

Sensex zooms 750 points on upbeat global cues & good Q3 GDP print

The Indian benchmark indices made a firm start to the first trading session of March, up over 1.5%, in early deals, on the back of upbeat global mood and the Q3 GDP print.

At 9:52 AM, the frontline S&P BSE Sensex was trading at 49,850, up 750 points or 1.53%. Market breadth is positive and out of a total of 2,355 shares traded on the Bombay Stock Exchange, 1,695 advanced while 541 declined and 119 remained unchanged. The broader Nifty50 was at 14,748, levels, up 219 points or 1.50%.

The Nifty sectoral indices were painted green, with the Nifty IT index, up 1.6%, leading the gainers. In the broader markets, the S&P BSE Midcap and Smallcap indices were up 1% and 1.3%, respectively.

THE WEEK THAT WAS – FEB 22 TO FEB 26, 2021

Local stocks ended the week on a dismal note on account of a spike in domestic and global bond yields coupled with rising coronavirus cases which spoiled investors' appetite for risk assets. Volatility was high due to expiry of February 2021 F&O contracts on Thursday.

On February 26, the markets plunged by almost 4%. A rise in commodity prices fanned inflation risks, pushing bond yields higher. That apart, reports that the United States launched airstrikes in Syria on Thursday, targeting facilities near the Iraqi border further dented global mood.

In the week ended on Friday, February 26, 2021, the Sensex dropped 1,789.77 points or 3.52% to settle at 49,099.99. The Nifty50 index skid 452.60 points or 3.02% to settle at 14,529.15. The BSE Midcap index fell 56.87 or 0.28% to settle at 19,978.65. The BSE Smallcap index advanced 291.94 points or 1.47% to settle at 20,155.35.

GLOBAL MARKETS

Asian shares rallied on Monday as some semblance of calm returned to bond markets after last week's wild ride, while progress in the huge US stimulus package underpinned optimism about the global economy and sent oil prices higher.

China's official manufacturing PMI out over the weekend missed forecasts, but Japanese figures showed the fastest growth in two years. Investors are also counting on upbeat news from a raft of US data due this week including the February payrolls report.

MSCI's broadest index of Asia-Pacific shares outside Japan edged up 0.8%, after shedding 3.7% last Friday. Japan's Nikkei rallied 2.1%, while Chinese blue chips added 0.5%.

OIL, RUPEE & FIIs

Crude Oil: Oil prices extended their gains ahead of an OPEC meeting this week where supply could be increased. Brent gained 4.8% last week and WTI 3.8%, while both were about 20% higher over February as a whole. Brent was last up \$1.27 at \$65.69, while U.S. crude rose \$1.22 to \$62.72 per barrel.

Indian Rupee: The domestic currency crashed by over a rupee against the dollar on Friday to close at 73.47 — the biggest single-day fall since the post-pandemic crash on March 23, 2020.

FPIs: The net foreign portfolio investment (FPI) into the Indian equities in February was Rs 25,787 crore. The total net FPIs in 2020 now stand at Rs 45,260 crore, as per NSDL data. So far, in the financial year 2021-22, net FPIs into equities stood at Rs 2.63 lakh crore, the highest ever FPI inflow into the country.

10-year Bonds: India 10-year bond yield rose 0.76% to 6.22 after trading in 6.20-6.24 range.

WEEK AHEAD

Trend in global markets, macro data, 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.

Global cues will continue to be in focus as resurgence in virus cases around the world, leads to more restrictions and more pressure on economic recovery. Updates related to COVID-19 will be closely watched. Also on the radar will be news on Covid vaccine development. From here on the pace of the improvement of economic indicators along with outcomes of a possible vaccine or cure for COVID-19 would determine the movement of the market.

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

In economic data, Markit Manufacturing PMI for February will be declared today. Markit Services PMI for February will be declared on March 3, 2021.

Overseas, China will announce the Caixin Manufacturing PMI for February today.

The US Markit Manufacturing PMI for February will be declared today.

The US Non Farm Payrolls data for February will be announced on March 5, 2021.

The Euro Area Markit Manufacturing PMI for February will be declared today.

Source: Reuters, Capital Market, ET

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

Disclaimer: The article (including market views expressed herein) is for general information only and does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this information. The data/information used/disclosed in the article is only for information purposes and not guaranteeing/indicating any returns. The article provides general information and comparisons made (if any) are only for illustration purposes. Investments in mutual funds and secondary markets inherently involve risks and recipient should consult their legal, tax and financial advisors before investing. Recipient of this document should understand that statements made herein regarding future prospects may not be realized. Recipient should also understand that any reference to the indices/ sectors/ securities/ schemes etc. in the article is only for illustration purpose and are NOT stock recommendation(s) from the author or L&T Investment Management Limited, the asset management company of L&T Mutual Fund (“the Fund”) or any of its associates. Any performance information shown refers to the past and should not be seen as an indication of future returns. The value of investments and any income from them can go down as well as up. The distribution of the article in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of the article are required to inform themselves about, and to observe, any such restrictions.

CL07919