
Weekly Market Flash

5 December 2022

Sensex falls over 150 points; broader markets outperform

Domestic equities opened with fractional losses on Monday, underperforming their Asian peers that gained on hopes of ease in China's Covid-19 restrictions.

At 9:40 AM, the frontline S&P BSE Sensex was trading at 62,686 down by 182 points or 0.29%. Market breadth is positive and out of a total of 3,098 shares traded on the Bombay Stock Exchange, 2,032 advanced while 886 declined and 180 remained unchanged. The broader Nifty50 was at 18,650 levels down 46 points or 0.23%.

The broader markets, meanwhile, outweighed benchmarks. The BSE Midcap and Smallcap indices rose up to 0.6%. Within sectors, Nifty metal rose the most with over a 1% gain, followed by PSB and realty indices. Remaining pockets held minor losses.

Weekly review – November 28 – December 2, 2022

Key equity indices trimmed gains after scaling record highs during the week on positive global cues and softer crude oil prices. Broader markets, outperformed the key indices. The Sensex and the Nifty, both, hit scaled record highs on Thursday. Global stock markets advanced after the Federal Reserve Chair Jerome Powell indicated that the US central bank could slow down its pace of interest rate hikes going forward, starting as soon as next month.

In the week ended on Friday, 2 December 2022, the Sensex gained 574.86 points or 0.92% to settle at 62,868.50. The Nifty 50 index advanced 183.35 points or 0.99% to settle at 18,696.10. The two benchmarks hit all-time highs on Thursday. The high was 18,887.60 for Nifty 50 index and 63,583.07 for Sensex. The BSE Midcap index rose 2.84% to settle at 26,321.65. The BSE Smallcap index gained 2.43% to settle at 29,911.79.

All sectors participated in the upward journey with technology, metal, FMCG, energy, oil & gas, and realty being the leading gainers.

The volatility index India VIX remained below 15 mark for more than couple of weeks now, giving more comfort to the bulls, though on weekly basis, it inched up by 0.9 percent to 13.45 levels.

Global markets

Asian shares extended their rally on Monday as investors hoped steps to unwind pandemic restrictions in China would eventually brighten the outlook for global growth and commodity demand, nudging the dollar down against the Yuan.

The news helped oil prices firm as OPEC+ nations reaffirmed their output targets ahead of a European Union ban and price caps on Russian crude, which begin on Monday.

More Chinese cities announced an easing of coronavirus curbs on Sunday as Beijing tries to make its zero-COVID policy less onerous after recent unprecedented protests against restrictions.

Chinese blue chips gained 1.1%, on top of last week's 2.5% bounce. MSCI's broadest index of Asia-Pacific shares outside Japan added 1.2%, after rallying 3.7% last week to a three-month top. Japan's Nikkei edged up 0.2%, while South Korea gained 0.3%.

EUROSTOXX 50 futures added 0.1%, while FTSE futures were flat. S&P 500 futures and Nasdaq futures both fell 0.1%.

Wall Street had lost some momentum on Friday after November's robust U.S. payrolls report challenged hopes for a less aggressive Federal Reserve, though Treasuries still ended last week with solid gains.

Rupee, Oil & FII

Indian Rupee: The Indian rupee rose in November, marking its first monthly gain this year and ending its longest losing streak in nearly four decades as the dollar index came off its historic peak and oil prices tumbled.

The rupee strengthened 1.6% to 81.4225 per dollar this month, while the greenback is down about 4.50% after softer-than-expected U.S. inflation data earlier in November fuelled bets of less aggressive Federal Reserve hikes.

Crude Oil: Oil prices bounced after OPEC+ agreed to stick to its oil output targets at a meeting on Sunday.

The Group of Seven and European Union states are due on Monday to impose a \$60 per barrel price cap on Russian seaborne oil, though it was not yet clear what impact this would have on global supply and prices.

Brent gained \$1.67 to \$87.24 a barrel, while US crude rose \$1.46 to \$81.44 per barrel.

Oil prices have seen consistent correction from around \$100 a barrel to around \$85 a barrel now in last one month due to weak demand from world's second largest economy and fears of recession in western world. In the passing week, Brent crude futures gained more than 2% to close at \$85.6 a barrel, snapping three-week losses.

FPIs & DIIs: Foreign portfolio investors (FPIs) started December on a buying note in Indian equities to Rs 7,437 crore in the first two days of the month. In November, FPIs pumped in Rs 36,239 crore in the equities --- making it the second highest monthly inflow in 2022 after August where FPIs invested Rs 51,204 crore.

On the other side, domestic institutional investors have taken the advantage of profit booking in the market which was driven by FIIs money to record highs recently. They have net bought more than Rs 1,300 crore worth shares during the last week.

Week ahead

All eyes will be set on RBI which is going to present its bi-monthly monetary policy on 7 December 2022.

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.

On the macro front, the S&P Global Services PMI for November will be declared today.

On the political front, Gujarat Assembly Elections will be closely watched. The first phase of assembly polls in Gujarat was held on 1 December, 2022. The second phase of polling will be held today. The results will be declared on 8 December 2022.

Overseas, the China Caixin Services PMI for November will be declared today. China will announce the inflation rate data for November on 9 December 2022.

The US ISM Non-Manufacturing PMI data for November will be announced today.

Past performance is not an indicator of future returns. 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.
GST - 27AABCH0007N1ZS, Email: hsbcmf@camsonline.com | Website: www.assetmanagement.hsbc.co/in

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