

Sensex above 60,100 mark to gain over 400 points; financials lead

The benchmark indices opened fairly higher on Monday extending gains of the previous session. All sectoral indices were also trading higher except Metal on the NSE, down 0.05%. Banks and Financials were the leading gainers. The markets had ended a choppy Friday session in the green zone higher by up to 0.4%.

At 10:00 AM, the frontline S&P BSE Sensex was trading at 60,157, up 445 points or 0.74%. Market breadth is positive and out of a total of 3,353 shares traded on the Bombay Stock Exchange, 2,481 advanced while 742 declined and 130 remained unchanged. The broader Nifty50 was at 17,945 levels, up 134 points or 0.75%.

In the broader market, the BSE Midcap and Smallcap indices were also in green and were up 0.5 and 0.9%, respectively.

WEEKLY REVIEW – JANUARY 3 – JANUARY 7, 2022

The domestic equity benchmarks posted robust gains in the first week of the calendar year 2022, amid advances in their global peers. The Nifty settled above the 17,800 level while the Sensex ended above 59,700.

In the week ended on Friday, 31 December 2021, the Sensex rose 1490.83 points or 2.56% to settle at 59,744.65. The Nifty50 index gained 458.65 points or 2.64% to settle at 17,812.70. The BSE Midcap index added 502.75 points or 2.01% to settle at 25,472.83. The BSE Smallcap index rose 574.38 points or 1.95% to settle at 30,032.14.

GLOBAL MARKETS

Asian share markets were muted on Monday as investors countdown to another US inflation reading that could well set the seal on an early rate hike from the Federal Reserve, lifting bond yields and punishing tech stocks.

The explosion in coronavirus cases globally also threatens to crimp consumer spending and growth just as the Fed is considering turning off the liquidity spigots, tough timing for markets addicted to endless cheap money.

Early market action was thus cautious with S&P 500 futures off 0.2% and Nasdaq futures 0.1%.

MSCI's broadest index of Asia-Pacific shares outside Japan was near flat, while South Korea lost 0.7%. Japan's Nikkei held steady for now, after falling 1.0% last week.

OIL, RUPEE & FIIs

Crude Oil: Oil prices eased in early trade, having climbed 5% last week helped in part by supply disruptions from the unrest in Kazakhstan and outages in Libya.

Brent fell 28 cents to \$81.47 a barrel, while US crude lost 36 cents to \$78.54.

Rupee: The rupee gained 12 paise to close at 74.30 (provisional) against the US dollar on Friday, tracking positive domestic equities.

At the interbank forex market, the local unit opened at 74.41 against the greenback and witnessed an intra-day high of 74.25 and finally ended the day at 74.30, registering a gain of 12 paise from its previous close of 74.42.

FPIs: After three months of selling spree, foreign investors have turned net buyers in the first week of January by infusing Rs 3,202 crore in Indian equities, as correction in markets provided them good buying opportunity. Going forward, FPIs flows will remain volatile on the expectation of the US Fed rate hike, rising concerns over the Omicron variant and elevated inflation levels, experts said.

The latest inflow came after witnessing a net outflow of Rs 38,521 crore during October-December 2021. Before that, foreign portfolio investors (FPIs) had made a net investment of Rs 13,154 crore in September last year.

According to data available with the depositories, FPIs have infused a net sum of Rs 3,202 crore in the Indian equities during January 3-7.

WEEK AHEAD

In the near future, the Q3 results season and build up to the upcoming budget session would be key events that the market would be looking for in January 2022.

Trend in global stock markets, the movement of rupee against the dollar and crude oil prices will dictate trend on the bourses in the trading week ahead.

Investment by foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) will also be watched.

Investors will also continue to monitor the situation surrounding the omicron COVID-19 variant. The fast spreading Omicron variant could cause localised disruption across pockets in near term.

On the macro front, the Industrial Production and Manufacturing Production data for November will be released on 12 January 2022. Inflation rate for December will be declared on the same day.

Wholesale price index (WPI) inflation for December is due on 14 January 2022.

Overseas, China will announce inflation rate for December on 12 January 2022.

US will announce Retail Sales data for December on 14 January 2022.

The US Non Farm Payrolls data for December will be announced on 7 January 2022.

Source: Reuters, Capital Market, ET

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

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