

Markets pare gains after making a firm start; index heavyweights drag

The Indian benchmark indices quickly pared their opening gains and slipped into the red on Monday, prompted mainly by selling in index heavyweight shares.

At 10:00 AM, the frontline S&P BSE Sensex was trading at 48,738, down 141 points or 0.3%. Market breadth is negative and out of a total of 2,324 shares traded on the Bombay Stock Exchange, 741 advanced while 1,473 declined and 110 remained unchanged. The broader Nifty50 was at 14,332, levels, down 40 point or 0.3%.

The Nifty sectoral indices were mixed, with the Nifty Financial Services index, up 1.6%, leading the gainers.

THE WEEK THAT WAS

Key indices ended with small losses after oscillating wildly during the week. The Sensex settled below 49,000 level after scaling record high above the psychological 50,000 mark. The Nifty also retreated after scaling record high during the week.

Investors took profits after a recent rally that was driven by hopes of US economic stimulus by newly inaugurated President Joe Biden. Rising coronavirus cases across US, Europe and China weighed on investors' sentiment.

In the week ended on Friday, January 22, 2021, the Sensex fell 156.13 points or 0.32% to settle at 48,878.54. The Nifty50 index slipped 61.80 points or 0.43% to settle at 14,371.90.

The BSE Midcap index lost 142.27 or 0.75% to settle at 18,761.87. The BSE Smallcap index skid 260.07 points or 1.39% to settle at 18,422.05.

GLOBAL MARKETS

Asian shares rose on Monday as concerns over rising COVID-19 cases and delays in vaccine supplies were eclipsed by expectations of a \$1.9 trillion fiscal stimulus plan to help revive the US economy.

Global equity markets have scaled record highs in recent days on bets COVID vaccines will start to reduce the inflection rates worldwide and on a stronger US economic recovery under President Joe Biden.

MSCI's broadest index of Asia-Pacific shares outside Japan rose slightly to 721.96 and just a short distance away from last week's record high of 727.31.

Japan's Nikkei rebounded from falls in early trading to be up 0.36%. Chinese shares rose, with the blue-chip index up 0.6%.

Australian shares were slightly higher too after the country's drug regulator approved the Pfizer/BioNTech COVID-19 vaccine with authorities saying a phased rollout will begin late next month.

OIL, RUPEE & FIIs

Crude Oil: Oil prices slipped for a second straight session on Monday as renewed Covid-19 lockdowns raised fresh concerns about global fuel demand.

Brent crude futures for March fell 15 cents, or 0.3%, to \$55.26 a barrel by 0158 GMT, while US West Texas Intermediate crude for March was at \$52.19 a barrel, down 8 cents, or 0.2%.

Indian Rupee: The rupee clawed back lost ground towards the fag-end of the session and settled with a marginal 2 paise gain at 72.97 against the US dollar on Friday, supported by easing crude oil prices.

FPIs: Net-net, foreign portfolio investors (FPIs) were sellers of domestic stocks to the tune of Rs 635.69 crore, data available with NSE suggested. DIIs were net sellers to the tune of Rs 1290.35 crore, data suggests.

10-year Bonds: India 10-year bond yield fell 0.29 per cent to 5.93 after trading in 5.93-5.97 range.

WEEK AHEAD

Trading could be volatile in the forthcoming week as traders roll over positions in the F&O segment from the near month January series to February series. The January 2021 F&O contracts will expire on Thursday, January 28, 2020.

Trend in global markets, quarterly results, 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.

Stock markets will remain closed tomorrow on account of Republic Day.

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 would be starting from January 29, and would be held in two phases. Subject to exigencies of government business, the session is likely to conclude on April 8, 2021.

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.

In Japan, the industrial production data for December will be released on January 29, 2021.

The US Federal Reserve (Fed) will wrap up its two-day policy meeting on January 27, 2021. The United States Durable Goods Orders for December will also be declared on January 27, 2021.

Source: Reuters, Capital Market, ET

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

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