

Sensex zooms over 850 points tracking global cues; IT stocks lead

Domestic equity markets zoomed over 1% in early deals on Monday, riding on a firm global momentum.

At 9:50 AM, the frontline S&P BSE Sensex was trading at 55,749 up by 866 points or 1.58%. Market breadth is positive and out of a total of 3,014 shares traded on the Bombay Stock Exchange, 2,262 advanced while 641 declined and 111 remained unchanged. The broader Nifty50 was at 16,602 levels up 250 points or 1.53%.

In the broader market, the BSE Midcap and Smallcap indices added up to 1.4% each.

Sectorally, all the indices advanced in tandem with the market mood with the Nifty IT index adding 2.5%.

WEEKLY REVIEW – MAY 23 – MAY 27, 2022

Key indices logged gains for second straight week, tracking positive global cues. Trading was volatile due to expiry of monthly F&O contracts on the NSE on Thursday. The Nifty closed above the 16,350 mark.

In the week ended on Friday, 27 May 2022, the Sensex gained 558.27 points or 1.03% to settle at 54,884.66. The Nifty50 index advanced 86.30 points or 0.53% to settle at 16,352.45. The BSE Midcap index rose 10.89 points or 0.05% to settle at 22,517.74. The BSE Smallcap index fell 729.72 points or 2.77% to settle at 25,621.57.

On the sectoral front, banks were the dominant force as the Nifty Bank index rose over 4% in its best weekly performance for over two months. The banks were followed by automobile stocks as the Nifty Auto rose 3.3% during the week. Nifty Metal index was among the hardest hit as the index fell 9%.

GLOBAL MARKETS

Asian stocks tracked Wall Street higher on Monday while the dollar was pinned near five-week lows as investors wagered on an eventual slowdown in US monetary tightening, albeit after sharp hikes in June and July.

Helping to mellow the mood was news that Shanghai authorities will cancel many conditions for businesses to resume work from Wednesday, easing a city-wide lockdown that began two months ago.

The Memorial Day holiday in the United States could make for a thin session ahead of the end of the month, but MSCI's broadest index of Asia-Pacific shares outside Japan still climbed 1.2% to a three-week high.

Japan's Nikkei added 2.0% and South Korea rose 1.2%. Chinese blue chips firmed 0.8%.

Nasdaq futures added another 0.8%, after gaining 6.8% last week, while S&P 500 futures firmed 0.5%, having rallied 6.6% last week in their best week so far this year.

OIL, RUPEE & FIIs

Crude Oil: Oil prices have been supported by expectations for stronger demand as the US driving season gets under way, and as European nations negotiate over whether to impose an outright ban on Russian crude oil.

The EU failed on Sunday to agree on an embargo of Russian oil, but diplomats will still try to make progress ahead of a Monday-Tuesday summit.

Brent rose \$1.07 to \$120.50, while US crude gained \$1.29 to \$116.36 per barrel.

Rupee: After seven consecutive weeks of weakness, the domestic currency finally strengthened against the US dollar aided by a general decline in the US dollar index against a basket of 10 major currencies.

The rupee ended the week at 77.59 to the US dollar after hitting a low of 77.78 during the period.

FPIs & DIIs: Continuing their selling spree, foreign investors have dumped Indian equities worth over Rs 39,000 crore this month so far amid rising bond yields in the US, an appreciating dollar and prospects of more aggressive rate hikes by the Federal Reserve. With this, the net outflow by foreign portfolio investors (FPIs) from equities has reached Rs 1.66 lakh crore so far in 2022.

Damage from foreign investors dumping stocks has been limited by domestic institutional investors who have net bought local stocks worth Rs 47,465 crore in May so far which is the highest since March 2020.

WEEK AHEAD

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.

On the macro front, S&P Global Manufacturing PMI for May will be declared on 1 June, 2022. The S&P Global Composite PMI and the S&P Global Services PMI for May will be declared on 3 June 2022.

The government will announce data on first quarter gross domestic product (GDP) on 31 May 2022.

Auto stocks will be in focus as the auto companies will start announcing monthly sales numbers for May 2022 starting from 1 June 2022.

Overseas, China will announce the NBS Manufacturing PMI for May on 31 May 2022. China will announce the Caixin Manufacturing PMI for May on 1 June 2022.

Japan will declare the Consumer Confidence data for May on 31 May 2022. China will announce the Caixin Manufacturing PMI for May on 1 June 2022.

The US Non Farm Payrolls data for May will be announced on 3 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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