

Monday Market Flash

February 27, 2023

Sensex falls over 150 points amid weak global cues; Metals crack

Domestic markets edged lower in Monday's trading session, amid subdued global cues. Indian rupee opened marginally lower at 82.84 per dollar on Monday against Friday's close of 82.75.

At 9:45 AM, the frontline S&P BSE Sensex was trading at 59,280 down by 184 points or 0.31%. Market breadth is negative and out of a total of 3,029 shares traded on the Bombay Stock Exchange, 923 advanced while 1,930 declined and 176 remained unchanged. The broader Nifty50 was at 17,396 levels down 75 points or 0.43%.

Broader markets, too, inched lower as Nifty Midcap 100 and Nifty Smallcap 100 indices fell up to 0.4%.

Barring Nifty Pharma, and Nifty Realty indices, which held marginal, all other sectors plunged in the sea of red. IT & Metal sectors are down 1%.

WEEKLY REVIEW – FEBRUARY 20 – FEBRUARY 24, 2023

The domestic equity benchmarks ended the week with sharp cuts as broad-based selling ensued. Continuous foreign fund outflows coupled with concerns selling ensued that the US Federal Reserve might raise interest rates further to curb inflation continued to dampen investors' sentiment. This was the biggest weekly fall in last eight months, as the investor sentiment was dampened by weak global cues and FII outflow.

The domestic equity market declined in all five trading sessions during this week. The Nifty settled tad above the 17,450 mark. In the week ended on Friday, 17 February 2023, the S&P BSE Sensex tumbled 1,538.64 points or 2.52% to settle at 59,463.93.

The Nifty50 index slumped 478.40 points or 2.67% to settle at 17,465.80. The BSE Midcap index fell 2.05% to settle at 24,178.73. The BSE Smallcap index declined 1.65% to settle at 27,584.59.

Most of the sectors traded in line with the benchmark and ended lower wherein continuous pressure in the banking and financials combined with a fresh decline in metal and realty counters was largely weighing on the sentiment.

GLOBAL MARKETS

Asian shares slipped on Monday as markets were forced to price in ever-loftier peaks for US and European interest rates, slugging bonds globally and pushing the dollar to multi-week highs.

Investors are braced for more challenging US data including the closely-watched ISM measures of manufacturing and services, the latter being especially important following January's unexpected spike in activity.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.5%, having shed 2.6% last week. Japan's Nikkei eased 0.4% and South Korea 0.9%.

S&P 500 futures were flat, while Nasdaq futures edged up 0.1%. Strong data on spending and core prices saw the S&P 500 crack support at 4,000 on Friday and retrace 61.2% of this year's rally.

RUPEE, OIL & FIIs

Indian Rupee: The rupee depreciated 11 paise to close at 82.75 against the US currency on Friday, as the strength of the American currency in the overseas market and a muted trend in domestic equities weighed on investor sentiments.

Crude Oil: Oil prices edged higher as the prospect of lower Russian exports was balanced by rising inventories in the United States and concerns over global economic activity.

Brent gained 35 cents to \$83.51 a barrel, while US crude rose 34 cents to \$76.66 per barrel.

FPIs & DIIs: FIIs were at sellers' desk last week as they offloaded over Rs 3,100 crore worth equities, pulling the market further down. This raised the possibility of FII flow may be turning negative for third consecutive month.

On the contrary, domestic institutional investors (DIIs) have managed to absorb maximum FIIs selling. They are net buyers for third straight month in February to the tune of nearly Rs 12,400 crore including Rs 3,200 crore worth buying in passing week.

WEEK AHEAD

The movement of rupee against the dollar and crude oil prices will dictate trend on the bourses in the near term. Investment by foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) will be monitored.

Auto stocks will be in focus as auto companies will start announcing monthly sales numbers for February starting from 1 March 2023.

On the macro front, S&P Global Manufacturing PMI for February will be declared on 1 March 2023. S&P Global Services PMI for February will be declared on 3 January 2023.

The government will announce Q4 gross domestic product (GDP) data tomorrow.

Overseas, China will announce the NBS Manufacturing PMI for February on 1 March 2023. China will announce the Caixin Manufacturing PMI for February on 1 March 2023.

The United States Durable Goods Orders for January will be declared today. The US ISM Manufacturing PMI data for February will be announced on 1 March 2023. The US ISM Non-Manufacturing PMI data for February will be announced on 3 March 2023.

In Europe, the Euro Area inflation rate for February will be declared on 2 March 2023.

Source: Bloomberg, BSE

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