

Markets choppy with negative bias; Nifty Pharma index falls 1%

Equity markets are trading choppy with negative bias as investors await retail and wholesale inflation readings for October.

At 10:25 AM, the frontline S&P BSE Sensex was trading at 61,645 down by 150 points or 0.24%. Market breadth is neutral and out of a total of 3,474 shares traded on the Bombay Stock Exchange, 1,693 advanced while 1,613 declined and 191 remained unchanged. The broader Nifty50 was at 18,337 levels down 13 points or 0.07%.

In the broader market, the BSE Midcap and Smallcap indices held fractional cuts, down up to 0.3%.

From sectors, the Nifty Pharma index exhibited most weakness, slipping over 1%. Media index was another top laggard, down nearly 2%. While IT pack held firm gains of up to 0.6%.

WEEKLY REVIEW – NOVEMBER 7 – NOVEMBER 11, 2022

Key stock bourses logged strong gains during the week on positive global stocks, encouraging Q2 numbers and persistent buying by foreign institutional investors (FIIs). Indices gained for the fourth week in a row. Broader markets, however, underperformed the key indices. The Sensex and the Nifty, both, hit 52-week highs on Friday, 11 November 2022.

Global stocks rose after a smaller-than-expected increase in US consumer prices fuelled hopes that the Federal Reserve could tone down its aggressive pace of interest rate hikes.

In the week ended on Friday, 11 November 2022, the Sensex advanced 844.68 points or 1.39% to settle at 61,795.04 led by buying in banking & financial services, technology, and metal stocks. The Nifty50 index gained 232.55 points or 1.28% to settle at 18,349.70.

The BSE Midcap index fell 0.71% to settle at 25,465.20. The BSE Smallcap index fell 0.42% to settle at 28,985.06. The Sensex and Nifty hit a 52-week high of 61,840.97 and 18,362.30, respectively, on Friday, 11 November 2022.

GLOBAL MARKETS

Asian share markets were mixed on Monday as a top U.S. central banker warned investors against getting carried away over one inflation number, while Chinese stocks gained on signs of aid for the hard-hit property sector.

A modest miss on U.S. inflation was enough to see two-year Treasury yields dive 33 basis points for the week and the dollar lose almost 4%, the fourth biggest weekly decline since the era of free-floating exchange rates began over 50 years ago.

MSCI's broadest index of Asia-Pacific shares outside Japan added 0.8%, after jumping 7.7% last week.

Japan's Nikkei eased 0.6%, while South Korea went flat. S&P 500 futures dipped 0.3% and Nasdaq futures lost 0.4%.

EUROSTOXX 50 futures gained 0.4%, while FTSE futures tacked on 0.1%.

RUPEE, OIL & FIIs

Indian Rupee: The Indian rupee recovered last week after the greenback fell amid rising hope of moderation in rate hikes by the Fed. This was because inflation in the US dropped to 7.7% in October (from 8.2% in September), and there was a positive air in the equity markets.

The Rupee strengthened by 2% during the week to settle at 80.81 against the US Dollar, while the US Dollar index closed at 106.42, down sharply from 110.88 levels on a week-on-week basis. In fact, other currencies also gained compared to the USD.

Crude Oil: Oil prices rose nearly 1% on Monday, extending gains from the previous session as China eased some of its strict COVID-19 protocols, fuelling hopes of a recovery in economic activity and demand at the world's top crude importer.

Brent crude futures rose 87 cents, or 0.9%, to \$96.86 a barrel by 0041 GMT after settling up 1.1% on Friday.

US West Texas Intermediate crude futures were at \$89.76 a barrel, up 80 cents, or 0.9%, after closing Friday's session 2.9% higher.

FPIs & DIIs: FIIs (foreign institutional investors) have been gradually increasing their purchase of Indian equities given the hope of easing US Fed concerns, and also because India is the fastest-growing country.

FIIs have net bought more than Rs 6,300 crore worth of shares last week, taking total monthly buying to nearly Rs 12,500 crore, after being net sellers for the past two months.

There was significant moderation in FII selling in October, when they had sold just Rs 489 crore worth shares.

On the other side, domestic institutional investors (DII), who have always supported the market in a correction, preferred to book profits in the FII-led rally. They have been net sellers in seven out of eight sessions in the current month, offloading more than Rs 5,600 crore worth of shares so far in November.

WEEK AHEAD

The corporate results for the second quarter of the current fiscal (Q2FY23), July to September period, will continue to be in focus.

The movement of rupee against the dollar and crude oil prices will also dictate trend on the bourses in the near term. Investment by foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) will be monitored. Volatility is likely to remain high amid the ongoing Russia-Ukraine crisis.

On the macro front, India's inflation rate for October will be unveiled today. India's inflation based on wholesale price index (WPI) for October will also be announced today.

Overseas, China will announce the industrial production data for October on 15 November 2022.

Japan will announce inflation rate for October on 15 November 2022.

In US, Retail Sales data for October will be announced on 16 November 2022.

The Euro Area industrial production data for September will be declared today.

Source: Reuters, Capital Market, ET, BSE, BS

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.

CL10057