

Sensex tops 49,000 mark; Nifty above 14,400

The Indian markets scaled fresh record highs on Monday, with the S&P BSE Sensex scaling 49,000 for the first time ever, on the back of favourable global cues.

All the Nifty sectoral indices, except Nifty Metal index, were trading higher, led by Nifty IT index, up 2%.

At 10:35 AM, the frontline S&P BSE Sensex was trading at 49,091, up 308 points or 0.6%. Market breadth is negative and out of a total of 2,861 shares traded on the Bombay Stock Exchange, 1,223 advanced while 1,482 declined and 156 remained unchanged. The broader Nifty50 was at 14,420, levels, up 73 point or 0.5%.

THE WEEK THAT WAS

Benchmark indices logged modest gains in the first week of calendar 2021. Positive global cues and developments surrounding COVID-19 vaccine cheered investors. The rally in the market was broad-based as the mid-cap and small-cap indices clocked strong gains during the week.

In the week ended on Friday, January 8, 2021, the Sensex jumped 913.53 points or 1.91% to settle at 48,782.51. The Nifty50 index advanced 328.75 points or 2.35% to settle at 14,347.25. The BSE Midcap index rallied 974.24 or 5.36% to settle at 19,138.72. The BSE Smallcap index spurred 647.56 points or 3.55% to settle at 18,908.59.

GLOBAL MARKETS

Asian shares took a breather on Monday while Treasury yields were at 10-month highs as “trillions” in new US fiscal stimulus plans were set to be unveiled this week, stoking a global reflation trade.

Investors were keeping a wary eye on US politics as pressure grew to impeach President Donald Trump, though signs were an actual trial could be some time away.

MSCI’s broadest index of Asia-Pacific shares outside Japan dipped 0.2%, having surged 5% last week to record highs. Japan’s Nikkei was on holiday after closing at a 30-year high on Friday.

South Korea went flat after an early jump, and Chinese blue chips firmed 0.7%.

OIL, RUPEE & FIIs

Crude Oil: Oil prices ran into profit taking after reaching their highest in nearly a year on Friday, gaining 8% on the week after Saudi Arabia pledged to cut output.

Brent crude futures dipped 48 cents to \$55.51, while US crude futures lost 28 cents to \$51.96 a barrel.

Indian Rupee: The rupee on Friday staged a smart recovery from the day's lowest level to end 7 paise higher at 73.24 against the US dollar on Friday, tracking an intense rally in domestic equities.

FPIs: Net-net, foreign portfolio investors (FPIs) were buyers of domestic stocks to the tune of Rs 6,029.83 crore, data available with NSE suggested. DIIs were net sellers to the tune of Rs 2,372.54 crore, data suggests.

10-year Bonds: India 10-year bond yield flat at 5.89 after trading in 5.87-5.90 range.

WEEK AHEAD

Trend in global markets, quarterly results, 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.

On the macro front, the Industrial Production and Manufacturing Production and Manufacturing Production data for November will be released tomorrow. WPI inflation for December is due on January 14, 2021.

Overseas, China will announce inflation rate for December today.

US will announce inflation rate for December on 13 January 2021. The US Retail Sales for December will be announced on January 15, 2021.

Source: Reuters, Capital Market, ET

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

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