

Indices turn weak after mixed opening; banks negative

The Indian markets trading weak amid volatility on Monday, tracking mixed cues from their Asian peers.

At 9:50 AM, the frontline S&P BSE Sensex was trading at 38,112, down 245 points or 0.64%. Market breadth is slightly weak and out of a total of 1,943 shares traded on the Bombay Stock Exchange, 862 advanced while 965 declined and 116 remained unchanged. The broader Nifty50 was at 11,259 levels, down 75 points or 0.6%.

The Nifty sectoral indices were trading mixed, with the Nifty Bank index, down 0.5%, leading the list of losers.

In the broader market, the S&P BSE Midcap and Smallcap indices were trading half a per cent higher, each.

THE WEEK THAT WAS

Key benchmark indices dropped sharply during the week dragged by selling across the board amid weak global cues. Rising COVID-19 cases and geo-political tensions between India-China also impacted sentiment.

In the week ended on Friday, September 4, 2020, the S&P BSE Sensex tumbled 1,110.13 points or 2.81% to settle at 38,357.18. The Nifty50 index dropped 313.75 points or 2.69% to settle at 11,333.85.

The BSE Midcap index tumbled 421.08 or 2.76% to settle at 14,817.06. The BSE Smallcap index declined 387.58 points or 2.59% to settle at 14,602.97.

GLOBAL MARKETS

Asian shares were on the defensive on Monday as investors grappled with sky-high valuations against the backdrop of a global economy in the grip of a deep coronavirus-induced recession while oil prices dropped sharply.

China's blue-chip index slipped 0.5% and Hong Kong's Hang Seng eased 0.2%.

Japan's Nikkei fell 0.4% with SoftBank coming under heavy selling following media reports it has spent at least \$4 billion buying call options on listed US technology stocks.

Australian shares, which had opened in the red, reversed losses to edge up 0.1% led by miners, while South Korea added 0.4%.

That left MSCI's broadest index of Asia-Pacific shares outside Japan barely changed after two straight days of losses toppled it from a 2-1/2-year peak last week.

World shares hit a record high last week as central bank stimulus drove asset valuations to heady levels. The rally has since cooled as tech stocks sold off while worries over patchy economic recovery dogged investors.

OIL, RUPEE & FIIs

Crude Oil: Oil prices dropped more than \$1 a barrel, hitting their lowest since July, after Saudi Arabia made the deepest monthly price cuts for supply to Asia in five months.

Fading optimism about demand recovery amid the coronavirus pandemic also weighed. US crude fell 2% to \$38.97 a barrel. Brent crude skidded 1.9% to \$41.85.

Indian Rupee: The Indian currency ended lower on Friday amidst weakness in domestic equity market and a mixed trend in Asian currencies. The rupee ended at 73.14 against the US dollar as compared to the previous close of 73.47. For the week, the rupee appreciated by 26 paise against the dollar.

FIIs & DIIs: Overseas investors pulled out Rs 900 crore on net basis from Indian markets in the first four trading sessions of this month as weak economic data and India-China border tensions hit market sentiment.

Depositories data showed that foreign portfolio investors (FPI) pulled out Rs 675 crore from equities and Rs 225 crore from the debt segment on net basis between September 1-4.

WEEK AHEAD

Macroeconomic data, global cues, April-June 2020 quarterly earnings, progress of monsoon, 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 in the trading week ahead.

Also, 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.

On the macro front, India's industrial production data for July will be declared on September 11, 2020.

Overseas, China will announce inflation rate for August on September 9, 2020.

US will announce inflation rate for August on September 11, 2020.

Among key events that investors are watching for this month is the Federal Reserve's policy meeting to discuss potential further steps to support the economy on September 16, 2020, the central bank's last meeting before the November elections.

In Europe, the European Central Bank will announce its interest rate decision on September 10, 2020.

Source: Reuters, Capital Market, ET

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

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