

Monday Market Flash

January 16, 2023

Sensex gains 100 points, Nifty around 18k mark; Nifty PSU Bank index up 1%

Domestic equity markets started higher on Monday, lifted by index heavyweight stocks post the announcement of good earnings. Indian rupee opened 10 paise higher at 81.23 per dollar on Monday against Friday's close of 81.33.

At 9:40 AM, the frontline S&P BSE Sensex was trading at 60,390 up by 129 points or 0.21%. Market breadth is positive and out of a total of 3,055 shares traded on the Bombay Stock Exchange, 1,765 advanced while 1,137 declined and 153 remained unchanged. The broader Nifty50 was at 17,989 levels up 32 points or 0.18%.

In the broader market, the BSE Midcap and Smallcap indices rose 0.4% each.

Among sectors, only the Nifty Auto and Metal indices were quoting in the red, falling upto 0.6%. The Nifty PSU Bank index added 1%, followed by the Nifty Bank index, up 0.5%.

WEEKLY REVIEW – JANUARY 9 – JANUARY 13, 2023

The domestic equity benchmarks ended the week with slightly negative bias. Volatility was high due to release of economic data and corporate earnings. Market edged lower in three out of five trading sessions in the week. The Nifty settled a tad above the 17,950 level. The World Bank slashed its growth forecasts for most countries and regions and warned that new adverse shocks could tip the global economy into a recession. The 2023-24 Budget is set to be presented in Parliament on February 1.

Metal and PSU bank stocks were the top gainers, while financials, private banks, and media stocks also contributed to the upside substantially.

In the week ended on Friday, 13 January 2023, the S&P BSE Sensex lost 360.81 points or 0.60% to settle at 60,261.18. The Nifty50 index declined 97.15 points or 0.54% to settle at 17,956.60. The BSE Midcap index rose 0.02% to settle at 25,170.97. The BSE Smallcap index advanced 0.26% to settle at 28,858.30.

GLOBAL MARKETS

Asian shares started cautiously on Monday as investors waited nervously to see if the Bank of Japan (BOJ) will defend its super-sized stimulus policy at a pivotal meeting this week, while a holiday in US markets made for thin trading.

Japan's Nikkei slipped 0.9% in early trading. MSCI's broadest index of Asia-Pacific shares outside Japan edged up 0.2%, with hopes for a speedy Chinese reopening giving it a gain of 4.2% last week.

Australia's S&P/ASX 200 was up 0.76%. S&P 500 futures and Nasdaq futures both eased 0.1%, following a Wall Street bounce last week.

A gauge of global stocks climbed on Thursday while longer-dated US Treasury yields and the dollar fell after a reading of consumer prices fed expectations the Federal Reserve may have the leeway to scale back the size of future interest rate hikes.

The Dow Jones Industrial Average rose 216.96 points, or 0.64%, to 34,189.97, the S&P 500 gained 13.56 points, or 0.34%, to 3,983.17 and the Nasdaq Composite added 69.43 points, or 0.64%, to 11,001.11.

RUPEE, OIL & FIIs

Indian Rupee: Indian rupee recorded its best weekly performance in two months. Rupee settled at over a one-month high of 81.3250 against the US dollar on Friday. The local unit gained by around 2% in the week - making it the biggest weekly performance since November 11, 2022.

Crude Oil: Oil prices dipped in early Asian trade on Monday, but held close to the highest levels since the start of the year on optimism that China's reopening will lift fuel demand at the world's top crude importer.

Brent crude fell 36 cents, or 0.4%, to \$84.92 a barrel while US West Texas Intermediate crude was at \$79.65 a barrel, down 21 cents, or 0.3%, amid thin trade during a US public holiday.

FPIs & DIIs: Foreign Institutional Investors (FIIs) were net sellers throughout the week. Between January 9-13, FIIs sold Rs 9,605.64 crore in Indian equities.

Meanwhile, Domestic Institutional Investors (DIIs) continued to remain buyers of Indian stocks to the tune of Rs 10,042.08 crore during the week that ended January 13.

WEEK AHEAD

The December 2022 quarter season will begin this week. In the near future, the upcoming budget session would be key events that the market would be looking for in January 2023. The Budget Session of Parliament is likely to begin on January 31 and is expected to conclude on April 6 with a recess in between. The Economic Survey will be tabled in both Houses on the first day of the budget session, as per reports. Finance Minister Nirmala Sitharaman is likely to present the Union Budget on February 1.

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 and renewed fears of a rise in Covid cases in many countries.

Overseas, the Chinese government is due to release Q4 GDP data along with Industrial Production data for December on 17 January 2023.

Japan will announce inflation rate for December on 20 January 2023.

The US Retail Sales for December will be announced on 18 January 2023.

Source: Bloomberg, BSE

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