

Sensex slumps over 400 points; Auto & FMCG sectors drag

The domestic markets started the new week on weak footing in line with subdued global trend and due to earnings' impact.

At 9:55 AM, the frontline S&P BSE Sensex was trading at 55,657 down by 419 points or 0.75%. Market breadth is dismal and out of a total of 3,021 shares traded on the Bombay Stock Exchange, 1,259 advanced while 1,616 declined and 146 remained unchanged. The broader Nifty50 was at 16,604 levels down 116 points or 0.69%.

The broader markets, meanwhile, opened in green. The BSE Midcap and Smallcap indices were up to 0.11 per cent higher.

Sectorally, Nifty Bank, Financials, Metals were notable gainers, while Auto, FMCG, Pharma, and Oil & Gas held losses.

WEEKLY REVIEW – JULY 18 – JULY 22, 2022

The domestic equity benchmarks ended the week with strong gains. Positive global cues and a reversal in foreign fund selling in the Indian market boosted the sentiment. The key indices logged gains in all five trading sessions of the week. The Nifty settled above 16,700 mark.

In the week ended on Friday, 22 July 2022, the Sensex gained 2,311.45 points or 4.3% to settle at 56,072.23. The Nifty 50 index advanced 670.25 points or 4.18% to settle at 16,719.45. The BSE Midcap index rose 3.53% to settle at 23,660.37. The BSE Smallcap index gained 3.86% to settle at 26,773.41.

GLOBAL MARKETS

Asian stocks lost ground on Monday, retreating from over three-week highs as worries about a global economic downturn sapped investors' risk appetite.

Bond yields eased amid bets that a U.S. recession would slow the Federal Reserve's aggressive tightening campaign, with markets looking for policy clues from its two-day Federal Open Market Committee meeting which begins on Tuesday.

At the same time, the dollar built on its recovery from a 2 1/2-week low against major peers, supported by demand for the U.S. currency as a safe haven.

Japan's Nikkei retreated 0.75%, while Chinese blue chips eased 0.13%. Hong Kong's Hang Seng slid 0.45%, with its tech index tumbling 1.51%.

MSCI's broadest index of Asia-Pacific shares lost 0.62% to 158.68, after touching the highest since June 29 at 160.03 on Friday.

U.S. S&P 500 emini futures slipped 0.09%, pointing to an extension of the benchmark's 0.93% slump on Friday, when a survey showed business activity contracting for the first time in nearly two years amid persistently heated inflation and rapidly rising interest rates.

OIL, RUPEE & FIIs

Crude Oil: Brent crude added 0.15%, or 15 U.S. cents, to \$103.35 per barrel. Nymex light crude was slightly higher at \$94.75.

Rupee: The rupee fell by 5 paise to close at 79.90 against the US dollar on Friday as stronger American currency and elevated crude oil prices weighed on investor sentiment.

FPIs & DIIs: FIIs seem to have renewed their buying interest in India as they turned net buyers on a weekly basis for the first time after several months, purchasing shares worth more than Rs 4,000 crore in the week ended July 22. As a result, their net selling for the month reduced significantly to Rs 6,400 crore from Rs 10,000 crore for July.

Domestic institutional investors (DIIs) remained net buyers during the passing week, buying shares worth Rs 940 crore, taking the total monthly inflow to Rs 8,300 crore in July which completely compensated FII outflow.

WEEK AHEAD

Trading could be volatile in the forthcoming week as traders roll over positions in the F&O segment from the near month July series to August series. The August 2022 F&O contracts will expire on 28 July 2022.

Earnings announcements from India Inc will remain in focus in the trading week ahead. 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. Participants will also be eyeing COVID cases trend and progress of monsoon.

Overseas, Japan will declare Consumer Confidence data for July on 29 July 2022.

The US Federal Reserve (Fed) will announce its interest rate decision after its two-day policy meeting on 27 July 2022.

US will announce New Home Sales data for June on 26 July 2022.

The US Durables Goods Orders data for June will be announced on 27 July 2022.

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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