

Markets pare gains after firm opening; Nifty holds 12,850

Benchmark indices have erased some of the early gains and have turned choppy dragged largely by financials. The Indian markets opened firm in Monday's early deals, on the back of favourable global cues.

Most of the Nifty sectoral indices were trading in the green, led by Nifty Metal index, up 1%. In the broader markets, the S&P BSE Midcap and Smallcap indices were trading 0.7% higher, each.

At 10:10 AM, the frontline S&P BSE Sensex was trading at 43,925, up 54 points or 0.1%. Market breadth is positive and out of a total of 2,299 shares traded on the Bombay Stock Exchange, 1,235 advanced while 941 declined and 123 remained unchanged. The broader Nifty50 was at 12,876 levels, up 17 point or 0.13%.

THE WEEK THAT WAS

Benchmark indices gained for third straight week after hitting record highs. The S&P BSE Sensex closed above the 43,800 level while the Nifty50 index ended above 12,800 mark during the week.

Investors cheered as Moderna and Pfizer unveiled new vaccines which may help in combatting COVID-19 virus. The Nifty50 index ended above 12,850 mark. Broader markets outperformed the key indices.

In the week ended on Friday, November 20, 2020, the S&P BSE Sensex jumped 439.25 points or 1.01% to settle at 43,882.25. The Nifty50 index gained 139.10 points or 1.09% to settle at 12,859.05.

The BSE Midcap index rallied 560.01 or 3.53% to settle at 16,436.50. The BSE Smallcap index spurred 543.42 points or 3.47% to settle at 16,182.55.

GLOBAL MARKETS

Asian shares climbed on Monday, with a broad regional index touching a record high on hopes for imminent coronavirus vaccines, but worries over the impact of economic lockdowns and uncertainty over US stimulus capped gains.

A top official of the US government's vaccine development effort said Sunday that the first vaccines could be given to US healthcare workers and others recommended by mid-December.

Despite the grim backdrop of accelerating COVID-19 infections in the United States, the forecast helped to raise hopes that lockdowns that have paralysed the global economy could be nearing an end.

MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.56% on Monday, pushing past a previous record high touched on Friday.

Seoul's Kospi was 1.82% higher as an optimistic earnings outlook for South Korean chip giants drove gains.

Japanese markets were closed for a holiday, but Nikkei futures added 0.19% to 25,795.

The regional index also got a boost from Australian shares which gained 0.51% as the country eased some COVID-19 restrictions. Most of the country has seen no new community infections or deaths in several weeks.

Chinese blue-chips added 0.69%. Hong Kong's Hang Seng was an outlier, edging down 0.2%.

OIL, RUPEE & FIIs

Crude Oil: Oil prices extended their gains on Monday as traders were optimistic about a recovery in crude demand thanks to successful coronavirus vaccine trials, but price gains were contained by renewed lockdowns in several countries.

Brent crude futures rose 17 cents, or 0.4%, to \$45.13 a barrel while US West Texas Intermediate crude gained 4 cents, or 0.1%, to \$42.46 a barrel. Both benchmarks had increased by 5% last week.

Indian Rupee: The rupee appreciated by 11 paise to settle at over one-week high of 74.16 against the US dollar on Friday, supported by positive domestic equities and sustained foreign fund inflows.

FPIs: Net-net, foreign portfolio investors (FPIs) were buyers of domestic stocks to the tune of Rs 3,860.78 crore, data available with NSE suggested. DIIs were net sellers to the tune of Rs 2,868.66 crore, data suggests.

10-year Bonds: India 10-year bond yield stood at 5.87 after trading in 5.87-5.88 range.

WEEK AHEAD

Global cues, 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.

Trading could be volatile in the forthcoming week as traders roll over positions in the F&O segment from the near month November series to December series. The December 2020 F&O contracts expire on Thursday, November 26, 2020.

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 declare Industrial Profits (YTD) YoY data till October on Friday, November 27, 2020.

The United States Durable Goods Orders for October will be declared on November 25, 2020.

The United States Personal Spending and Personal Income data for October will be declared on November 25, 2020.

Source: Reuters, Capital Market, ET

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

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