

Monday Market Flash

January 09, 2023

Sensex up 500 points, Nifty reclaims 18,000 mark; Metal sector shines

Domestic markets opened higher in Monday's trade amid strong global cues. Indian rupee opened 43 paise higher at 82.29 per dollar on Monday against Friday's close of 82.72.

At 9:35 AM, the frontline S&P BSE Sensex was trading at 60,446 up by 546 points or 0.91%. Market breadth is positive and out of a total of 3,026 shares traded on the Bombay Stock Exchange, 2,282 advanced while 600 declined and 144 remained unchanged. The broader Nifty50 was at 18,022 levels up 162 points or 0.91%.

Broader markets, too, edged higher in trade as Nifty Midcap 100 and Nifty Smallcap 100 indices increased around 1%.

All sectors traded in positive territory, with Nifty Metal index gaining the most, up to 1% in trade.

WEEKLY REVIEW – JANUARY 2 – JANUARY 6, 2023

The domestic equity benchmarks ended the first week of the calendar year 2023 on a weak note as they declined in three out of five sessions during the week. Broader markets, however, managed to outperform as compared to the key equity barometers. The Nifty settled a tad above the 17,850 level.

Investors hoped that the falling inflation in various countries across the globe could pave the way for the major central banks to temper their aggressive monetary policy tightening cycle and limit the global economic pain. However, minutes from the last meeting of the global economic pain. However, minutes from the last meeting of the US Federal Reserve, published earlier this week, showed policymakers stateside were seemingly unmoved from their hawkish position as they look to bring inflation back down towards its desired target level.

In the week ended on Friday, 6 January 2023, the S&P BSE Sensex lost 940.37 points or 1.55% to settle at 59,900.37. The Nifty 50 index declined 245.85 points or 1.36% to settle at 17,859.45. The BSE Midcap index fell by 0.58% to settle at 25,166.71. The BSE Smallcap index slipped 0.50% to settle at 28,783.56.

Sectorally, all indices were losers, however Nifty IT ended down 2%, Nifty Private Bank closed 1.12% lower and Nifty Media shed 1.45%.

The volatility remained on the slightly higher side, giving discomfort for bulls in last several days. India VIX was up by 1 odd percent during the last week, from 14.86 to 15.02 levels.

GLOBAL MARKETS

Asia's benchmark stock index was on track to enter a bull market, as China's reopening and a weakening dollar lure investors back to the region. MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.6%, with South Korean shares gaining 1.1%. Japan's Nikkei was closed for a holiday but futures were trading at 26,235, compared with a cash close on Friday of 25,973. S&P 500 futures added 0.2% and Nasdaq futures 0.3%.

Wall Street sparked a global rally in stocks on Friday after a crucial US jobs report showed wage growth slowed in December, fuelling investor bets that inflation is easing and that the Federal Reserve need not be as aggressive as some feared. Even though the data showed a still-robust labor market, investors read it as a sign that the US economy might be poised for a "soft landing" amid rising rates. On Wall Street, the S&P 500 jumped 2.3%, the Dow Jones Industrial Average climbed 2.1% and the Nasdaq Composite surged 2.6%.

European shares closed at seven-month highs on Friday, boosted by miners and oil stocks, while data pointing to a moderation in US jobs growth helped calm nerves over the Federal Reserve's rate-hike trajectory. The pan-European Stoxx 600 index closed 1.1% higher provisionally, marking a 3.4% rise for the week — its best performance since mid-November. Britain's FTSE 100 index hit a more than three-year high on Friday, boosted by miners and energy stocks.

RUPEE, OIL & FIIs

Indian Rupee: The rupee on Friday declined 17 paise to 82.72 per US dollar as crude prices witnessed a rebound and the dollar index climbed up. The dollar index was up 0.32% to 105.37 on Friday. Benchmark Brent crude was up 0.64% to \$79.19 per barrel.

Crude Oil: Oil prices edged up on Monday, a day after travellers streamed into China following a reopening of borders that lifted the fuel demand outlook and partly offset concerns of global recession.

Brent crude futures had risen 53 cents, or 0.7%, to \$79.10 a barrel by 0114 GMT while US West Texas Intermediate crude was at \$74.23 a barrel, up 46 cents, or 0.6%.

FPIs & DIIs: Foreign institutional investors continued to be net sellers in the first week of 2023, especially may be after hawkish tone by Fed officials, though domestic institutional investors managed to offset the outflow to some extent. Hence, unless and until FIIs flow return strongly, the stellar rally in equity markets is unlikely to be seen though DIIs have supported markets to major extent.

FIIs have net sold more than Rs 7,800 crore worth shares during the week, in addition to around Rs 14,000 crore of selling in December 2022, whereas the net buying by DIIs was around Rs 2,700 crore on top of over Rs 24,000 crore of equity purchases in previous month.

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.

On the macro front, the Industrial Production and Manufacturing Production data for November will be released on 12 January 2023. Inflation rate data for December will be declared on 12 January 2023.

Overseas, China will announce inflation rate for December on 12 January, 2023.

US will announce inflation rate for December on 12 January 2023.

Source: Bloomberg, BSE

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