

The Week that was

January 3rd, 2025

Nifty registers weekly gains driven by foreign institutional investments (FIIs).

Indian Developments

The Indian market outlook reflects a mix of optimism and caution. Benchmark equity indices have been rangebound the whole week, closing slightly higher this week. There was a notable influx of foreign institutional investments (FIIs), with net purchases amounting to ₹1,506.75 crore on January 2, which bolstered market sentiment. The HSBC India Manufacturing PMI fell slightly from 56.5 to 56.4 from high input cost pressures and slower expansion in new export sales.

The benchmark Nifty50 Index rose by 0.80% for the week. The NIFTY MIDCAP 150 and NIFTY SMALLCAP 250 increased by 1.65% and 1.46% respectively.

Sectoral Developments

Most sectoral indices experienced an uptick this week. Notably, Nifty Consumer Durables, Nifty Auto and Nifty Oil& Gas reported gains of 4.06%, 3.92%, 3.40% respectively. Conversely, Nifty Realty faced a decline of 2.45%. The NIFTY FMCG Index also closed marginally higher for the week. Gold price shot up by 0.78% due to factors such as a relatively weaker U.S. dollar and strong safe-haven demand amid ongoing economic uncertainties.

Global Developments

The global macroeconomic outlook reflects a cautiously optimistic environment. The U.S. dollar has surged to a two-week high, driven by expectations of stronger economic growth compared to other nations. This strength is underpinned by robust consumer spending and a resilient labor market, surpassing economic forecasts. The Federal Reserve's cautious approach to interest rate cuts has kept rates relatively high, further bolstering the dollar's value in the international market. Oil prices increased by more than \$1 a barrel on January 3, 2025, primarily due to optimism surrounding China's economic policies. The market reacted positively to the easing of monetary policy in China after a period of slowdown attributed to a collapsing property market. In the U.S., Dow Jones, S&P 500 and Nasdaq, all, declined by 0.36%, 0.22% and 0.17% respectively, during the week. However, the Korean Index, KOSPI & Heng Seng Index recorded gains of 1.79% & 0.97% respectively, post declines last week. Shanghai and NIKKEI also declined 1.57% and 0.96% respectively.

Other Markets:

- Brent crude prices settled at around \$ 75.72 per barrel.
- The rupee depreciated to above Rs 85.8 against the US dollar.
- The Gold spot price stood at Rs 78,340 per 10 grams.
- The 10 Year Benchmark G-Sec yield closed at 6.77% , about 5 bps lower since last week.

Source: www.nseindices.com; google finance, MCX Gold Prices; www.rbi.org.in; Morningstar and tradingeconomics.com, ccilindia.com

Data for week ended on January 3rd, 2025

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