

Markets trading lower amid volatility; Sensex below 50K mark

The Indian markets began the monthly derivative contract expiry week on a subdued note, falling nearly half a per cent in Monday's early deals.

At 9:40 AM, the frontline S&P BSE Sensex was trading at 49,683, down 176 points or 0.35%. Market breadth is positive and out of a total of 2,227 shares traded on the Bombay Stock Exchange, 1,236 advanced while 862 declined and 129 remained unchanged. The broader Nifty50 was at 14,711, levels, down 33 points or 0.22%.

The Nifty sectoral indices were mixed, with the Nifty Bank index, down 0.6%, being the top loser.

Meanwhile, the broader markets outperformed their benchmark peers, with the S&P BSE Midcap and Smallcap indices trading half a per cent and 0.2% higher, respectively.

WEEKLY REVIEW – MARCH 15 TO MARCH 19, 2021

Key indices posted losses in the week amid high volatility. Resurgence of COVID-19 cases in various part of the country made investors jittery. Spike in global bond yields also soured sentiment. The Sensex dropped below the key 50,000 mark.

In the week ended on Friday, 19 March 2021, the Sensex dropped 933.84 points or 1.84% to settle at 49,858.24. The Nifty 50 index lost 286.95 points or 1.91% to settle at 14,744. The BSE Midcap index declined 550.43 or 2.67% to settle at 20,026.78. The BSE Smallcap index dropped 715.18 points or 3.37% to settle at 20,493.89.

GLOBAL MARKETS

Asian markets were holding their nerve on Monday as a plunge in the Turkish lira tested risk appetite, with stocks and bonds showing only a limited bid for safe-havens.

The dollar was trading 12% higher on the lira at 8.100, but that was off an early peak of 8.4850 amid speculation Turkish authorities would intervene to stem the rout.

The slide came after President Tayyip Erdogan shocked markets by replacing Turkey's hawkish central bank governor with a critic of high interest rates.

After an initial wobble, sentiment seemed to stabilise and MSCI's broadest index of Asia-Pacific shares outside Japan was all but flat.

Japan's Nikkei fell 1.4%, not helped by talk Japanese retail investors could face losses on large long positions in the high-yielding lira.

OIL, RUPEE & FIIs

Crude Oil: Oil prices resumed their decline on Monday, falling around 1% as worries about a drop in demand for fuel products in the wake of yet more European lockdowns dominated trading.

Brent crude was down 60 cents, or 0.9%, at \$63.93 a barrel. US oil was off by 68 cents, or 1.1%, at \$60.74 a barrel. Both contracts fell by more than 6% last week.

Indian Rupee: The rupee ended on a flat note against the US dollar on Friday as a stronger dollar offset gains from weak crude oil prices and FII inflows. A firm trend in domestic equity markets also supported the rupee. At the interbank forex market, the local unit opened lower at 72.57 against the greenback and witnessed an intra-day high of 72.46 and a low of 72.58.

FPIs: Foreign institutional investors (FIIs) net bought shares worth Rs 1,418.43 crore, while domestic institutional investors (DIIs) net purchased shares worth Rs 559.62 crore in the Indian equity market on March 19, as per provisional data available on the NSE.

According to depositories data, FPIs were net buyers of equities so far in March at Rs 8,642 crore. FPIs poured in Rs 14,202 crore into equities but pulled out Rs 5,560 crore from debt segment between March 1 and 19, leaving net investment to Rs 8,642 crore.

Foreign portfolio investors have pumped in a record USD 36 billion into equities so far this fiscal up to March 10, which is the highest since FY13, shows the latest data from the Reserve Bank. On the other hand, net foreign direct investment inflows jumped to USD 44 billion, till end January, up from USD 36.3 billion a year ago, driven by the massive inflows in November and December, with the last month of the year getting a record USD 6.3 billion.

WEEK AHEAD

Global central bank's policy decisions, trend in global stock 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.

India saw its sharpest-ever rise in Covid-19 cases this week, with recorded infections rising by 67% and the country logging 1 lakh cases more than the count in the previous week. This week's death toll from the virus too surged by 41% to a nine-week high of 1,239, although the fatality rate remained lower than earlier periods of comparable number of daily cases.

The country recorded over 2.6 lakh fresh cases in the week (March 15-21), as compared to 1.55 lakh last week, making it the worst surge of the pandemic till date. The previous sharpest weekly rise was 34% recorded in July 20-26, when cases were around 80,000 higher than the previous week.

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.

China will announce Loan Prime Rate for 1 year and 5 years today. The United States Durable Goods Orders for February will be declared on March 24, 2021.

Source: Reuters, Capital Market, ET

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

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