

# Market Flash

June 05, 2023

## **Markets firm tracking global cues; Sensex surges 350 points**

Domestic markets opened higher in Monday's trade, following strong global cues. Indian rupee opened 16 paise lower at 82.46 per dollar versus Friday's close of 82.30.

Markets registered their second-straight weekly gain on Friday, lifted by stronger-than-expected economic growth data and fast-paced expansion of the country's factory output.

At 10:30 AM, the frontline S&P BSE Sensex was trading at 62,868 up by 321 points or 0.52%. Market breadth is positive and out of a total of 3,215 shares traded on the Bombay Stock Exchange, 2,220 advanced while 847 declined and 148 remained unchanged. The broader Nifty50 was at 18,618 levels up 84 points or 0.45%.

The strength spilled to broader indices too, with Nifty Mid Cap and Nifty Small Cap indices gaining up to 0.55% each.

Sectorally, the Nifty Media index gained the most, over 1%. On the flipside, Nifty Healthcare index slipped marginally in red.

## **WEEKLY REVIEW – MAY 29 – JUNE 2, 2023**

Key equity indices ended the week on a flat note with some positive bias. However, the BSE Midcap and BSE Small-cap index logged significant gains during the period under review. The Nifty settled above the 18,500 level. The benchmark indices edged higher in three out of five trading sessions during this week.

In the week ended on Friday, 2 June 2023, the S&P BSE Sensex rose 45.42 points or 0.07% to settle at 62,547.11. The Nifty50 index gained 34.75 points or 0.19% to close at 18,534.10. The BSE Mid Cap index rose 1.83% to settle at 27,294.10. The BSE Small Cap index 2.40% to close at 30,885.70.

Fending off a US default, the Senate gave final approval late Thursday to a debt ceiling and budget cuts package, grinding into the night to wrap up work on the bipartisan deal and send it to President Joe Biden's desk to become law before the fast-approaching deadline.

## GLOBAL MARKETS

Asia-Pacific markets are largely higher after US President Joe Biden signed into law a debt ceiling bill that allowed the US to avert defaulting on its financial obligations over the weekend. In Japan, the Nikkei 225 rose further after leading its global peers for the month of May, gaining 0.97%, while the Topix opened 1.16% higher.

The next level to watch for investors will be the 32,644 mark which would breach its highest since July 1990. South Korea Kospi inched up 0.44%, but the Kosdaq was down marginally. Australia's S&P/ASX 200 was up 0.99% ahead of the country's central bank rate decision tomorrow. Hong Kong's Hang Seng index looks to continue its rebound on Friday, with futures at 19,099 compared to the HSI's close of 18,949.94.

US stocks closed higher on Friday after a labour market report showing moderating wage growth in May indicated the Federal Reserve may skip a rate hike in two weeks, while investors welcomed a Washington deal that avoided a catastrophic debt default.

The Dow Jones Industrial Average rose 701.19 points, or 2.12%, to 33,762.76, the S&P 500 gained 61.35 points, or 1.45%, to 4,282.37 and the Nasdaq Composite added 139.78 points, or 1.07%, to 13,240.77.

## RUPEE, OIL & FIIs

**Indian Rupee:** The rupee ended almost flat gaining 1 paisa to 82.39 against the US dollar on Friday amid positive sentiment in domestic equities markets.

**Crude Oil:** Oil prices jumped more than \$1 a barrel on Monday after the world's top exporter Saudi Arabia pledged to cut production by another 1 million barrels per day from July, counteracting macroeconomic headwinds that have depressed markets.

Brent crude futures were at \$77.64 a barrel, up \$1.51, or 2%, at 0014 GMT after earlier hitting a session high of \$78.73 a barrel.

US West Texas Intermediate crude climbed \$1.41, or 2%, to \$73.15 a barrel, after touching an intraday high of \$75.06 a barrel.

**FPIs & DIIs:** Foreign institutional investors (FIIs) ended May month with a bang by making the biggest single day buying of the month on Wednesday. However, domestic institutional investors (DIIs) closed the month as net sellers.

As per NSE data, FII buying value stood at a whopping ₹65,024.36 crore and selling value at Rs 61,618.46 crore - resulting in an inflow of Rs 3,405.90 crore in Indian equities on Wednesday.

On the other hand, DIIs bought Rs 11,726.46 crore worth of equities on the last trading day of May, while they sold Rs 14,254.98 crore. Hence, they posted an outflow of Rs 2,528.52 crore on May 31st.

## WEEK AHEAD

The Indian market will be closely monitoring the Reserve Bank of India's Monetary Policy Committee (MPC) meeting scheduled for June 6–8, 2023.

The progress of monsoon, domestic and global macroeconomic data, trend in global stock markets, the movement of rupee against the dollar and crude oil prices will also dictate trend on the bourses. Investment by foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) will also be monitored.

Progress of monsoon will be watched. India's weather office retained its forecast for 'normal' monsoon this year although it is said that there is a high probability of El Nino.

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

Overseas, the China Caixin Services PMI for May will be announced today.

Japan will announce the inflation rate data for May on 9 June 2023.

The US ISM Services PMI data for May will also be announced today.

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**Source: Bloomberg, BSE, HSBC MF**

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