

Market Flash – February 4, 2019

Benchmark indices opened lower on Monday taking cues from their Asian peers.

At 10:40 AM, the S&P BSE Sensex was trading at 35,318, down 151 points or 0.4%. Market breadth was weak and out of a total of 2,095 shares traded on the Bombay Stock Exchange, 627 advanced while 1,342 declined and 126 remained unchanged. The Nifty50 was down 46 points or 0.4% at 10,845.

10-year Indian G-Sec yields were trading at 7.638 in morning against the previous close of 7.610.

Indian Indices	Px Last	Change in %		52 Week		PE
		1 Day	1 Month	High	Low	
S&P BSE Sensex	36469	0.59	0.59	38990	32484	23.70
Nifty 50	10894	0.58	-0.15	11760	9952	26.40
S&P BSE Midcap	14641	0.56	-5.09	17162	13539	31.19
S&P BSE 100	11121	0.60	-0.71	12096	10233	22.73
S&P BSE 200	4614	0.57	-1.17	5072	4255	23.39
Nifty Midcap 100	16990	0.51	-5.05	28895	15803	37.92
Nifty 500	9056	0.58	-1.54	10050	8371	29.33

THE WEEK THAT WAS

Key equity indices advanced last week, ahead of the Union Interim Budget that was announced on Friday, 1 February 2019. The government presented a farm-friendly, consumption-oriented Budget ahead of the general elections. Positive global cues also boosted investor's sentiment. Risk appetite in the global stock markets improved after the US Federal Reserve left interest rates unchanged and said it would be patient with further rate hikes.

In the week ended Friday, 1 February 2019, the Sensex rose 444 points or 1% to settle at 36,469. The Nifty 50 index rose 113 points or 1% to settle at 10,893.65. The BSE Mid-Cap index fell 40 points or 0.28% to settle at 14,641. The BSE Small-Cap index fell 49.75 points or 0.36% to settle at 13,950.45.

GLOBAL MARKETS

Asia stocks were barely moved on Monday, staying near a four-month high after Wall Street's tepid pre-weekend performance, while the dollar was supported against the yen following strong US jobs and manufacturing data. Wall Street ended mixed on Friday, as optimism from a surge in January US job growth was offset by a weaker-than-expected outlook from Amazon.com Inc that battered retail stocks.

INDIAN RUPEE

The rupee on Monday opened 29 paise down at 71.54 against the US dollar on account of some buying in American currency by banks and importers.

CRUDE OIL

Crude oil prices slipped on Monday after gains of about 3 per cent in the previous session, but they were buoyed by expectations of tightening supply and signs that China-US trade tensions could ease.

WEEK AHEAD

Investors will focus on the outcome of the Reserve Bank of India's (RBI) monetary policy meeting. Besides this, global trade negotiations and domestic earnings announcements may influence investors' interest in equities.

Indices would also be driven by Q3 earnings, macroeconomic data, trend in global markets, investment by foreign portfolio investors and domestic institutional investors, the movement of rupee against the dollar and crude oil price movement. Nikkei India Services PMI data for January will be announced on Tuesday.

On the global front, US ISM Non-Manufacturing PMI data for January will be unveiled on Tuesday. US Balance of Trade data for November will be declared on Wednesday. The Bank of England (BoE) will decide on interest rates on Thursday.

Key highlights of Interim Budget 2019

- FM thrust upon realizing a "New India" by 2022, the 75th year of independence; poised to becoming \$5 trillion economy in 5 years
- The reforms led to consistent low inflation rate (4~5%), controlled fiscal deficit (3.4%), robust FDI investment (\$239bn) and increased GDP growth in last 5 years
- FM touched upon key reforms viz GST, Banking reforms & Insolvency and Bankruptcy Code, initiatives against corruption and cleanliness (Swachh Bharat), Electricity for all, massive scale-up in Healthcare.
- Farmers owning upto 2 Hectares to get Rs 6,000 per year in 3 instalments as per PM Kisan Samman Nidhi Scheme; interest subvention for farmers in various category been constructed under PM Awas Yojana
 - Pension scheme for unorganised sector workers with monthly income up to Rs 15,000
 - Assured monthly pension of Rs 3,000 after they retire at the age of 60
 - Gratuity limit increased from Rs 10 lakh to Rs 20 lakh
 - Defence budget increased to Rs 3 trillion

Tax Proposals

- No change in corporate tax rate
- No tax payable only for an individual earning up to Rs 5 lakh per year; Rebate of tax increased to 12,500/-. No change in tax payable for person having income more than 5 lakhs per year
- Standard deduction for the salaried raised to Rs 50,000 from Rs 40,000
- Increase in TDS threshold on Bank and post office deposits (from Rs 10,000 to Rs 40,000) will provide relief to tax assessee,
- Increase in TDS threshold on Rent (from Rs 1.8 lakh to Rs 2.4 lakh)
- Capital gains exemption on sale of residential house under Sec 54 extended to 2 residential house subject to maximum capital gain of INR 2 crores
- Notional rent not applicable to assessee on 2nd self occupied house
- Deduction u/s 80IBA for developers of affordable housing scheme has been extended by one year for projects registered uptill March 31, 2020
- FM also proposed to process all tax returns within 24 hours of their filing with refunds being issued immediately.

Source: Reuters, BSE, PTI

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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