

Indices scale record high; Sensex up 600 pts, Nifty tests 12,450

The Indian benchmark indices hit their respective fresh lifetime highs after making a strong start on Monday as clarity emerged on the US presidential polls front. Joe Biden's win in the US presidential election lifted broader Asian shares and aided domestic sentiment.

The Nifty sectoral indices were also painted green, led by gains in Nifty Bank index, up almost 2%.

At 10:20 AM, the frontline S&P BSE Sensex was trading at 42,474, up 581 points or 1.4%. Market breadth is positive and out of a total of 2,295 shares traded on the Bombay Stock Exchange, 1,423 advanced while 725 declined and 147 remained unchanged. The broader Nifty50 was at 12,424 levels, up 161 points or 1.3%.

THE WEEK THAT WAS

Key benchmark indices logged strong gains during the week amid positive global cues. The S&P BSE Sensex closed above the crucial 41,800 level. The Nifty50 index ended above 12,200 mark during the week. Broader markets underperformed the frontline indices. Market logged gains in all five trading sessions of the week.

In the week ended on Friday, November 6, 2020, the S&P BSE Sensex surged 2,278.99 points or 5.75% to settle at 41,893.06. The Nifty50 index soared 621.15 points or 5.34% to settle at 12,263.55. The BSE Midcap index spurted 500.14 or 3.36% to settle at 15,404.76. The BSE Smallcap index jumped 329.93 points or 2.22% to settle at 15,218.01.

GLOBAL MARKETS

Shares surged, oil prices jumped and the dollar stayed weak on Monday as expectations of fewer regulatory changes and more monetary stimulus under US president-elect Joe Biden supported risk appetite.

The Democratic candidate's victory at the US Presidential election was largely priced-in by markets, which had been trading with the view of a Biden presidency and a Republican-controlled U.S. Senate since last week.

E-mini futures for the S&P 500 jumped more than 1.5% on Monday while Nasdaq futures rallied over 2%, signalling a positive start for US markets.

MSCI's broadest index of Asia Pacific shares outside of Japan jumped 1.3% to 613.95 points, the highest since January 2018. It had climbed 6.2% last week to clock its best weekly performance since early June.

Chinese shares started higher with the blue-chip index up 1% on hopes of better Sino-US trade relations under Biden.

Japan rose 2% while the main indexes of Australia, Hong Kong and South Korea gained 1.7% each.

OIL, RUPEE & FIIs

Crude Oil: Oil prices jumped on Monday as investors cheered Biden's victory, shrugging off worries about lacklustre demand amid rising global coronavirus cases. Brent crude added \$1 to \$40.48.

Indian Rupee: The Indian rupee strengthened for the second straight day and settled 28 paise higher at 74.08 against the US dollar on Friday supported by gains in domestic equities and expectation of Joe Biden's victory in the US presidential election.

FPIs: Foreign portfolio investors (FPI) have put in a net Rs 8,381 crore into Indian markets in first five trading sessions of November, with participants growing more confident in view of resumption of business activities and better than expected quarterly numbers, among others. DIIs were net sellers to the tune of Rs 2,938.66 crore, data suggests.

As per depositories data, FPIs invested a net Rs 6,564 crore into equities and Rs 1,817 in the debt segment, taking the total net inflow to Rs 8,381 crore during November 2-6.

10-year Bonds: India 10-year bond yield rose 0.19% to 5.87 after trading in 5.83-5.87 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. A win for Joe Biden in the US presidential race has lifted hope of the much-awaited stimulus package in the US.

On the macro front, India's industrial production data for September will be declared on November 12, 2020. India's inflation rate for October will be released on November 12, 2020.

China will announce inflation rate for October tomorrow.

The US inflation rate for October will be announced on November 12, 2020.

In Europe, the ZEW Economic Sentiment Index for November will be declared tomorrow.

The Euro Area industrial production data for September will be declared on November 12, 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.

Source: Reuters, Capital Market, ET

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

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