

Monday Market Flash

February 06, 2023

Sensex falls over 250 points, Nifty holds 17,750; Metal shares crack

Domestic equity markets opened lower in Monday's trade, amidst weak global cues. Indian rupee opened 57 paise lower at 82.40 per dollar on Monday vs Friday's close of 81.83.

At 9:27 AM, the frontline S&P BSE Sensex was trading at 60,573 down by 269 points or 0.44%. Market breadth is positive and out of a total of 2,840 shares traded on the Bombay Stock Exchange, 1,586 advanced while 1,105 declined and 149 remained unchanged. The broader Nifty50 was at 17,764 levels down 90 points or 0.50%.

Broader markets, meanwhile, were outperformed benchmark indices as Nifty Midcap 100 and Nifty Smallcap 100 indices climbed up to 0.3%.

Sector-wise, Nifty PSU Bank index was off to a positive start, while the Nifty Metal index was the worst hit as it lowered over 1%.

WEEKLY REVIEW – JANUARY 30 – FEBRUARY 3, 2023

Key indices logged strong gains in the week marked with extreme volatility. The Budget for 2023-24 was laid down in the Parliament by Finance Minister Nirmala Sitharaman. Finance Minister lists seven priorities of Budget, including infra, green growth, financial sector, youth power. Four transformative opportunities can be used in Amrit Kaal for enhancing economic empowerment. Indices settled higher on all the five trading sessions in the week.

The Nifty settled above 17,850 level. The broader markets also had a positive close after ups and downs. On the sectoral front, there was a mixed trend with the rally driven by banking and financial services, auto, FMCG and IT stocks, whereas gains were capped by energy, metal, oil and gas, and pharma stocks. India VIX, the fear index fell by 17% during the last week, from 17.32 level to 14.4 level.

The Budget for 2023-24 was laid down in the Parliament by the Finance Minister on 1 February 2023. Investors cheered after the central government announced a slew of measures to boost capital expenditure spending in country while simultaneously providing relief to highest taxpayers, all this coupled with reigning the fiscal deficit to below 4.5% of GDP by 2025-26.

In the week ended on Friday, 3 February 2023, the S&P BSE Sensex gained 1,510.98 points or 2.55% to settle at 60,841.88. The Nifty 50 index advanced 249.70 points or 1.42% to settle at 17,854.05. The BSE Midcap index rose 0.45% to settle at 24,448.01. The BSE Smallcap index rose 0.86% to settle at 27,862.68.

GLOBAL MARKETS

Asian shares slipped on Monday after a run of upbeat economic data from the United States and globally lessened the risk of recession, but also suggested interest rates would have to rise further and stay up for longer.

Bond markets took a beating in the wake of stunning reports on jobs and services, catching speculators very short of dollars and sending the currency sharply higher.

The early gains were later pared to 132.29 yen but still helped the dollar hold firm on a basket of currencies at 103.150, having jumped 1.2% on Friday. The euro was huddled at \$1.0787 after shedding 1.1% on Friday.

In equity markets, MSCI's broadest index of Asia-Pacific shares outside Japan fell 1.5%, with South Korea down 0.6%. Chinese blue chips lost 1.0%.

Japan's Nikkei added 1.1%, encouraged by hopes the BOJ would keep policy easy. EUROSTOXX 50 futures fell 0.5% and FTSE futures 0.2%.

S&P 500 futures and Nasdaq futures eased 0.2% as the stellar January payrolls report forced investors to price in the risk of more hikes from the Federal Reserve, and less chance of cuts later in the year.

RUPEE, OIL & FIIs

Indian Rupee: The rupee ended about 0.4% lower at 81.8275 per US dollar last week, having mostly traded on the weaker side of 82 despite the greenback's fall after the US Federal Reserve's dovish tilt in its policy meeting.

Crude Oil: Oil prices inched up in early trade on Monday after falling around 8% last week to more than three-week lows as jitters over major economies outweighed signs of a demand recovery in China, the world's top oil importer.

Brent crude futures crawled up 16 cents, or 0.2%, to \$80.10 a barrel, while US West Texas Intermediate (WTI) crude futures rose 15 cents, also 0.2% higher, to \$73.54 a barrel.

FPIs & DIIs: The sell-off by foreign institutional investors seems to continue as they have net sold more than Rs 2,200 crore worth shares in the beginning of February, following over Rs 41,000 crore of selling in previous month, though DIIs have managed to compensate the same to major extent by buying more than Rs 4,000 crore shares in current month and over Rs 33,000 crore in January.

WEEK AHEAD

The focus will once again shift to December 2022 quarterly results after presentation of the Union Budget 2023-24 on 1 February 2023. The next RBI policy review is scheduled during 6 to 8 February 2023. The central bank is projected to raise the repo rate but at a slower pace. In its December monetary policy committee meeting, the RBI raised the policy repo rate by 35 basis points (bps) to 6.25%.

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 domestic economic data front, the industrial and manufacturing production data for December will be released on February 10. India's Industrial production grew 7.1% YoY in November 2022, the highest in five months.

Overseas, China will announce inflation rate for January on 10 February 2023. US Balance of Trade data for December will be announced on 7 February 2023.

Source: Bloomberg, BSE

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