

Nifty tops 15,000 mark mirroring firm global cues; Sensex up 350 points

Tracking the global mood, the Indian benchmark indices traded around 1% higher in Monday's early deals.

Investors reacted to US President Joe Biden's \$1.9 trillion coronavirus relief package passed in the Democratic-controlled Senate on March 6 while keeping a close watch on the US bond yields. The yields on US 10-year Treasuries hit a one-year high of 1.625% last Friday in the wake of positive US jobs data and rising inflation, and stood at 1.60% on Monday.

At 9:38 AM, the frontline S&P BSE Sensex was trading at 50,772, up 369 points or 0.72%. Market breadth is positive and out of a total of 2,287 shares traded on the Bombay Stock Exchange, 1,662 advanced while 497 declined and 128 remained unchanged. The broader Nifty50 was at 15,043, levels, up 104 points or 0.70%.

The Nifty sectoral indices were painted green, led by Nifty PSU Bank index, up 2%.

THE WEEK THAT WAS – MARCH 1 TO MARCH 5, 2021

Key indices logged modest gains amid volatile swings during the week. The Nifty index dropped below the psychological 15,000 mark. Value buying emerged after India's GDP returned to positive territory after contracting for two straight quarters.

Stabilizing US Treasury yields, hopes surrounding global COVID-19 vaccination programmes and the passing of \$1.9 trillion US stimulus package also boosted gains. However, global stocks weakened towards end of the week amid rising bond yields.

Rising crude oil prices also weighed on the sentiment as higher crude oil prices could increase fiscal deficit, current account deficit and stoke fuel price inflation. Auto stocks were in demand during the week.

In the week ended on Friday, March 5, 2021, the Sensex surged 1,305.33 points or 2.66% to settle at 50,405.32. The Nifty50 index soared 408.95 points or 2.81% to settle at 14,938.10. The BSE Midcap index rose 609.15 or 3.05% to settle at 20,587.80. The BSE Smallcap index jumped 780.67 points or 3.87% to settle at 20,936.02.

GLOBAL MARKETS

Asian shares rallied on Monday while the dollar held near three-month peaks after the U.S. Senate passage of a \$1.9 trillion stimulus bill and a surprisingly strong payrolls report augured well for a global economic rebound.

There was also upbeat news in Asia, as China's exports surged 155% in February compared with a year earlier when much of the economy shut down to fight the coronavirus.

The prospect of yet faster growth helped MSCI's broadest index of Asia-Pacific shares outside Japan firm 0.4%. Japan's Nikkei gained 1.2%, while S&P 500 futures rose 0.3%, after a sharp turnaround on Friday.

OIL, RUPEE & FIIs

Crude Oil: The oil prices were at the highest levels in more than a year after Yemen's Houthi forces fired drones and missiles at the heart of Saudi Arabia's oil industry on Sunday, raising concerns about production. Brent climbed \$1.09 a barrel to \$70.45, while US crude rose \$1.08 to \$67.17 per barrel.

Indian Rupee: The rupee slumped by 19 paise to close below the 73 mark against the US currency on Friday due to a stronger dollar and risk aversion in the global markets.

At the interbank forex market, the local unit opened at 72.98 against the greenback and traded in the range of 72.73 - 73.09 during the day.

The rupee finally ended at 73.02 against the American currency, registering a fall of 19 paise over its previous closing.

FPIs: As the rising bond yields in the US cause panic in the global markets, foreign portfolio investors (FPI) have turned to sell their holdings. FPIs have pulled out a net Rs 881 crore from the Indian equity market in the first week of March. They have pulled out a net investment of Rs 5,595 crore from the debt segment, showed NSDL data.

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.

On the macro front, the Industrial Production and Manufacturing Production data for January will be released on March 12, 2021.

Overseas, China will announce inflation rate for February on March 10, 2021.

US will also announce inflation rate for February on March 10, 2021.

In Europe, the European Central Bank (ECB) will announce its interest rate decision on March 11, 2021.

Source: Reuters, Capital Market, ET

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

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