

## **Markets trading weak; financials & pharma stocks drag**

The Indian equity markets have turned weak after making a choppy opening on Monday dragged down by financials and pharma stocks. The trend among Nifty sectoral indices was mixed, with Nifty Bank index, down over 1.5%, leading the list of losers.

At 10:12 AM, the frontline S&P BSE Sensex was trading at 37,857, down 271 points or 0.71%. Market breadth are negative and out of a total of 1,936 shares traded on the Bombay Stock Exchange, 529 advanced while 1,334 declined and 73 remained unchanged. The Nifty50 was down 87 points or 0.75% at 11,108.

10-year Indian G-Sec yields were trading at 5.816 in morning against the previous close of 5.817.

### **THE WEEK THAT WAS**

Key indices recorded weekly gains for a fifth straight week on positive global stocks. The S&P BSE Sensex closed above 38,000, while the Nifty50 settled a tad below 11,200.

Global markets were buoyed by a slew of positive news on the coronavirus vaccine and fiscal stimulus fronts.

In the week ended on Friday, July 24, 2020, the S&P BSE Sensex jumped 1,108.76 points or 3% to settle at 38,128.90. The Nifty50 index advanced 292.45 points or 2.68% to settle at 11,194.15.

The BSE Midcap index rose 171.80 or 1.27% to settle at 13,702.55. The BSE Smallcap index gained 184.02 points or 1.44% to settle at 12,966.55.

### **GLOBAL MARKETS**

Gold hit an all-time high on Monday as tit-for-tat consulate closures in China and the United States rattled investors, boosting the allure of safe haven assets, although sentiment was mixed with tech gains supporting some Asian stocks.

MSCI's ex-Japan Asia-Pacific index rose 1.3% as Taiwan's TSMC, Asia's third-largest company by market capitalisation, rose almost 10%. Japan's Nikkei fell 0.5%, resuming trade after a long weekend and catching up with falls in global shares late last week.

Global shares had lost steam last week after Washington ordered China's consulate in Houston to close, prompting Beijing to react in kind by closing the U.S. consulate in Chengdu.

## **CRUDE OIL**

Oil prices dipped on worries about the worsening Sino-US relations. Brent futures fell 0.46% to \$43.14 per barrel while U.S. crude futures lost 0.44% to \$41.11.

## **INDIAN RUPEE**

The rupee slid 8 paise to close at 74.83 to the US dollar on Friday, tracking lacklustre equities amid worries that the US-China friction will further dent global economic recovery.

## **WEEK AHEAD**

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 be closely watched.

Trading could be volatile in the forthcoming week as traders roll over positions in the F&O segment from the near month July series to August series. The July 2020 F&O contracts expire on Thursday, 30 July 2020.

On macroeconomic front, India's infrastructure output data for June will be unveiled on July 31, 2020.

Overseas, China will announce NBS Manufacturing PMI for July on July 31, 2020. Japan will also announce preliminary industrial production data for June on July 31, 2020.

The US Federal Reserve will announce its interest rate on July 29, 2020. In Europe, the Euro Area inflation rate for July will be announced on July 31, 2020.

*Source: Reuters, Capital Market*

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

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