Weekly Market Snippets

Week: 19th -24rd December 2022

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Weekly Nifty50 Chart

Weekly Bank Nifty Chart

How market behaved past week?

- Indian benchmark indices fell very sharply last week ending on a negative bias amid exponentially rising covid-19 cases in China, Japan, South Korea, USA and many other countries. Nifty50 closed -2.52% lower by 462.20 points at 17,806.80 while SENSEX lost 1492.52 points to end -2.43% lower at 59,845.29 points.

- India markets face global jolt after Bank of Japan (BOJ) hawkish stance owing to inflation concerns and unexpected tweak in its long term bond yield controls.

- In view of broader market, Nifty Midcap 50 fell -4.88% by 431 points to end week at 8,400.35, whereas Nifty Small cap 50 fell -7.65% by 341.40 points to 4117,70 .

- Indian Volatility Index (India VIX) inched higher by 14.85% to 16.16 level. This indicates markets to remain choppy and volatile over next trading sessions.

- Sectorally: This week we saw Bank indices unperformed after losing -3.58% this week, whereas Nifty PSU Bank indices ended -10.20%, Nifty Media ended -8.99% followed by Nifty Oil & Gas ended down by -5.46%. Nifty Pharma outperformed other sectors amid rising corona cases by ending week in positive by 1.17%.

- In the Week ended on December 23 2022, FII were net sellers as they sold shares amounting to ₹ -979.48 Cr and DII were net buyers with net buying of ₹ 8545.06 Cr.

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Which News affected the market?

- Bank of Japan (BOJ) didn't allow its yields to rise for long time and controlled it. This move has strengthened Japanese Yen quickly against US Dollars.

- BOJ will allow its 10 year yield to **rise** from current **0.25% to 0.50%**, a move that allows long term interest rate to rise more

- Japan's Central bank turns hawkish as inflation concerns continue. Japan's CPI rose to its 40 year high in October at 3.60%.

- World Bank cuts china growth outlook on covid and property meltdown.

- Global economy to witness actions of policy action by next year - RBI.

- **Fitch** reaffirms **India's sovereign rating** at **BBB-** with stable outlook.

- China reports **3.7 Crore Covid cases** in a single day. Market felt heavy shakedown across the globe.

- RBI in its meeting minutes signaled another rate hike to counter rising inflation.

- US reported better than expected earnings data amid recession worries which boosted consumer confidence.

- Indian stock market is trading at higher valuations in comparison to rest of world.

- US cities to witnessed **BOMB CYCLONE this week.** Thousands of flights were canceled and economic activity came to halt in affected cities.

- In conclusion, **markets underperformed this week mainly due to four factors**:

    - **Long period of elevated interest rates**
    - **Fears of recession**
    - **Worsening Covid situation**
    - **Negative global outlooks**

Rupee and Oil

- As on Dec 23, 01.30 pm, Indian Rupee ended at 82.8685 against Dollar ($), while Indian rupee trading against British Pound and Euro at 99.7654 and 87.9025 respectively.

- Brent crude hovering around $84 after gaining $3/bbl after Russia signals output cut due to price cap.

- As on Dec 23: Gold and silver are trading marginally lower to 54,041 per 10 grams and 67,022 per 1 Kg respectively. Fall in precious metals were on account of interest rate hikes amid higher inflation.

- Crude prices faces volatility as 2nd largest oil consumer china has surging Corona cases which may impact oil demand.

Week Ahead

- We would witness market to bounce back to 18000 levels after steep decline last week.
- Paper stocks to see weakness as production and prices fell sharply across the globe.
- Demand for heating oil to surge amid US extreme cold weather and power outages.
- Pharma and healthcare stocks to see more buying as covid -19 cases continues to surge across globe.
- Capital goods, Infrastructure and fertilizer stocks are worth betting now before Budget 2023.
- **Nifty likely to witness santa rally this week. According to data since 2011-12, Nifty 50 has surged 9 times out of 11 in last 5 trading sessions of year and first 2 trading sessions of next year**.

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Source: NSE, BSE, RBI, MCX, ISL Research