

Markets turn choppy after positive start, Nifty holds 16,200; Metals drag

Key benchmark indices started Monday's session with nominal gains tracking mixed Asian markets. But, soon after, pared opening gains to turn volatile.

At 9:45 AM, the frontline S&P BSE Sensex was trading at 54,349 up by 26 points or 0.05%. Market breadth is marginally positive and out of a total of 2,881 shares traded on the Bombay Stock Exchange, 1,418 advanced while 1,329 declined and 134 remained unchanged. The broader Nifty50 was at 16,263 levels down 3 points or 0.02%.

The broader markets were mixed. The BSE Midcap rose 0.16% while the Smallcap index was down 0.11%.

Sectorally, Nifty Metals plunged over 6% on the increase in steel export duty, while auto index led gains, up over 2%. Realty and Consumer Durables were other gainers. While, Nifty IT and Financials held muted gains.

The fuel prices in India remained unchanged on May 23, a day after the government announced an excise duty cut on petrol by a record Rs 8 per litre and that on diesel by Rs 6 per litre. The excise duty cut translated into a reduction of Rs 9.5 a litre on petrol in Delhi and Rs 7 a litre in diesel after taking into account its impact on other levies.

WEEKLY REVIEW – MAY 16 – MAY 20, 2022

Key indices advanced during the week, snapping its five-week losing trend. Recovery in Asian stocks boosted sentiment. China's central bank cutting the 5-year loan prime rate and easing of Covid-related restrictions also provided a major leg-up to the market.

In the week ended on Friday, 20 May 2022, the Sensex gained 1,532.77 points or 2.9% to settle at 54,326.39. The Nifty50 index advanced 484 points or 3.07% to settle at 16,266.15. The BSE Midcap index rose 691.19 points or 3.17% to settle at 22,506.85. The BSE Smallcap index rose 1,035.54 points or 4.09% to settle at 26,351.29.

BSE Metal index surged 7.3%, BSE Capital Goods index added 5.3% and BSE FMCG, Auto and Realty indices gained 4-5%. On the other hand, Information Technology index fell 2%.

GLOBAL MARKETS

Asian stocks faced an uncertain start on Monday as persistent inflation fears and the prospect of rising interest rates dogged the global economic outlook, which remains mired in negative sentiment.

MSCI's broadest index of Asia-Pacific shares outside Japan was 0.04% higher, after U.S. stocks ended the previous session with negligible gains for the day. The index is down 3.6% so far this month.

In early trade, Australian shares gained 0.2% while Japan's Nikkei stock index was 0.85% higher.

The yield on benchmark 10-year Treasury notes rose to 2.7883% from its U.S. close of 2.787% on Friday.

Wall Street ended mixed on Friday after a volatile session that saw Tesla slump and other growth stocks also lose ground.

The S&P 500 and the Nasdaq logged their seventh straight week of losses, their longest losing streak since the end of the dotcom bubble in 2001.

OIL, RUPEE & FIIs

Crude Oil: Oil prices rose in early trade on Monday with the US fuel demand, tight supply and a slightly weaker US dollar supporting the market, as Shanghai prepares to reopen after a two-month lockdown fuelled worries about a sharp slowdown in growth.

Brent crude futures rose 82 cents to \$113.37 a barrel at 0126 GMT, while US West Texas Intermediate (WTI) crude futures climbed 69 cents, or 0.6 percent, to \$110.97 a barrel, adding to last week's small gains for both contracts.

Rupee: After hitting a new low in the last week, dollar-rupee will remain in focus as the domestic currency inched towards 78 level and touched a fresh record low of 77.92 in the week ended May 20.

FPIs & DIIs: Foreign institutional investors (FIIs) continued their selling in the month of May but at a reduced rate in the last week.

FIIs offloaded equities worth of Rs 11,401.34 crore while domestic institutional investors (DIIs) bought shares worth of Rs 9,472.91 crore in the week.

In the month of May till now FIIs have sold equities worth Rs 44,102.37 crore and DIIs have bought shares worth Rs 36,208.27 crore.

WEEK AHEAD

Trading could be volatile in the forthcoming week as traders roll over positions in the F&O segment from the near month May series to June series. The May 2022 F&O contracts will expire on 26 May 2022.

Markets will be influenced by concerns surrounding monetary tightening, China's Covid lockdowns and Russia's war in Ukraine.

The Q4 results season would also be the key event that the market would be looking for in the near future. The earnings session is entering the last leg, as more than 1,200 companies are going to announce their March quarter results in the next week.

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.

Progress of monsoon will be watched. South-west monsoon is racing towards the mainland with the weather office forecasting onset over Kerala by the middle of next week. The June-September southwest monsoon is critical for the country's agriculture because a considerable part of the country's farmland is dependent on the rains for irrigation.

Overseas, China will announce the Industrial Profits data for April on 27 May 2022.

The United States New Home Sales for April will be announced tomorrow.

The United States Durable Goods Orders for April will be declared on 25 May 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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