

The Week that was

October 25, 2024

Indian Equities Slip as Global Concerns Weigh on Markets

Indian equity markets faced a downturn recently, reflecting broader global economic uncertainty. The benchmark index, NIFTY 50, declined from 24,854.05 to 24,180.80, a 2.7% drop, indicating investor caution. The sell-off was more pronounced in the mid and small-cap segments, with NIFTY MIDCAP 150 and NIFTY SMALLCAP 250 plunging by 5.48% and 7.02%, respectively. Concerns over high inflation, rising interest rates, and global economic slowdowns have led to a cautious sentiment among investors, influencing sectoral performances and global markets.

Sectoral Pressures

Among the sectors, NIFTY Media saw the steepest fall, dropping by 7.24% as it faced pressures from lower advertising spending and reduced viewership. NIFTY Metal also saw a significant drop, down by 7.23%, as demand for metals continues to be constrained by slower industrial growth in major economies. NIFTY Realty, affected by higher borrowing costs and moderated consumer sentiment, declined by 6.97%.

Financial sectors had comparatively smaller declines, with NIFTY Financial Services dropping by 0.86%. This relative resilience was due to their role as defensive plays in volatile times. Meanwhile, NIFTY IT was nearly flat, declining only 0.16%, as global tech demand remained relatively stable despite some slowdown.

Global Market Impact

Global markets also experienced mixed performances, with investor sentiment largely cautious. In the United States, the S&P 500 slipped by 0.90%, the Dow Jones fell by 2.10%, and the NASDAQ saw a modest 0.40% decline, as concerns over potential interest rate hikes and inflation linger. European markets also echoed this sentiment, with the UK's FTSE 100 down by 1.20%, driven by fears of recession and slower consumer spending.

In Asia, the Nikkei 225 in Japan led the decline with a 2.74% drop, amid weaker economic data and concerns over U.S.-China relations impacting trade. Other indices, such as the Hang Seng in Hong Kong and the Kospi in South Korea, saw smaller dips of 1.03% and 0.41%, respectively. The Shanghai Composite, however, rose by 1.17%, driven by expectations of stimulus from the Chinese government to spur economic growth.

The downturn in Indian equities mirrors these global concerns, as rising inflation, interest rates, and supply chain disruptions contribute to investor caution.

Other Markets:

- Brent crude prices rose to settle at \$ 75.02
- The rupee closed at Rs 84.08 against the US dollar.
- Gold slightly rose to settle at Rs 77,824 per 10 grams.
- The 10 Year Benchmark G-Sec yield was at 6.85%.

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

Data for week ended on October 25, 2024. ^ data for the week (Fri – Thu) FTSE data as of today 1 pm.

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