

## **Sensex surges 400 points, Nifty holds 17,650; PSU Bank leads**

Domestic equity markets opened flat on Monday amid weak global cues due to rate hike fears. Key indices Nifty50 opened flat to trade above 17,500 levels and the S&P BSE Sensex traded at 58,828 levels.

At 10:25 AM, the frontline S&P BSE Sensex was trading at 59,223 up by 382 points or 0.65%. Market breadth is positive and out of a total of 3,434 shares traded on the Bombay Stock Exchange, 1,995 advanced while 1,282 declined and 157 remained unchanged. The broader Nifty50 was at 17,650 levels up 119 points or 0.68%.

Broader markets, too, edged lower in trade as Nifty Smallcap 100 and Nifty Midcap100 declined up to 1%.

Barring Nifty PSU Bank, all sectors nosedived in negative territory. Nifty Media, Nifty Pharma, and Nifty Realty indices dropped the most - up to 1%.

## **WEEKLY REVIEW – SEPTEMBER 12– SEPTEMBER 16, 2022**

The domestic equity benchmarks witnessed sharp sell-off and ended the week with deep cuts. Hotter than expected inflation in the US solidified the chances of aggressive rate hikes from the US Federal Reserve. The Nifty settled below the 17,550 level.

Technology was the biggest loser, falling seven percent followed by auto, FMCG, oil & gas, pharma, and realty stocks, but banks and metals stocks bucked the trend.

In the week ended on Friday, 16 September 2022, the Sensex tumbled 952.35 points or 1.59% to settle at 58,840.79. The Nifty50 index slumped 302.5 points or 1.68% to settle at 17,530.85. The BSE Midcap index slipped 1.46% to settle at 25,558.21. The BSE Smallcap index dropped 1.12% to settle at 29,199.39.

## **GLOBAL MARKETS**

Share markets idled in Asia on Monday as investors braced for a week littered with 13 central bank meetings that are certain to see borrowing costs rise across the globe and some risk of a super-sized hike in the United States.

Markets are already fully priced for a rise of 75 basis points from the Federal Reserve, with futures showing an 18% chance of a full percentage point.

They also show a 50-50 chance rates could soar as high as 5.0-5.25% as the Fed is forced to tip the economy into recession to subdue inflation.

On Monday, holidays in Japan and the UK made for a slow start and S&P 500 futures were up 0.1%, while Nasdaq futures were flat.

EUROSTOXX 50 futures added 0.4%, while FTSE futures were closed.

MSCI's broadest index of Asia-Pacific shares outside Japan eased 0.3%, after losing almost 3% last week.

Japan's Nikkei was shut, but futures implied an index of 27,400 compared to Friday's close of 27,567.

China's central bank went its own way and cut a repo rate by 10 basis points to support its ailing economy, leaving blue chips up 0.3%.

## **RUPEE, OIL & FIIs**

**Rupee:** The rupee gained by six paise from its previous close to 79.68 against the US dollar on Monday, supported by a fall in the greenback overseas. Rise in global crude oil prices, however, limited the upside.

**Crude Oil:** Global crude oil benchmarks rose amid supply concerns ahead of the European Union embargo on Russian oil in December and fears of a global recession that could dampen fuel demand.

Brent crude futures and WTI futures gained 1.3% to almost \$92.6 and \$85.9 a barrel.

**FPIs & DIIs:** After making record investments of Rs 51,000 crore in August, Foreign Portfolio Investment inflows into the Indian equity market have slowed down to Rs 12,000 crore in the first half of September.

Data showed that FPIs have been net buyers so far in September with an inflow of Rs 12,084 crore. They are also net buyers in debt and hybrid markets with an inflow of Rs 1,777 crore and Rs 268 crore, respectively.

Foreign institutional investors (FIIs) have net sold shares worth Rs 3,260.05 crore, while domestic institutional investors (DIIs) net offloaded shares worth Rs 36.57 crore on September 16, as per provisional data available on the NSE.

## **WEEK AHEAD**

Global cues will set the course for the stock market next week. The Federal Open Market Committee (FOMC), the US Federal Reserve's policy-setting committee, will announce its policy decision on 20-21 September. The outcome of the FOMC meeting is critical as it includes projections, which could set the path of monetary policy for the next few months.

Traders are anticipating another sharp rate hike, third consecutive, from the US central bank to tame the rising inflation. An aggressive policy outcome by the US Fed is likely to be followed by other key central banks, including the European Central Bank.

Back home, the movement of rupee against the dollar and crude oil prices will dictate trend on the bourses in the near term. Investment by foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) will be monitored. Participants will also be eyeing progress of monsoon.

In the commodities market, Brent crude for November 2022 settlement was hovering near \$90 a barrel.

In other Asian market, Japan will declare its inflation numbers on Tuesday, 20 September 2022. The annual inflation rate in Japan rose to 2.6% in July 2022 from 2.4% in June.

The Bank of Japan (BoJ) will decide on interest rate on Thursday, 22 September 2022.

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

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