

## **Sensex falls 600 points tracking weak global cues; Auto, Metal drag**

Domestic equity markets opened lower on Monday as sentiments remain muted overseas. In the opening trades, key indices Nifty50 shed over 200 points to trade below 17,000 levels and the S&P BSE Sensex declined over 750 points to trade at 57,282 levels.

At 9:35 AM, the frontline S&P BSE Sensex was trading at 57,478 down by 639 points or 1.10%. Market breadth is negative and out of a total of 2,867 shares traded on the Bombay Stock Exchange, 535 advanced while 2,192 declined and 140 remained unchanged. The broader Nifty50 was at 17,115 levels down 212 points or 1.22%.

Weakness spread to broader markets as well, as Nifty Midcap 100 and Nifty Smallcap 100 indices dropped up to 2%.

All sectors plunged in the sea of red with Nifty Auto, Nifty Metal, and Nifty Realty indices bearing the brunt of the worst selloff.

## **WEEKLY REVIEW – SEPTEMBER 19– SEPTEMBER 23, 2022**

The domestic equity benchmarks nudged lower during the week marked with week marked with volatility. The US Federal Reserve's hawkish undertone on interest rate fuelled pessimism amongst the investors. The Nifty settled below the 17,350 level.

Steadily rising dollar, rupee hitting fresh low, FIIs selling, interest rate hiked by Bank of England and rise in the US 10-year bond yield, were among the other factors weighed on the investor sentiment.

In the week ended on Friday, 23 September 2022, the Sensex fell 741.87 points or 1.26% to settle at 58,098.92. The Nifty50 index declined 203.50 points or 1.16% to settle at 17,327.35. The BSE Midcap index fell 1.12% to settle at 25,271.41. The BSE Smallcap index declined 1.32% to settle at 28,812.76.

On the sectoral front, BSE Power index fell 5%, BSE Realty index declined 4% and BSE Capital Goods index fell 3%. However, BSE FMCG index added 3.6%, BSE Healthcare and Auto indices rose 1% each.

## **GLOBAL MARKETS**

Asian stocks started the final week of the quarter on the slide on Monday, while the dollar stood ascendant, as the prospect of high interest rates and poor growth shook markets.

S&P 500 futures fell 0.2%. Ahead of the Hong Kong open MSCI's broadest index of Asia-Pacific shares outside Japan was down 0.5% to a two-year low. It is heading for a monthly loss of 10%, the largest since March 2020.

Japan's Nikkei fell 2.0%, South Korea's Kospi hit a two-year low and Australia's ASX 200 fell 1.4% to a three-month low, with global demand fears weighing heavily on mining stocks.

The dollar made new highs on sterling, the euro and the Aussie in thin morning trade.

Last week, stocks and bonds crumbled after the United States and half a dozen other countries raised rates and projected pain ahead. Japan intervened in currency trade to support the yen. Investors lost confidence in Britain's economic management.

The Nasdaq lost more than 5% for the second week running. The S&P 500 fell 4.8%.

## **RUPEE, OIL & FIIs**

**Rupee:** The Indian rupee weakened for the eighth consecutive session on Friday, losing 184 paisa in the period to end at a record closing low of Rs. 80.99 to the USD, while the weekly loss was 124 paisa, weighed down by a strong US currency, escalation of Ukraine-Russia tensions, and aggressive policy tightening by several central banks globally — including the Fed and the Bank of England (BoE) to control inflation. Weakness in equity markets also weighed on the currency.

**Crude Oil:** Oil prices rose modestly in early trade on Monday after sliding to eight-month lows last week weighed down by a surging US dollar and fears sharp interest rate hikes globally would spark a recession and hit fuel demand.

The dollar index climbed to a fresh 20-year high on Monday, capping oil price gains. Brent crude futures were up 17 cents, or 0.2%, at \$86.32 a barrel, while US West Texas Intermediate (WTI) crude futures were up 21 cents, or 0.3%, at \$78.95 a barrel.

Oil prices remained volatile and corrected further last week as the USD hit more than 20-year highs, and recession fears mounted due to aggressive policy tightening by central banks globally, raising concerns about the outlook on oil demand.

International Brent crude futures ended at \$86.15 per barrel, the lowest since January 2022, down 5.7 percent for the week. The prices have dropped 30 percent in the last three-and-half months.

**FPIs & DIIs:** Foreign institutional investors (FII) remained net sellers for yet another week, to the tune of Rs 4,362 crore, following strong dollar and US bond yields post the Fed's aggressive policy tightening. As a result, they are net sellers on a monthly basis as well, to the tune of Rs 2,445 crore so far in September, against purchases worth more than Rs 22,000 crore the previous month.

On the other hand, Domestic Institutional Investors (DII) were net buyers the past week, to the tune of more than Rs 1,100 crore, but they are net sellers (nearly Rs 1,900 crore) so far in September.

## WEEK AHEAD

The Reserve Bank of India's (RBI) six-member rate setting panel is scheduled to meet during September 28-30 to frame the bi-monthly monetary policy. RBI Governor Shaktikanta Das will announce the MPC decision on September 30, the last date of the meeting. The policy repo rate may be hiked by 35-50 basis points (bps) to bring back elevated domestic inflation within its target range, as per reports.

Trading could be volatile in the forthcoming week as traders roll over positions in the F&O segment from the near month September series to October series. The September 2022 F&O contracts will expire on 29 September 2022.

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.

Overseas, China will announce the NBS Manufacturing PMI for September on 30 September 2022. On the same day, the Caixin Manufacturing PMI for September will be declared.

The United States Durable Goods Orders for August will be announced tomorrow. The US New Home Sales data for August will also be announced tomorrow.

**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.

CL09935