

Sensex falls over 300 points, Nifty below 16,150 mark; Nifty IT dips 3%

Markets have opened on a subdued note amid largely negative moves across global markets, as concerns persisted about steep hikes in COVID-era interest rates and their impact on economic growth.

At 9:36 AM, the frontline S&P BSE Sensex was trading at 54,137 down by 338 points or 0.62%. Market breadth is positive and out of a total of 2,628 shares traded on the Bombay Stock Exchange, 1,456 advanced while 1,054 declined and 118 remained unchanged. The broader Nifty50 was at 16,136 levels down 89 points or 0.55%.

The broader markets, meanwhile, opened flat. The BSE Midcap and Smallcap indices were muted.

Nifty IT plunged 3% weighed due to TCS numbers. Nifty Metals, Pharma were also in red. While Nifty Bank and Auto packs held nominal gains.

Indian rupee opened marginally higher at 79.22 per dollar on against previous close of 79.25.

WEEKLY REVIEW – JULY 4 – JULY 8, 2022

Indices settled on strong note tracking positive global stocks. The Nifty closed above 16,200. Market logged gains in four out of five trading session in the week. All sectors participated in the upmove, with PSU banking, consumer, and banking stocks at the forefront.

Some cooling off in global crude prices boosted domestic investor's sentiment. Weak crude price benefits India as it positively impacts growth, current account deficit (CAD), inflation and fiscal deficit.

In the week ended on Friday, 8 July 2022, the Sensex advanced 1,573.91 points or 2.97% to settle at 54,481.84. The Nifty 50 index gained 468.55 points or 2.97% to settle at 16,220.60. The BSE Midcap index rose 3.64% to settle at 22,655.57. The BSE Smallcap index gained 3.36% to settle at 25,640.81.

GLOBAL MARKETS

Asian shares were mostly under water on Monday as investors braced for a US inflation report that could force another super-sized hike in interest rates, and the start of an earnings season in which profits could be under pressure.

An upbeat US June payrolls report already has the market wagering heavily on a rise of 75 basis points from the Federal Reserve, sending bond yields and the dollar higher.

On Monday, S&P 500 futures were down 0.4% and Nasdaq futures off 0.5%. EUROSTOXX 50 futures fell 0.6% and FTSE futures 0.7%.

Chinese blue chips lost 1.2% after Shanghai discovered a COVID-19 case involving a new subvariant, Omicron BA.5.2.1.

MSCI's broadest index of Asia-Pacific shares outside Japan slipped 0.7%. Going the other way, South Korea firmed 0.1% and Japan's Nikkei added 1.6%.

OIL, RUPEE & FIIs

Crude Oil: Oil prices also lost around 4% last week as worries about demand offset supply constraints. On Monday, Brent was trading 72 cents lower at \$106.30, while U.S. crude eased 89 cents to \$103.90 per barrel.

Rupee: The rupee declined by 13 paise to close at 79.26 against the US dollar on Friday, tracking a rebound in crude oil prices and the strength of the American currency overseas.

FPIs & DIIs: Foreign institutional investors (FIIs) net sold Indian shares worth Rs 2,218.4 crore last week, according to provisional exchange data. Domestic institutional investors (DIIs), on the other hand, made net purchases of Rs 3,910.3 crore.

WEEK AHEAD

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.

On the macro front, the Industrial Production and Manufacturing Production data for May will be released on 12 July 2022. Inflation rate for June will be declared on the same day.

India's inflation based on wholesale price index (WPI) for June will be unveiled on 14 July 2022.

The Monsoon session of Parliament will commence from 18 July 2022 and would conclude on 12 August 2022. The main highlight of the Monsoon Session of Parliament will be the elections for the office of the President of India. The polling will take place on July 18 and the counting of votes will take place on July 21. The voting for the post of Vice President will take place on August 6.

Overseas, China will unveil Industrial Production data for June on 15 July 2022.

US will announce Inflation Rate and Core Inflation Rate for June on 13 July 2022. US will announce Retail Sales data for June on 15 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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