

Sensex hits record closing high on US inflation print

Softer-than-expected retail inflation triggers global rally

SAMIE MODAK

Mumbai, 11 November

The Sensex logged a new lifetime closing high on Friday after the softer-than-expected US consumer price inflation data triggered a sharp rally in global markets. Investors lapped up risky assets in hopes that inflation in the US might have peaked, and this could encourage the US Federal Reserve to ease its aggressive monetary tightening stance.

Annual consumer price growth in the US slowed to 7.7 per cent in October, the lowest level since January and below the widely expected figure of 8 per cent. The inflation reading led to a slump in the US dollar and spurred one of the biggest one-day rallies on Wall Street since 2020. The S&P 500 index surged 5.5 per cent and the tech-heavy Nasdaq 7.4 per cent on Thursday.

Taking cues from the US markets, the Sensex opened 700 points higher and traded strong throughout the day. The Indian index finished at a new record closing high of 61,795, up 1,181 points, or 1.95 per cent, over its previous day's close. It surpassed its previous record close of 61,766, made on October 18, 2021. On an intra-day basis, the Sensex had hit a record high of 62,245 on October 19.

The Nifty closed at 18,350, up 322 points, or 1.8 per cent. The index is currently 127 points, or 0.7 per cent, below its record close of 18,477, logged nearly 13 months ago.

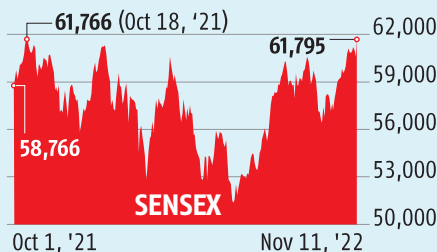
"The markets were in a cautious mood as they were awaiting the crucial US inflation print for October. The cooler-than-expected number has triggered a rally in equity markets across the world. This (US data) led to the conclusion that inflation in the US had peaked, and the Fed may pause the aggressive stance on rate hikes soon," said Naveen Kulkarni, chief investment officer, Axis Securities.

China markets, too, staged a strong rally, on growing buzz that the world's second-largest economy would move away from its stringent 'zero-Covid' policy. The Hang Seng index jumped nearly 8 per cent on Friday.

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ROLLER-COASTER RIDE

The Sensex surpassed its previous lifetime closing high logged 13 months ago



TOP SENSEX GAINERS ON FRIDAY

Company	1-day change (%)
HDFC	5.8
HDFC Bank	5.6
Infosys	4.5
Tech Mahindra	3.6
HCLTech	3.6

KEY ASIAN MARKETS

Market	1-day change (%)
Hang Seng	7.7
Taiwan Taixex	3.7
Nikkei 225	3.0
Kospi	3.4
Sensex	1.9
Shanghai Composite	1.7
Straits Times Index	1.7
Bursa Malaysia	1.3

Sources: Bloomberg; Exchanges
Compiled by
BS Research Bureau



₹ logs best one-day gain in 4 yrs

BHASKAR DUTTA
MUMBAI, 11 November

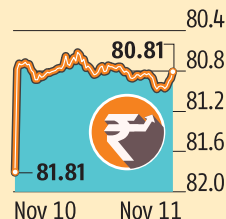
The rupee surged against the US dollar on Friday, registering its sharpest single-day gain in nearly four years, as a lower-than-expected US inflation print led to hopes of the Federal Reserve slowing the pace of monetary tightening.

The rupee settled at 80.81 on Friday, exactly 100 paise stronger than the previous

close of 81.81 versus the dollar. This was the biggest single-day gain since December 18, 2018, the Bloomberg data showed. The rupee's closing level was also the strongest since September 21, 2022, the data showed. So far in 2022, the rupee has depreciated 8 per cent. With US inflation finally showing signs of easing, traders were of the view that the Fed might ease up on future rate hikes.

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SHARP RISE ₹ vs \$ (inverted scale)



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US inflation...

Over the past one year, both the US and China markets have underperformed. While the Fed's hawkish pivot has weighed on the performance of the US markets, China stocks have got battered due to its 'zero-Covid' policy and common prosperity programme. A shift in policy by both the US Fed and Beijing is seen as a big boost for global economic growth.

"Equity markets were strong across the world as the inflation data in the US was better than expected. This essentially has reduced the recession probability from 60 per cent to 40 per cent, and has brought down the expectation of a peak benchmark rate from 5.25 per cent to 5 per cent. This is the first spark of good news from the US in a long time and has been instrumental in lifting investor sentiment," said Sushant Bhansali, CEO, Ambit Asset Management.

Foreign portfolio investors (FPIs) pumped in nearly ₹4,000 crore into domestic stocks on Friday. So far this month, FPI inflows have been close to ₹20,000 crore.

With the exception of power and FMCG, all the BSE sectoral indices ended with gains. The BSE IT index gained the most at 3.7 per cent. IT stocks tend to mirror gains in the US and also benefit from an improved economic outlook there.

HDFC Bank and HDFC were the biggest gainers on the Sensex and accounted for nearly half of the index gains. Banking stocks such as SBI, Kotak Mahindra Bank, and ICI-CI Bank were among the eight losing stocks on the Sensex. The market breadth was mixed with 1,756 stocks gaining and 1,690 declining. The India Vix index fell 7.5 per cent to end at 14.4.