

# Markets recover as crude prices plunge

Sensex, Nifty gain 0.6% after falling nearly 1% in two days

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Mumbai, 5 October

Domestic Indian shares rebounded from their one-month lows as a sharp drop in crude oil prices helped assuage investor fears. A retreat in the US bond yields also helped improve risk appetite.

The benchmark Sensex rose 405 points, or 0.62 per cent, to close at 65,632, while the Nifty 50 index

gained 110 points, or 0.56 per cent, to end the session at 19,546. Both the indices had declined close to 1 per cent in the previous two trading sessions.

After hitting a 16-year high at 4.88 per cent, the yield on the 10-year US Treasuries fell to 4.74 per cent. Meanwhile, Brent crude prices saw a drop of nearly 6 per cent — the most in more than a year — to trade around \$85 a barrel. Last week, the Brent crude prices had climbed to almost \$98 a barrel.

The decline in oil prices comes amid concerns that a global economic slowdown will reduce consumption. The sharp spike in oil prices, coupled with hawkish commentary by the US Federal Reserve in late September, had proved to be a double whammy for the equity markets.

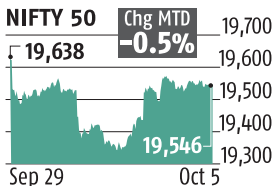
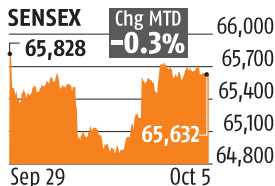
Turn to Page 6 ▶

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P6 ▶



## VOLATILE TIMES



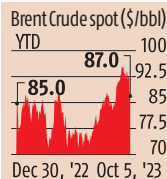
## TOP 5 SENSEX GAINERS

As on Oct 5	Price in ₹	Chg MTD (%)
Larsen & Toubro	3,097.4	2.5
Hindustan Unilever	2,522.3	2.3
Titan Company	3,215.4	2.1
Nestlé India	22,923.3	1.9
Infosys	1,462.5	1.9

Source: Bloomberg, exchanges Compiled by BS Research Bureau

## Crude prices fall most in 1 yr

Oil prices dropped on Thursday, extending the previous session's sharp losses as an uncertain demand outlook overshadowed an Opec+ panel meeting deciding to maintain oil output cuts to keep supply tight. Brent crude oil futures had fallen 65 cents to \$85.16 a barrel by 6.15 pm.



▶ FROM PAGE 1

## Mkts recover...

Analysts said if oil prices cooled further, it would help ease the pressure on central banks vacillating on keeping interest rates higher. Rising crude oil prices have made India less attractive to its peers due to its high dependence on oil imports.

Some say the recovery in the markets could be feeble because most investors are still apprehensive about the impact of higher interest rates and its corporate earnings. "This is a relief rally. There was a lot of selling from foreign investors over the past few days. Markets were looking for an excuse to bounce back, and it came in the form of falling crude oil prices and easing bond yields. This is unlikely to be sustainable. If selling by foreign portfolio investors (FPIs) doesn't reduce, there isn't much to salvage the market," said U R Bhat, co-founder of Alphaniti Fintech.

FPIs sold shares worth ₹1,864 crore on Thursday, while their domestic counterparts were net buyers to the tune of ₹521 crore.

From a year's low of 3.3 per cent in January, the 10-year US bond yield has seen a sharp spike. Many believe the selloff in the bond markets could lead to a rotation from equities to fixed-income.