

Sensex dips around 200 points after positive start; Metals & Realty drag

After an extremely negative week, the key benchmark indices started Monday's session with tepid gains amid subdued global sentiment. However, the opening gains were shortlived and markets slipped into negative zone amid volatility.

At 9:40 AM, the frontline S&P BSE Sensex was trading at 51,173 down by 187 points or 0.36%. Market breadth is dismal and out of a total of 2,854 shares traded on the Bombay Stock Exchange, 797 advanced while 1,920 declined and 137 remained unchanged. The broader Nifty50 was at 15,220 levels down 74 points or 0.48%.

The broader markets, meanwhile, opened in red. The BSE Midcap and Smallcap indices were up to 0.2% lower.

On the sectoral front, Metals, Realty, Oil & Gas indices on the Nifty slumped 0.7-2% while, Nifty IT, Financials and Pharma were higher.

Indian rupee opened 13 paise higher at 77.94 per dollar on Monday against Friday's close of 78.07.

WEEKLY REVIEW – JUNE 13 – JUNE 17, 2022

Markets ended lower for the second consecutive week on June 17 and also posted their biggest weekly loss since May 2020 as global inflation worries lead to monetary policy tightening by central banks. Key indices dropped sharply in the week on heavy selling pressure in index pivots. The Nifty closed below the 15,300 mark. Investors digested the US central bank's policy action on Wednesday.

In the week ended on Friday, 17 June 2022, the Sensex lost 2943.02 points or 5.42% to settle at 51,360.42. The Nifty 50 index dropped 908.30 points or 5.61% to settle at 15,293.50. The BSE Midcap index fell 5.31% to settle at 21,295.93. The BSE Smallcap index declined 6.67% to settle at 24,1338.

All sectoral indices ended in the red. Nifty IT, PSU Bank and Commodities were the worst hit, falling 8.2%, 7.7% and 7.4%, respectively. Nifty FMCG and Auto indices outperformed the Nifty 50 but still ended 3.1% and 4.9% down, respectively.

GLOBAL MARKETS

Asian shares were unable to sustain a rare rally on Monday as Wall Street futures shed early gains amid worries the U.S. Federal Reserve would this week underline its commitment to fighting inflation with whatever rate hikes were needed.

The euro also softened slightly after French President Emmanuel Macron lost control of the National Assembly in legislative elections on Sunday, a major setback that could throw the country into political paralysis.

Trade was thinned by a U.S. holiday and Nasdaq futures soon went flat, having been up more than 1% at one stage, while S&P 500 futures eased 0.2%. EUROSTOXX 50 futures fell 0.6% and FTSE futures 0.3%. The US markets are closed on Monday, June 20, on account of Juneteenth holiday.

The S&P 500 fell by almost 6% last week to trade 24% below its January high.

MSCI's broadest index of Asia-Pacific shares outside Japan lost 0.8% and Tokyo's Nikkei 1.4%.

Chinese blue chips held steady perhaps aided by news President Joe Biden was considering removing some tariffs on China.

OIL, RUPEE & FIIs

Crude Oil: Oil prices edged down again after a sharp retreat late last week amid concerns high energy prices were adding to risks of a global recession which would ultimately curb demand.

Brent fell 70 cents to \$112.42, while U.S. crude lost 66 cents to \$108.90 per barrel.

Rupee: The Indian rupee ended lower against the US dollar amid a muted trend in domestic equities and unabated foreign capital outflows. A strong dollar overseas and higher crude prices also kept the domestic unit under pressure. The Indian currency closed 23 paise down at 78.07 per dollar on June 17 against its June 10 closing of 77.84.

FIIs & DIIs: Foreign institutional investors (FIIs) continued selling, as they offloaded equities worth Rs 23,273.67 crore, while domestic institutional investors (DIIs) bought shares worth Rs 17,226.16 crore. FIIs have sold equities worth Rs 42,088.63 crore in June, so far, even as DIIs bought shares worth Rs 30,312.85 crore.

WEEK AHEAD

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.

Participants will also be eyeing COVID cases trend and progress of monsoon.

Macroeconomy watchers will be hooked to the minutes of the monetary policy committee's June policy meeting, which will be released this week, for cues to the rate-setting panel's next move.

Overseas, China will announce the Loan Prime Rate for 1 year and 5 years on 20 June 2022.

Japan will announce inflation rate for May on 24 June 2022.

In US, Existing Home Sales data for May will be announced on 21 June 2022. The US New Home Sales data for May will be announced on 24 June 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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