

Sensex jumps over 900 points; Nifty reclaims 9,850 mark

Benchmark indices shot up around 3% each on Monday, in line with their Asian peers, after the government eased curbs on most economic activities even as the lockdown in containment zones was extended till June 30.

At 10:50 AM, the S&P BSE Sensex was trading at 33,365, up 947 points or 2.9%. Market breadth are positive and out of a total of 2,003 shares traded on the Bombay Stock Exchange, 1,588 advanced while 298 declined and 117 remained unchanged. The Nifty50 was up 272 points or 2.8% at 9,852.

10-year Indian G-Sec yields were trading at 6.035 in morning against the previous close of 6.013.

THE WEEK THAT WAS

Key benchmark indices logged strong gains in the holiday-shortened week on buying demand in index pivotals. Nifty50 closed above the level of 9,500. Gradually easing lockdown restrictions boosted sentiment. The gains followed three consecutive weeks of declines in May as the government's economic relief measures disappointed investors.

Meanwhile, India's gross domestic product (GDP) grew 3.1% in January-March, official data showed on Friday, reflecting the partial impact of the COVID-19 lockdown on the manufacturing and services sectors. That was much better than economists' estimates, but still lower than 4.1% in the previous quarter. The annual expansion in the GDP stood at 4.2% in fiscal year 2019-20 - the lowest pace of growth in 11 years, as against a previously projected 5%.

In the week ended on Friday, May 29, 2020, the S&P BSE Sensex soared 1,751.51 points or 5.71% to settle at 32,424.10. The Nifty50 index jumped 541.05 points or 5.99% to settle at 9,580.30. The BSE Midcap index advanced 573.20 or 5.09% to settle at 11,843.22. The BSE Smallcap index spurred 368.37 points or 3.50% to settle at 10,892.60.

GLOBAL MARKETS

Asian shares pushed to three-month highs on Monday as progress on opening up economies helped offset jitters over riots in US cities and unease over Washington's power struggle with Beijing.

There was also relief that while President Donald Trump began the process of ending special US treatment for Hong Kong to punish China, he left their trade deal intact.

After a cautious start, Asian markets were led higher by China on signs of the domestic economy picking up. Hong Kong managed to rally 3.6%, while Chinese blue chips put on 2.2%.

An official business survey from China showed its factory activity grew at a slower pace in May but momentum in the services and construction sectors quickened. A private survey showed a return to growth in May, though exports remained depressed that helped lift MSCI's broadest index of Asia-Pacific shares outside Japan 2.1% to its highest since early March. Japan's Nikkei added 1.1% to also reach a three-month peak.

CRUDE OIL

Oil prices initially eased on worries about US demand, but found support from reports that Russia had no objection to the next meeting of OPEC and its allies being brought forward to June 4 from the following week.

Brent crude futures were off 7 cents at \$37.77 a barrel, while US crude was flat at \$35.49.

INDIAN RUPEE

The rupee appreciated by 14 paise to close at 75.62 against the US dollar on Friday as foreign fund inflows and weak American currency boosted investor confidence.

WEEK AHEAD

Macroeconomic data, global cues, 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.

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

On macroeconomic front, Markit Manufacturing PMI for May will be declared today. Markit Services PMI for May will be declared on June 3, 2020.

Overseas, the Caixin Manufacturing PMI for May will be unveiled today. The Caixin Services PMI and Composite PMI for May will be unveiled on June 3, 2020. The United States Markit Manufacturing PMI for May will be declared today.

The European Central Bank will announce its interest rate decision on June 4, 2020. Euro Area's Markit Services PMI and Markit Composite PMI for May will be declared on June 3, 2020.

Source: Reuters, Capital Market

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

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