

Monday Market Flash

March 6, 2023

Sensex at 60,000 mark, up over 500 points; Metal sector shines

Domestic markets opened higher in Monday's trade, amid strong global sentiments. Indian rupee opened at one-month high at 81.75 per dollar as it gained 22 paise on Monday against Friday's close of 81.97.

At 9:40 AM, the frontline S&P BSE Sensex was trading at 60,336 up by 527 points or 0.88%. Market breadth is positive and out of a total of 3,017 shares traded on the Bombay Stock Exchange, 2,140 advanced while 724 declined and 153 remained unchanged. The broader Nifty50 was at 17,753 levels up 158 points or 0.90%.

Broader markets, too, rose in tandem as Nifty Midcap 100 and Nifty Smallcap 100 indices surged up to 0.6%. Volatility index, India VIX, meanwhile, eased up to 2%.

Barring Nifty Realty index, all other sectors traded in the sea of green. Nifty Metal sector rose the most out of all - up to 1%.

WEEKLY REVIEW – FEBRUARY 27 – MARCH 3, 2023

The domestic equity benchmarks ended the week with some gains as value buying emerged at lower levels. The domestic equity market declined in two out of five trading sessions during this week.

The Nifty settled tad above the 17,450 mark. In the week ended on Friday, 3 March 2023, the S&P BSE Sensex gained 345.04 points or 0.58% to settle at 59,808.97. The Nifty 50 index added 128.55 points or 0.74% to settle at 17,465.80. The BSE Midcap index rose 1.73% to settle at 24,59. The BSE Smallcap index advanced 0.95% to settle at 27,846.40.

India VIX, which is a measure of the fear in the markets, fell 6.09% to settle at 12.18 levels.

GLOBAL MARKETS

Asian shares edged up on Monday while bond markets held their breath ahead of an update on the US rate outlook from the world's most powerful central banker, and a jobs report that could decide if the next hike needs to be super-sized.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.8 percent, after bouncing 1.5% last week. Japan's Nikkei climbed 1.0% to a three-month top, while South Korean stocks added 0.6% helped by a softer reading on inflation.

Wall Street rallied on Friday to end a volatile week, as US Treasury yields eased and economic data helped investors look past the growing likelihood that the Federal Reserve will have to keep its restrictive policy in place until late in the year.

All three major US stock indexes surged more than 1%, with the tech-laden Nasdaq climbing close to 2% with a boost from interest rate-sensitive megacaps. US Treasury yields eased in the wake of comments from Fed officials that calmed fears over inflation and interest rates. The Dow Jones Industrial Average rose 387.4 points, or 1.17%, to 33,390.97, the S&P 500 gained 64.29 points, or 1.61%, to 4,045.64 and the Nasdaq Composite added 226.02 points, or 1.97%, to 11,689.01.

RUPEE, OIL & FIIs

Indian Rupee: The Indian rupee is set to keep up its momentum this week as a rebound in equity inflows supports sentiment, while government bond yields are expected to take major cues from moves in US yields and remain in a thin range.

The rupee broke out of its narrow trading range last week to finish nearly 1% higher at 81.9650 per dollar as foreign investors returned to Indian equities.

Crude Oil: Oil prices opened lower on Monday after China set a modest target for economic growth this year of around 5%, lower than market expectations of 5.5% growth in the world's second- largest oil consumer.

Brent crude futures were trading down 50 cents, or 0.6%, at \$85.33 a barrel. US West Texas Intermediate (WTI) crude futures were down 46 cents, or 0.6%, at \$79.22 a barrel.

FPIs & DIIs: Foreign portfolio investors (FPIs) have turned marginal net buyers at Rs 246 crore on Friday. DIIs, on the other hand, bought shares worth Rs 2,089 crore.

WEEK AHEAD

The stock market may remain choppy amid fears the Federal Reserve will keep raising interest rates to combat sticky inflation. Foreign fund outflows and rising bond yields will restrict equity rally in the near term. Investment by foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) will be monitored. The movement of rupee against the dollar and crude oil prices will also dictate trend on the bourses in the near term.

In the derivatives market, the Nifty 50 index option chain for the 29 March 2023 expiry showed maximum Call open interest (OI) of 69,545 contracts at the 18,000 strike price. Maximum Put OI of 94,390 contracts were seen at 17,000 to 18,000 band in the near term.

On the economic front, India's industrial production data for January 2023 will be unveiled on Friday, 10 March 2023. Industrial production in India increased 4.3% year-on-year in December of 2022, easing from an upwardly revised 7.3% rise in November.

India's manufacturing production data for January 2023 will also be declared on the same day. Manufacturing production in India increased 2.60% in December of 2022 over the same month in the previous year.

On the global front, China will disclose balance of trade data for January-February on Tuesday, 7 March 2023.

US balance of trade for January will be disclosed on Wednesday, 8 March 2023.

China will unveil inflation data for February on Thursday, 9 March 2023.

Bank of Japan (BoJ) will decide on interest rate on Friday, 10 March 2023.

US non farm payrolls and unemployment rate for February will be disclosed on Friday, 10 March 2023.

Source: Bloomberg, BSE

Disclaimer: This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities, commodities, currencies or other investments referred to herein; or ii) an offer to sell or a solicitation or an offer for purchase of any of the funds of HSBC Mutual Fund; or iii) an investment research or investment advice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized. In no event shall HSBC Mutual Fund/HSBC Asset management (India) Private Limited and / or its affiliates or any of their directors, trustees, officers and employees be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of information / opinion herein.

This document is intended only for those who access it from within India and approved for distribution in Indian jurisdiction only. Distribution of this document to anyone (including investors, prospective investors or distributors) who are located outside India or foreign nationals residing in India, is strictly prohibited. Neither this document nor the units of HSBC Mutual Fund have been registered under Securities law/Regulations in any foreign jurisdiction. The distribution of this document in certain jurisdictions may be unlawful or restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions. If any person chooses to access this document from a jurisdiction other than India, then such person do so at his/her own risk and HSBC and its group companies will not be liable for any breach of local law or regulation that such person commits as a result of doing so.

© Copyright. HSBC Asset Management (India) Private Limited 2022, ALL RIGHTS RESERVED. HSBC Mutual Fund, 9-11th Floor, NESCO - IT Park Bldg. 3, Nesco Complex, Western Express Highway, Goregaon East, Mumbai 400063. Maharashtra. Website: www.assetmanagement.hsbc.co.in

Mutual fund investments are subject to market risks, read all scheme related documents carefully.