

Sensex surges 500 points tracking global cues; Nifty hits 10,300 mark

Extending last week's upmove, the benchmark indices are trading over 1.5% higher, in line with trends in Asian peers, lifted primarily by banks and metal sectors.

The first phase of 'Unlock India' begins as the government hopes to breathe some life into a near-morbid economy. Malls, restaurants, hotels and places of worship reopen selectively across the country beginning today.

Meanwhile, foreign funds invested nearly 40% of what they sold in entire March in the past seven days as Federal Reserve's pump-priming and the gradual reopening of the economy stoked interest in riskier assets.

Overseas funds bought Rs 23,000 crore (\$3 billion) in the past seven days compared with sales of Rs 58,600 crore in March and Rs 4,100 crore in April.

At 10:30 AM, the S&P BSE Sensex was trading at 34,825, up 538 points or 1.57%. Market breadth are positive and out of a total of 2,135 shares traded on the Bombay Stock Exchange, 1,675 advanced while 368 declined and 92 remained unchanged. The Nifty50 was up 154 points or 1.52% at 10,296.

10-year Indian G-Sec yields were trading at 5.832 in morning against the previous close of 5.821.

THE WEEK THAT WAS

Local stock markets logged gains for second consecutive week on account of easing of nationwide lockdown. Steady foreign fund inflows and positive cues from global markets also boosted sentiment. Key indices logged gains throughout the week, except a small decline on Thursday.

In the week ended on Friday, June 5, 2020, the S&P BSE Sensex jumped 1,863.14 points or 5.75% to settle at 34,287.24. The Nifty50 index soared 561.85 points or 5.86% to settle at 10,142.15.

The BSE Midcap index rallied 710.94 or 6% to settle at 12,554.16. The BSE Smallcap index surged 962.57 points or 8.84% to settle at 11,855.17.

GLOBAL MARKETS

US stock futures and Asian shares advanced on Monday after a surprise recovery in US employment gave further confidence of a quick economic recovery after many weeks of lockdowns aimed at controlling the coronavirus pandemic.

US S&P500 futures rose 0.5% to stand near their highest levels since late February while Japan's Nikkei opened more than 1% higher.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.3% in early trade, with South Korea's Kospi rising 1.4%. The Australian share market was closed for a holiday.

US nonfarm payrolls rose by 2.509 million jobs last month - in contrast with consensus estimates of a fall in 8 million jobs after a record plunge of 20.687 million in April.

CRUDE OIL

Oil prices rose more than 2% early on Monday to their highest in three months after OPEC and its allies including Russia agreed to extend record oil production cuts until the end of July.

Brent crude climbed to as high as \$43.41 a barrel and was trading at \$43.32, up \$1.02, or 2.4%. US West Texas Intermediate (WTI) crude gained 83 cents, or 2.1%, to \$40.38 a barrel. Both hit their highest since March 6.

INDIAN RUPEE

The Indian rupee is seen gaining amid improving risk sentiment, positive domestic equities, sustained foreign fund flows and a weak dollar overseas.

The rupee pared its early gains to close almost flat at 75.58 against the US currency on Friday.

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.

India's industrial production data for April will be declared on June 12, 2020. Inflation rate for May will also be announced on the same day.

Overseas, China will announce inflation rate for May on June 10, 2020. Japan will unveil Q1 GDP rate today.

In United States, the inflation rate for May will be announced on June 10, 2020. The Federal Reserve's next policy meeting is scheduled on June 9-10. Euro Area's third estimate of Q1 GDP will be declared tomorrow.

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

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

carefully.

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