

### **Markets trading negative tracking Asian cues; Metal index weak**

The domestic benchmark indices dipped slightly in Monday's early deals, tracking mixed cues in their Asian peers.

At 10:25 AM, the frontline S&P BSE Sensex was trading at 40,581, down 105 points or 0.26%. Market breadth is positive and out of a total of 2,110 shares traded on the Bombay Stock Exchange, 1,091 advanced while 892 declined and 127 remained unchanged. The broader Nifty50 was at 11,899 levels, down 31 points or 0.26%.

The trend among the Nifty sectoral indices was largely negative, with the Nifty Metal index, down 1% leading the list.

In the broader market, the S&P BSE Sensex slipped 0.14% while the S&P BSE Smallcap index gained 0.3%.

### **THE WEEK THAT WAS**

Key indices logged modest gains in the week gone by. The S&P BSE Sensex closed above the crucial 40,000 mark. However, the Nifty index ended below 12,000 mark after moving above that level during the week. Broader markets exhibited strength during the week and outperformed the benchmarks.

In the week ended on Friday, October 23, 2020, the S&P BSE Sensex gained 702.52 points or 1.76% to settle at 40,685.50. The Nifty50 index rose 167.90 points or 1.43% to settle at 11,930.35.

The BSE Midcap index advanced 354.79 or 2.43% to settle at 14,976.10. The BSE Smallcap index rallied 348.03 points or 2.35% to settle at 15,134.59.

### **GLOBAL MARKETS**

Asian shares got off to a subdued start on Monday as surging coronavirus cases in Europe and the United States threatened the global outlook, while China's leaders meet to ponder the future of the economic giant.

The United States has seen its highest ever number of new COVID-19 cases in the past two days, while France also set unwanted case records and Spain announced a state of emergency.

That combined with no clear progress on a U.S. stimulus package to pull S&P 500 futures down 0.5%. EUROSTOXX 50 futures eased 0.4% and FTSE futures 0.3%.

MSCI's broadest index of Asia-Pacific shares outside Japan went flat, still short of its recent 31-month peak. Japan's Nikkei dithered either side of steady, and South Korea's main index lost 0.3%.

Chinese blue chips shed 1.1% as the country's leaders met to chart the nation's economic course for 2021-2025, balancing growth with reforms amid an uncertain global outlook and deepening tensions with the United States.

### **OIL, RUPEE & FIIs**

**Crude Oil & Gold:** Oil prices fell on Monday, extending last week's losses, as a jump in COVID-19 infections in the United States and Europe raised alarms over crude demand. Brent crude was down by 53 cents, or 1.3%, at \$41.24. US WTI dropped 53 cents, or 1.3%, to \$39.32, having fallen more than a dollar shortly after the start of trading. In commodity markets, gold edged down 0.1% to \$1,898 an ounce.

**Indian Rupee:** The rupee depreciated by 7 paise to close at 73.61 against the US dollar on Friday due to dollar buying by banks possibly on the behalf of the Reserve Bank.

**FPIs & DIIs:** Net-net, foreign portfolio investors (FPIs) were buyers of domestic stocks to the tune of Rs 906.93 crore, data available with NSE suggested. DIIs were net sellers to the tune of Rs 891.86 crore, data suggests.

**10-year Bonds:** India 10-year bond yield fell 1.20 per cent to 5.84 after trading in 5.84-5.89 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.

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

On the political front, the three-phase Assembly Election in Bihar will be held between October 28 and November 7.

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.

Meanwhile, global cues will be on the radar as US elections are just around the corner. The US Presidential election is scheduled on November 3, 2020.

The Bank of Japan will announce its interest rate decision on October 29, 2020.

The United States Durable Goods Orders for September will be declared tomorrow.

In Europe, the European Central Bank (ECB) will unveil its interest rate decision on October 29, 2020.

*Source: Reuters, Capital Market, ET*

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

**Disclaimer:** The article (including market views expressed herein) is for general information only and does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this information. The data/information used/disclosed in the article is only for information purposes and not guaranteeing / indicating any returns. The article provides general information and comparisons made (if any) are only for illustration purposes. Investments in mutual funds and secondary markets inherently involve risks and recipient should consult their legal, tax and financial advisors before investing. Recipient of this document should understand that statements made herein regarding future prospects may not be realized. Recipient should also understand that any reference to the indices/ sectors/ securities/ schemes etc. in the article is only for illustration purpose and are NOT stock recommendation(s) from the author or L&T Investment Management Limited, the asset management company of L&T Mutual Fund ("the Fund") or any of its associates. Any performance information shown refers to the past and should not be seen as an indication of future returns. The value of investments and any income from them can go down as well as up. The distribution of the article in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of the article are required to inform themselves about, and to observe, any such restrictions.

CL07592