

Benchmark indices dipped around 5% on Monday, tracking weak global cues after the latest flare up in US-China tensions. Further, yet another extension of the nation-wide lockdown also weighed on investor sentiment. Volatility index, India VIX, made an aggressive come-back after recent cool-off and surged 24%.

At 10:30 AM, the S&P BSE Sensex was trading at 32,083, down 1,643 points or 5%. Market breadth are negative and out of a total of 2,116 shares traded on the Bombay Stock Exchange, 365 advanced while 1,620 declined and 131 remained unchanged. The Nifty50 was down 467 points or 5% at 9,393.

10-year Indian G-Sec yields were trading at 6.136 in morning against the previous close of 6.110.

THE WEEK THAT WAS

Markets nudged higher in truncated trading week on hopes for an effective COVID-19 treatment. Indices logged gains for fourth consecutive week. Sentiment also got a boost after the Reserve Bank of India on April 27, 2020 announced a special liquidity facility of Rs 50,000 crore for mutual funds.

Global shares climbed following developments regarding the use of Gilead Sciences' antiviral drug Remdesivir as a potential new treatment for COVID-19 patients. Investors worldwide were optimistic over the slowing of new virus cases and welcomed moves by policymakers to support the coronavirus-hit global economy.

In the week ended on Thursday, April 30, 2020, the S&P BSE Sensex jumped 2,390.40 points or 7.63% to settle at 33,717.62. The Nifty50 index rallied 705.50 points or 7.71% to settle at 9,859.90. The BSE Midcap index advanced 549.25 or 4.79% to settle at 12,013.45. The BSE Smallcap index spurted 468.30 points or 4.40% to settle at 11,101.84.

GLOBAL MARKETS

The dollar inched higher, stock markets struggled for traction and oil fell on Monday as a US-China spat over the origin of the coronavirus put the brakes on optimism about an economic re-start as countries around the world ease restrictions.

In reduced trade, with China and Japan on holiday, US stock futures fell 1.7% and US crude tumbled 7%. South Korea's KOSPI fell, Hong Kong's Hang Seng returned from a two-session holiday with a 3.5% drop, while Australia's ASX 200 eked out a 0.5% gain.

The moves extended a dour start in May which began on Friday with bleak US data and the threat of fresh trade-war hostilities between the world's two biggest economies.

CRUDE OIL

Oil prices fell in early trade on Monday, paring last week's gains, on worries the global oil glut may persist as US-China trade tension could hold back an economic recovery even as coronavirus pandemic lockdowns start to ease.

US West Texas Intermediate (WTI) crude futures fell as low as \$18.32 a barrel and were down \$1.46, or 7.6%, at \$18.27. The benchmark contract rose 17% last week.

INDIAN RUPEE

Indian rupee fell in the early trade on Monday. It opened 63 paise lower at 75.73 per dollar against Thursday's close of 75.10.

On April 30, the rupee ended higher by 57 paise at 75.10 per dollar, amid strong buying seen in the domestic equity market.

WEEK AHEAD

The spread of coronavirus and its impact on the local and global economy will be closely watched. Market will react to quarterly results this week.

Auto stocks will be in focus as auto companies will start announcing monthly sales numbers for April starting from 1 May 2020. On macroeconomic front, Markit Manufacturing PMI for April will be declared today. Markit Services PMI for April will be declared on 6 May 2020.

Overseas, the Caixin Services PMI and Composite PMI for April will be unveiled on 6 May 2020. The United States Markit Composite PMI and Markit Services PMI for April will be declared on 5 May 2020. Euro Area's Markit Manufacturing PMI for April will be declared today.

Source: Reuters, Capital Market

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

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