

Sensex, Nifty gain tracking firm global cues; Nifty eyes 10,750 mark

Benchmark indices shot up around 1% each on Monday, mirroring similar gains in their Asian peers. The trend among Nifty sectoral indices was positive, led by Nifty Bank index, up almost 2%.

At 10:20 AM, the S&P BSE Sensex was trading at 36,381, up 359 points or 1%. Market breadth are positive and out of a total of 2,170 shares traded on the Bombay Stock Exchange, 1,327 advanced while 724 declined and 119 remained unchanged. The Nifty50 was up 122 points or 1.15% at 10,729.

10-year Indian G-Sec yields were trading at 5.838 in morning against the previous close of 5.845

THE WEEK THAT WAS

Key barometers logged steady gains in the week gone by on positive global cues, with the Sensex reclaiming the 36,000-level and Nifty above 10,600. Auto stocks were in demand. This is the third straight week of gains for the markets.

Global stocks rose on optimism about a continued recovery in economic activity, offsetting the concerns raised by an unabated rise in virus infections.

In the week ended on Friday, July 3, 2020, the S&P BSE Sensex rose 850.15 points or 2.42% to settle at 36,021.42. The Nifty50 index gained 224.35 points or 2.16% to settle at 10,607.35. The BSE Midcap index added 30.26 or 0.23% to settle at 13,288.70. The BSE Smallcap index fell 27.26 points or 0.22% to settle at 12,603.02.

GLOBAL MARKETS

Asian shares scaled four-month peaks on Monday as investors counted on super-cheap liquidity and fiscal stimulus to sustain the global economic recovery, even as surging coronavirus cases delayed re-openings across the United States.

Shares in Shanghai surged more than 4% on strong volume, amid positive commentary on the market from state media. Benchmarks in Tokyo, Hong Kong and Seoul were also higher. US equity futures climbed with markets due to reopen after a holiday.

Australian shares underperformed as authorities ramped up efforts to control outbreaks in Melbourne. The WHO reported a one-day high in global infections over the weekend with cases crossing 11.3 million.

CRUDE OIL

Oil prices offered up a mixed market snapshot on Monday, with Brent crude edging higher, supported by tighter supplies, while US benchmark WTI futures dropped on concern that a spike in coronavirus cases could curb oil demand in the United States.

Brent crude rose 11 cents, or 0.3%, to \$42.91 a barrel after a 4.3% gain last week, while US West Texas Intermediate crude was at \$40.35, down 30 cents, or 0.7%, from its previous settlement on Thursday. US markets were closed on Friday to mark July 4 holiday celebrations.

INDIAN RUPEE

The rupee jumped by 38 paise to settle at more than three-month high of 74.66 against the US dollar on Friday tracking weakness in the greenback and gains in domestic equities amid optimism over potential Covid-19 vaccine.

WEEK AHEAD

Macroeconomic data, global cues, progress of monsoon, 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 in the trading week ahead. The spread of coronavirus and its impact on the local and global economy will be closely watched.

On macroeconomic front, India's industrial production and manufacturing production data for May will be declared on July 10, 2020.

The India Meteorological Department (IMD) said that for the country as a whole, cumulative rainfall during this year's monsoon from June 1 till July 2 was 13% above the Long Period Average (LPA).

The June-September southwest monsoon is critical for the country's agriculture because a considerable part of the country's farmland is dependent on the rains for irrigation.

Overseas, China will announce inflation rate for June on July 9, 2020. Japan will also declare Machinery Orders data for May on July 9, 2020.

The final reading of United States Markit Services and Composite PMI for June will be declared today.

Source: Reuters, Capital Market

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

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