

Sensex, Nifty down over 1% amid weak global cues

The Indian equity markets dipped over 1%, in line with the trends in their Asian peers as number of coronavirus cases continue to rise globally.

The Standard and Poor's warning that the Indian economy is in deep trouble also weighed on investor sentiment. The rater has projected the Indian economy's growth to contract by 5% this fiscal.

At 10:25 AM, the S&P BSE Sensex was trading at 34,721, down 450 points or 1.28%. Market breadth are negative and out of a total of 2,330 shares traded on the Bombay Stock Exchange, 756 advanced while 1,472 declined and 102 remained unchanged. The Nifty50 was down 134 points or 1.29% at 10,249.

10-year Indian G-Sec yields were trading at 5.906 in morning against the previous close of 5.913.

THE WEEK THAT WAS

Key barometer indices recorded second straight week of gains. Volatility was high due to phenomenal rise in the coronavirus cases worldwide, the military stand-off between India and China at the border, and also with the ongoing spat between China and the US.

In the week ended on Friday, June 26, 2020, the S&P BSE Sensex rose 439.54 points or 1.27% to settle at 35,171.27. The Nifty50 index gained 138.60 points or 1.35% to settle at 10,383.

The BSE Midcap index advanced 454.60 or 3.55% to settle at 13,258.44. The BSE Smallcap index rallied 353.17 points or 2.88% to settle at 12,630.28.

GLOBAL MARKETS

Asian share markets got off to a shaky start on Monday as the relentless spread of the coronavirus finally made investors question their optimism on the global economy, benefiting safe harbour bonds and the US dollar.

MSCI's broadest index of Asia-Pacific shares outside Japan eased 0.2% and further away from a four-month top hit last week.

Japan's Nikkei shed 1.5% and South Korean stocks 1.4%. E-Mini futures for the S&P 500 lost 0.3%.

Wall Street had faltered on Friday as some US States reconsidered their reopening plans. The global death toll from COVID-19 reached half a million people on Sunday, according to a Reuters tally.

CRUDE OIL

Oil prices slipped amid concerns the pandemic would slow the reopening of some economies and thus hurt demand for fuel.

Brent crude futures fell 62 cents to \$40.40 a barrel, while US crude lost 60 cents to \$37.89.

INDIAN RUPEE

Indian rupee opened flat at 75.63 per dollar on Monday against Friday's close of 75.64, amid selling seen in the domestic equity market.

On June 26 the rupee erased intraday gains and ended flat at 75.64 per dollar.

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.

Investors will keep a close watch on tensions between India and China due to the border dispute. Overseas, reports of further rift between the US and China on trade front will be closely watched.

Auto stocks will be in focus as auto companies will start announcing monthly sales numbers for June starting from July 1.

On macroeconomic front, Markit Manufacturing PMI for June will be declared on 1 July 2020. Markit Services PMI for June will be declared on July 3.

Overseas, China will announce NBS Manufacturing PMI for June will be announced tomorrow. The Caixin Manufacturing PMI for June will be unveiled on July 1.

The United States Markit Manufacturing PMI for June will be declared on July 1. The US non-farm payrolls data for June 2020 will be announced on July 2.

In Europe, the Euro Area Business Confidence data for June will be announced today. The Euro Area Markit Manufacturing PMI for June will be declared on July 1.

***Source:** Reuters, Capital Market*

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

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