

Markets weak amid volatility; Nifty Bank index up 1.3%

The Indian markets pared its early gains and slipped into the red in Monday's volatile session, ahead of the Supreme Court hearing in the interest waiver case.

At 10:05 AM, the frontline S&P BSE Sensex was trading at 39,395, down 219 points or 0.56%. Market breadth is negative and out of a total of 1,921 shares traded on the Bombay Stock Exchange, 779 advanced while 1,048 declined and 94 remained unchanged. The broader Nifty50 was at 11,574 levels, down 68 points or 0.54%.

The Nifty sectoral indices were trading largely in the green, led by Nifty Bank index, up 1.3%.

In the broader market, the S&P BSE Midcap index was up 0.2% while the Smallcap index fell 0.4%.

THE WEEK THAT WAS

Local stocks dropped sharply with the key benchmark indices ending at nearly 1-month lows on weak global cues. Soaring global coronavirus cases and uncertainty about a fiscal relief bill in Washington impacted sentiment. Barring Tuesday, the key barometers declined throughout the week.

The S&P BSE Sensex closed below the crucial 40,000 mark while the Nifty50 index ended below 11,700 mark during the week. Broader markets outperformed the frontline indices.

In the week ended on Friday, October 30, 2020, the S&P BSE Sensex slumped 1,071.43 points or 2.63% to settle at 39,614.07. The Nifty50 index dropped 287.95 points or 2.41% to settle at 11,642.40. The BSE Midcap index fell 71.48 or 0.48% to settle at 14,904.62. The BSE Smallcap index declined 246.51 points or 1.63% to settle at 14,888.08.

GLOBAL MARKETS

Asian shares bounced off one-month lows on Monday on solid data from China showing factory activity expanded at its fastest pace in a decade while oil prices skidded as many Western countries slid back into coronavirus-driven lockdowns.

MSCI's broadest index of Asia-Pacific shares outside Japan climbed 0.5% to 573.04, as China's Caixin/Markit Manufacturing Purchasing Managers' Index offered hope the region's success in containing the coronavirus could spare it the economic pain being inflicted on Europe and the United States.

All major indexes except New Zealand were up on Monday. Australian shares rose 0.4%.

Chinese shares were higher with the blue-chip rising 0.8% with the country's vast industrial sector steadily returning to levels seen before the COVID-19 pandemic paralysed huge swathes of the economy. Japan's Nikkei jumped 1.5%.

OIL, RUPEE & FIIs

Crude Oil: Oil prices fell more than 3% on Monday on worries a swathe of coronavirus lockdowns across Europe will weaken fuel demand, while traders braced for turbulence during the U.S. presidential election week.

Brent crude for January was at \$36.78 a barrel, down \$1.16, or 3.1%, while US West Texas Intermediate fell \$1.24, or 3.5%, to \$34.55 a barrel. Brent fell as much as 5.8% and WTI as much as 6% in early trade, hitting their lowest levels since May.

Indian Rupee: Forex and money markets to remain shut on Friday on account of 'Id-E-Milad'. The rupee declined 23 paise to close at a two-month low of 74.10 against the US currency on Thursday.

FPIs & DIIs: Foreign portfolio investors (FPIs) turned net buyers in October in Indian markets by putting in Rs 22,033 crore as participant sentiment was driven by resumption of economic activities and robust quarterly corporate results among others. In September, FPIs were net sellers at Rs 3,419 crore.

On a weekly basis, net-net, foreign portfolio investors (FPIs) were sellers of domestic stocks to the tune of Rs 870.88 crore, data available with NSE suggested. DIIs were net buyers to the tune of Rs 631.11 crore, data suggests.

10-year Bonds: India 10-year bond yield rose 0.38 per cent to 5.88 after trading in 5.85-5.88 range.

WEEK AHEAD

Quarterly results, 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.

Meanwhile, volatility may remain high as US elections are just around the corner. The US Presidential election is scheduled tomorrow.

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

On the macro front, Markit Manufacturing PMI for October will be declared today. Markit Services PMI for October will be declared on November 4, 2020.

On the political front, the three-phase Assembly Election in Bihar is being held between October 28 and November 7. As per the schedule, the first phase polling was held on October 28 (71 seats). Second phase polling will be held on November 3 (94 seats), and the

third phase polling will be held on November 7 (78 seats). The results will be declared on November 10.

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.

Overseas, China will announce the Caixin Manufacturing PMI for October today. China will announce the Caixin Composite PMI and Caixin Services PMI for October on 4 November 2020.

The US Markit Manufacturing PMI for October will be declared on today. The US Federal Reserve (Fed) will announce its Interest Rate Decision on 6 November 2020. The Euro Area Markit Manufacturing PMI for October will be declared on today.

The Euro Area Markit Composite PMI and Markit Services PMI for October will be declared on November 4, 2020.

Source: Reuters, Capital Market, ET

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

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