

Sensex plunges 1,000 points on weak global cues; Nifty below 17,250

Benchmark indices have started Monday's session in the negative zone amid deep cuts in largecap shares and weak global cues due to the on-going geo-political situation and rising inflation.

Global markets remain weak amid the continued war in Ukraine and no hopes of resolution on the horizon as talks between Russia and Ukraine fail to make progress.

Back home today, investors will monitor the wholesale-price index (WPI) reading for March that will be announced today. The retail inflation for the month had hit a 17-month high of 6.95% from a year ago.

At 9:40 AM, the frontline S&P BSE Sensex was trading at 57,365 down 974 points or 1.67%. Market breadth is dismal and out of a total of 2,897 shares traded on the Bombay Stock Exchange, 928 advanced while 1,824 declined and 145 remained unchanged. The broader Nifty50 was at 17,227 levels down 249 points or 1.42%.

The broader markets also opened in the red. The BSE Midcap and Smallcap indices were down to 1.4%.

Sectorally, Nifty IT index led losses, and fell over 3%. Nifty Bank, Financials, and Realty were the other notable losers. On the other hand, Nifty FMCG, Auto, and Pharma pockets were largely flat.

WEEKLY REVIEW – APRIL 11– APRIL 15, 2022

The benchmark indices ended the truncated week with losses. Volatility was high due to release of economic data, corporate earnings and the ongoing Russia-Ukraine war. The Nifty50 closed a tad below 17,500 level.

Markets gave up early gains to close in the red for the third session on Wednesday, weighed by selling in financial counters amid inflationary pressures and persistent foreign fund outflows. A weak rupee and lacklustre global cues also kept buying sentiment in check.

India's retail inflation soared to a 17-month high of 6.95% in March while IIP grew just 1.7% in February, according to official data released on Tuesday.

Among the sectors, BSE Information Technology and Telecom indices shed 3% each and Metal and Capital Goods indices fell 2% each. However, BSE Power index surged 5.2%.

Stock markets were shut on Thursday and Friday on account of Mahavir Jayanti/Dr.Baba Saheb Ambedkar Jayanti and Good Friday, respectively.

In the week ended on Wednesday, 13 April 2022, the Sensex declined 1,108.25 points or 1.86% to settle at 58,338.93. The Nifty50 index fell 308.7 points or 1.74% to settle at 17,475.65. The BSE Midcap index fell 1.26% to settle at 25,303.39. The BSE Smallcap index fell only 0.82% to settle at 29,521.60.

MF PERFORMANCE

The average assets under management (AAUM) for the domestic mutual fund (MF) industry grew 19.5% from Rs 32.1 trillion in March 2021 quarter to Rs 38.4 trillion during the March 2022 quarter.

Strong SIP book and lower returns from traditional investments made equity mutual funds an attractive investment destination for investors with equity-oriented funds receiving a staggering net inflow of Rs 1.64 lakh crore in 2021-22.

According to the data, equity mutual funds witnessed a net inflow of Rs 1,64,399 crore in the entire 2021-22. This included an all-time high inflow of Rs 28,464 crore last month.

The robust inflow pushed the asset base of equity mutual funds by 38% to Rs 13.65 lakh crore at the end of March this year.

Further, folio numbers or investors account in equity-oriented funds also grew from 6.64 crore in April 2021 to 8.6 crore in March 2022, which is a growth of 29%. This is reflective of investor confidence in the mutual asset class.

Additionally, SIP book has also grown consistently from Rs 8,596 crore in April 2021 to an all-time high of Rs 12,328 crore in March 2022. With this, inflow through SIP route surged to Rs 1.24 lakh crore in the just concluded financial year from Rs 96,080 crore in the preceding fiscal.

Moreover, mutual funds have currently about 5.28 crore SIP accounts through which investors regularly invest in mutual fund schemes.

In the last 12 months, the MF industry has added 10.9 million unique investors which is also reflective of investor confidence in the mutual fund asset class.

GLOBAL MARKETS

Shares in Asia largely slipped in Monday morning trade as investors await Chinese economic data, including the economic powerhouse's first-quarter gross domestic product figures.

In Japan, the Nikkei 225 fell 1.77% in morning trade as shares of Fast Retailing and SoftBank Group declined more than 1% each. The Topix index shed 1.64%.

Mainland Chinese stocks were also lower, with the Shanghai composite down about 1% and the Shenzhen component shed 1.484%.

Wall Street stocks finished lower while bond yields and the dollar rose on Thursday as investors worried about the potential for aggressive US policy tightening as other central banks around the world moved to reduce support.

The Dow Jones Industrial Average fell 113.36 points, or 0.33%, to 34,451.23 while the S&P 500 lost 54 points, or 1.21%, to 4,392.59 and the Nasdaq Composite dropped 292.51 points, or 2.14%, to 13,351.08.

OIL, RUPEE & FIIs

Crude Oil: Oil prices rose on Monday as concerns grew about tighter global supply, with the deepening crisis in Ukraine raising the prospect of heavier sanctions by the West on top exporter Russia.

Brent futures were up \$1.50, or 1.3%, at \$113.20 a barrel, and US West Texas Intermediate futures rose 98 cents, or 0.9%, to \$107.93 a barrel.

Rupee: Sliding for the second straight session, the rupee dipped 4 paise to close at 76.19 against the US dollar on Wednesday, tracking a firm greenback overseas and weak domestic macroeconomic data.

At the interbank foreign exchange market, the rupee opened lower at 76.15 against the American currency, and slipped further to 76.26. It finally settled at 76.19, down 4 paise over its previous close of 76.15.

In the last week, the Indian rupee slipped against the US dollar. The INR ended 28 paise lower at 76.18 per dollar on April 13 against its April 8 closing of 75.90.

FPIs & DIIs: Adopting a cautious stance, foreign investors have pulled over Rs 4,500 crore from the Indian equity market last week on fears of an aggressive rate hike by US Federal Reserve.

This comes following a net investment of Rs 7,707 crore by foreign portfolio investors (FPIs) during April 1-8 as a correction in the markets provided a good buying opportunity

Domestic institutional investors (DIIs) bought equities worth of Rs 1,794.36 crore. In the month of April so far FIIs sold equities worth Rs 10,762.38 crore, while DIIs bought equities worth Rs 5,772.11 crore.

WEEK AHEAD

The Q4 results season would be the key event that the market would be looking for in the near future. Trend in global stock markets, the movement of rupee against the dollar and crude oil prices will also dictate trend on the bourses in the near term. Investment by foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) will be monitored.

Overseas, China's first quarter gross domestic product (GDP) data will be announced today. China will also announce industrial production data for March today.

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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