

The Week that was

December 27th, 2024

Global Headwinds weigh on INR!

Indian Developments

Benchmark equity indices have been rangebound the whole week, closing slightly higher this week. The USD has been appreciating against all major currencies and the Indian Rupee is at an all-time low to the US Dollar. This potentially makes imports costlier, deficits deeper, forex reserves smaller, and Indian equities less appealing for foreign investors.

There is a prevailing sense of cautious optimism in the markets. The broader market is facing some volatility, primarily influenced by external factors such as global inflation concerns and geopolitical tensions. India's foreign exchange reserves have decreased by \$2 billion to \$653 billion in December, reaching a new monthly low and continuing a downward trend since they hit an all-time high earlier this year. Banking system liquidity has surged to its highest level, driven by advance tax payments and interventions by the central bank in the foreign exchange market.

The benchmark Nifty50 Index declined by 0.96% for the week. The NIFTY MIDCAP 150 declined by 0.13%, while the NIFTY SMALLCAP 250 declined by 0.12%.

Sectoral Developments

Sectoral indices experienced an uptick this week. Notably, Nifty Auto, Nifty India Tourism, Nifty Bank, and Nifty Pharma reported gains of 3%, 3%, 2%, and 2%, respectively. Conversely, Nifty Media faced a decline of 2%. The NIFTY IT Index also closed marginally lower for the week. The dollar appreciated against the rupee this week, gaining 0.62% compared to the previous week.

Global Developments

The US markets as well as the other global markets have also remained flat in a truncated week. The last week of the year is also traditionally a low volume, less active week for most equity markets across the world. The US markets continue to assess the impact of potential import tariffs from the new U.S. administration on US and global economic growth. In the US, the Nasdaq and S&P 500 experienced declines of 0.04% and 0.13%, respectively, while the Dow Jones recorded a slight gain of 0.07%. In Asian markets, the Nikkei index rose by 1.8%, whereas the Kospi saw a decrease of 1.02%.

Other Markets:

- Brent crude prices are settling around \$ 73.4
- The rupee depreciated to above Rs 85.5 against the US dollar.
- Gold spot price stood at Rs 77,730 per 10 grams.
- The 10 Year Benchmark G-Sec yield was at 6.82%.

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The word 'more' does not imply more returns or assurance of scheme performance. It refers to the additional value provided by the joint venture, as compared to Baroda AMC and BNP Paribas AMC individually.

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