March will be declared today. The S&P Global Services PMI for March will be declared on 6 April 2022.

The Reserve Bank of India (RBI) Governor-headed rate setting panel will be holding its first meeting of the next fiscal from April 6-8.

Overseas, China will announce the Caixin Services PMI for March on 6 April 2022.

Japanese Consumer Confidence data for March will be declared on 8 April 2022.

The US ISM Non-Manufacturing PMI data for March will be announced tomorrow.

Source: Reuters, Capital Market, ET, BSE, BS

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

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