

Sensex surges 350 points; all eyes on Union Budget

The Indian markets made a firm start on Monday ahead of the Budget 2021, which will be presented by Finance Minister Nirmala Sitharaman in the Parliament later in the day.

At 10:05 AM, the frontline S&P BSE Sensex was trading at 46,633, up 348 points or 0.75%. Market breadth is marginally positive and out of a total of 2,312 shares traded on the Bombay Stock Exchange, 1,141 advanced while 1,059 declined and 112 remained unchanged. The broader Nifty50 was at 13,721, levels, up 86 points or 0.63%.

Majority of the Nifty sectoral indices were trading with gains, led by Nifty Bank index, up 1.5%. On the other hand, Nifty Pharma index slipped 1.4%.

The broader markets, meanwhile, slipped into the red, with the S&P BSE Midcap and Smallcap indices down 0.1%, each.

THE WEEK THAT WAS – JAN 25 TO JAN 29, 2021

Benchmark indices witnessed sharp fall during the week. Sentiment was hit as investors became wary of risks from the upcoming Union Budget and selling by FIIs. New lockdowns being enforced in some countries and concerns over new strains of the Covid-19 virus also dented sentiment.

The Economic Survey 2020-21, tabled by Finance Minister Nirmala Sitharaman in the parliament on Friday, forecast robust economic growth of 11% for the fiscal year beginning on 1 April 2021.

In the week ended on Friday, January 29, 2021, the Sensex dropped 2,592.77 points or 5.30% to settle at 46,285.77. The Nifty 50 index slipped 737.30 points or 5.13% to settle at 13,634.60.

The BSE Midcap index slipped 679.64 or 3.62% to settle at 18,082.23. The BSE Smallcap index declined 433.85 points or 2.36% to settle at 17,988.20.

GLOBAL MARKETS

Asian shares wavered on Monday amid worries that problems with vaccine rollouts combined with new strains of Covid-19 will delay a global economic recovery that has already been baked into the market's rich valuations.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.4%, following four straight sessions of losses. Japan's Nikkei bounced 0.4%, after shedding almost 2% on Friday.

Futures for the S&P 500 lost another 0.7% in heavy trade, while NASDAQ futures fell 0.9%.

Dealers were also warily awaiting new developments in the headline-grabbing battle between retail investors and funds that specialise in shorting stocks.

OIL, RUPEE & FIIs

Crude Oil: Global demand concerns kept oil prices in check. US crude eased 30 cents to \$51.90 a barrel, while Brent crude futures dropped 20 cents to \$54.84.

Indian Rupee: The rupee gained 9 paise to settle at 72.96 against the US dollar on Friday even as the domestic equity markets closed with significant losses.

FPIs: Net-net, foreign portfolio investors (FPIs) were sellers of domestic stocks to the tune of Rs 5,930.66 crore, data available with NSE suggested. DIIs were net buyers to the tune of Rs 2443.20 crore, data suggests.

10-year Bonds: India 10-year bond yield rose 0.27 per cent to 5.94 after trading in 5.93-5.95 range.

WEEK AHEAD

The Union Budget 2021-22, corporate earnings and outcome of RBI's Monetary Policy meeting will be in focus.

Market is awaiting key reforms that could push growth and kickstart the capex cycle in the economy. The Union Budget 2021-22 would be presented on February 1. The Parliament session started from January 29, and would be held in two phases. Subject to exigencies of government business, the session is likely to conclude on 8 April 2021.

Trend in global markets, macro data, 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.

Global cues will continue to be in focus as resurgence in virus cases around the world, leads to more restrictions and more pressure on economic recovery. Updates related to COVID-19 will be closely watched. Also on the radar will be news on Covid vaccine development. From here on the pace of the improvement of economic indicators along with outcomes of a possible vaccine or cure for COVID-19 would determine the movement of the market.

Auto stocks will be in focus as auto companies will start announcing monthly sales numbers for January starting from today.

The Monetary Policy Committee (MPC), headed by RBI Governor, is scheduled to meet for three days beginning 3 February and will announce its decision on 5 February.

In economic data, Markit Manufacturing PMI for January will be declared on 1 February 2021. Markit Services PMI for January will be declared on 3 February 2021.

Overseas, China will announce the Caixin Manufacturing PMI for January today.

The US Markit Manufacturing PMI for January will be declared today.

The Euro Area Markit Manufacturing PMI for January will be declared today.

Source: Reuters, Capital Market, ET

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

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