

Nifty hovers around 11,000 mark; Auto sector accelerates

Indian markets started the first trading session of August on a weak start with the Nifty50 hovering around 11,000 level on the back of mixed global markets.

Sectorally, Nifty Auto Index gained over 2%, while Nifty Private Bank index slipped 2% on the NSE. In the broader market, S&P BSE Midcap index was at 13,772.62 level, up 0.13%; S&P BSE Smallcap index was at 13,059.56 level, up 0.4%.

At 10:05 AM, the frontline S&P BSE Sensex was trading at 37,245, down 362 points or 0.97%. Market breadth is positive and out of a total of 1,830 shares traded on the Bombay Stock Exchange, 969 advanced while 747 declined and 114 remained unchanged. The Nifty50 was down 98 points or 0.9% at 10,976.

THE WEEK THAT WAS

Indian stocks posted their first weekly decline in six weeks weighed by profit-booking and rise in coronavirus cases. Nifty50 ended above the 11,000 level. Volatility was high during the week expiry of July 2020 F&O contracts on Thursday.

In the week ended on Friday, July 31, 2020, the S&P BSE Sensex fell 522.01 points or 1.37% to settle at 37,606.89. The Nifty50 index declined 120.70 points or 1.08% to settle at 11,073.45.

The S&P BSE Midcap index rose 56.56 or 0.41% to settle at 13,759.11. The S&P BSE Smallcap index gained 55.21 points or 0.43% to settle at 13,021.76.

GLOBAL MARKETS

Asian share markets turned mixed on Monday as US lawmakers struggled to hammer out a new stimulus plan amid a global surge of new coronavirus cases, though a squeeze on crowded short positions gave the dollar a rare bounce.

Sentiment was helped by a survey showing China's factory activity expanded at the fastest pace in nearly a decade in July, with the Caixin/Markit PMI at 52.8.

That lifted Chinese blue chips 0.9%. MSCI's broadest index of Asia-Pacific shares outside Japan dipped 0.2%, though that was from a six-month top.

Japan's Nikkei added 2.1% courtesy of a pullback in the yen, while South Korea shares were flat.

US stocks finished higher on Friday, fueled by strong earnings reports from big tech names. The Dow Jones Industrial Average increased 114.67 points, or 0.44%, to 26,428.32. The

S&P 500 was up 24.90 points, or 0.77%, to 3,271.12. The Nasdaq Composite Index advanced 157.46 points, or 1.49%, to 10,745.27.

CRUDE OIL

Oil prices fell on Monday on oversupply concerns as OPEC and its allies wind back production cuts in August and a rise in worldwide COVID-19 cases points to a slower pick-up in fuel demand.

Brent crude futures slid 26 cents, or 0.6%, to \$43.26 a barrel. US West Texas Intermediate (WTI) crude futures were down 29 cents, or 0.7%, at \$39.98 a barrel.

MONEY MARKET

Rupee: On Friday, the Indian rupee closed with a marginal 3 paise gain at 74.81 to the US dollar amid weakness in the greenback against key global peers.

10-year bonds: India 10-year bond yield rose 0.21% to 5.83 after trading in 5.81-5.84 range.

Call rates: The overnight call money rate weighted average stood at 3.45%, according to RBI data. It moved in a range of 1.80-4.10%.

WEEK AHEAD

The outcome of the Reserve Bank of India's (RBI) monetary policy meeting, macroeconomic data, global cues, progress of monsoon, April-June 2020 quarterly earnings, movement of rupee against the dollar, Brent crude oil price movement and investments by foreign portfolio investors (FPI) and domestic institutional investors (DII) will be watched in the trading week ahead. The spread of coronavirus and its impact on the local and global economy will also be closely watched.

Auto stocks will be in focus as auto companies will start announcing monthly sales numbers for July starting from August 1, 2020.

On macroeconomic front, Markit Manufacturing PMI for July will be declared today. Markit Services PMI for July will be declared on August 5, 2020.

The Monetary Policy Committee (MPC), headed by RBI Governor, is scheduled to meet for three days beginning tomorrow and will announce its decision on August 6.

Overseas, China will announce the Caixin Manufacturing PMI for July today. The final reading of United States Markit Manufacturing PMI for July will also be unveiled today. The Euro Area Markit Manufacturing PMI for July will be declared today too.

Source: Reuters, Capital Market, ET

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

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