

Monday Market Flash

April 3, 2023

Markets kickstart new financial year on a choppy note

Domestic markets have turned choppy after making a higher opening in Monday's trade, supported by gains across index-heavyweights. Rupee falls 25 paise to 82.46 against US dollar in early trade.

At 10:05 AM, the frontline S&P BSE Sensex was trading at 58,985 down by 7 points or 0.01%. Market breadth is positive and out of a total of 3,177 shares traded on the Bombay Stock Exchange, 2,374 advanced while 682 declined and 121 remained unchanged. The broader Nifty50 was at 17,363 levels up 3 points or 0.03%.

Broader markets, too, were upbeat in trade as Nifty Midcap 100 and Nifty Smallcap 100 indices rose up to 0.4%.

Sectorally, Nifty Auto index gained the most - over 1%, after auto companies logged robust sales momentum in March. Nifty IT, and Nifty FMCG indices, however, were bogged down in trade.

It was a volatile year for the Indian stock market in the financial year ended March 31, 2023 amid aggressive monetary policy stance by global central banks, high inflation, geo-political tensions, and outflow from overseas funds. The Nifty ended half a percent lower in FY23, while the Sensex gained about a percent.

WEEKLY REVIEW – MARCH 27 – MARCH 31, 2023

The domestic equity barometers ended with stellar gains during the last trading week of financial year 2022-23, snapping three-week losing streak. Investors sentiment was upbeat as concerns of further banking turmoil receded. However, markets remained cautious following a higher-than-expected German CPI, adding pressure on the European Central Bank to further tighten monetary policy.

In the week ended on Friday, 31 March 2023, the S&P BSE Sensex surged 1,464.42 points or 2.55% to settle at 58,991. The Nifty 50 index jumped 414.70 points or 2.45% to settle at 17,359.05. The BSE Midcap index added 1.83% to settle at 24,065.59. The BSE Smallcap index declined 0.71% to settle at 26,957.01.

Buying was seen across sectors, with bank, financial services, IT, metal, pharma and FMCG being the lead gainers. The volatility cooled down considerably. India VIX, the fear index fell 15 percent to 12.93 levels.

GLOBAL MARKETS

Asia-Pacific markets largely rose on Monday as investors further digested key manufacturing data in the region. Nikkei 225, the S&P 200, Topix, Kospi indices rose up to 0.8%.

US stocks rallied on Friday, concluding a winning first quarter on a positive note on signs of moderating inflation and receding fear over bank industry instability.

The Dow Jones Industrial Average finished up 1.3 percent at 33,274. The S&P 500 gained 1.4 percent to 4,109, while the Nasdaq Composite Index jumped 1.7 percent to 12,221.

RUPEE, OIL & FIIs

Indian Rupee: The rupee gained 9 paise to 82.31 against the US dollar in early trade on Monday amid a weak dollar and a positive trend in domestic equities. On Friday, the rupee closed at 82.40 against the US currency.

Crude Oil: Oil prices surged on Monday after Saudi Arabia and other OPEC+ oil producers announced a surprise round of output cuts, a potentially ominous sign for global inflation just days after a slowdown in U.S. price data had boosted market optimism.

Brent oil futures jumped \$5.16 to \$85.05 a barrel on news output would be cut by around 1.16 million barrels per day, while US crude climbed \$4.88 to \$80.55.

Oil prices extended their uptrend for the second consecutive week, with Brent crude futures rising 6.5% to \$79.89 a barrel on supply tightening and easing of the banking crisis.

FPIs & DIIs: Foreign institutional investors (FII) provided support to the market, as they bought Rs 4,738-crore worth of shares last week against an outflow in the previous few weeks. The consistent flows in the last three days, helped March flows turn positive.

Domestic institutional investors remained buyers, as they picked up Rs 6,450 crore worth of shares during the week.

WEEK AHEAD

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.

Equity markets will remain shut on Tuesday for Mahavir Jayanti and Friday on account of Good Friday.

The RBI's Monetary Policy Committee (MPC) meeting will meet from April 3 to 6. The Reserve Bank of India (RBI) is likely to increase repo rate for a seventh straight policy review as headline inflation continues to remain above the mandate.

The S&P Global Manufacturing PMI numbers for March will be released on April 3, 2023 and Global Services and Composite PMI data on April 5, 2023.

Overseas, China will announce the Caixin Manufacturing PMI for March today. The US ISM Manufacturing PMI for March will also be declared today. The US ISM Non-Manufacturing PMI for March will be declared on 5 April 2023.

US non farm payrolls and unemployment rate for March will be disclosed on 7 April, 2023.

Source: Bloomberg, BSE

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