

Sensex, Nifty jump over 2% to record highest increase in 2 months



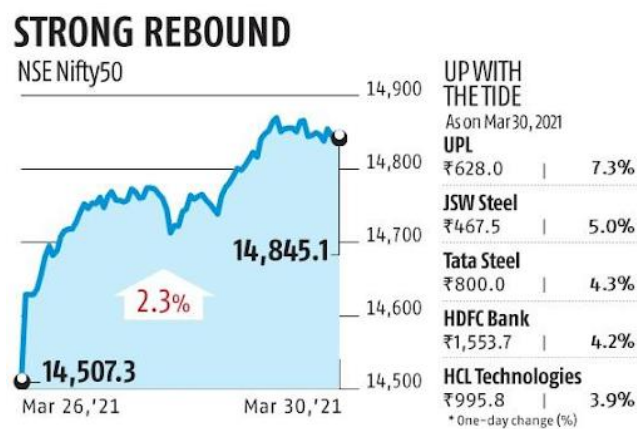
The Indian [markets](#) on Tuesday posted their biggest single-day gain in nearly two months as global investor sentiment improved on faster vaccine rollout in the US and optimism around American President Joe Biden's major infrastructure package.

Market players said JSW Steel's completion of the resolution plan for Bhushan Steel and Power, which included payment of Rs 19,350 crore to banks, helped boost sentiment. They also attributed the sharp up-move to technical factors, such as the rebalancing of Nifty indices taking effect. Analysts said many blue-chip stocks had entered "oversold" territory last week, having come off sharply from their February highs.

The benchmark Sensex rose 1,128 points, or 2.3 per cent, to end the session at 50,136. The Nifty50 index ended the session at 14,845, a gain of 338 points, or 2.3 per cent. The indices posted their biggest jump since February 2 as investors chose to overlook rising bond yields in the US, the prospects of a fresh lockdown in the financial capital Mumbai, and the fallout of the collapse at Archegos Capital.

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The market breadth was mixed, with 1,518 stocks advancing and 1,433 declining. Barring three, all Sensex stocks ended the sessions higher. HDFC Bank was the best-performing stock with a gain of 4.1 per cent. The stock alone made a 229-point contribution to the Sensex gain.



Resuming trade after a three-day break, India was the best-performing major market on Tuesday. Experts said it remains to be seen if the markets can hold on to the gains as US yields have started to edge higher once again.

The US 10-year Treasury yield jumped 6 basis points to top 1.77 per cent, the highest in 14 months, on worries that the broad economic recovery in the US will fuel inflation.

On Monday, Biden announced his vaccination plan, saying that 90 per cent of American adults will be eligible to get a Covid-19 shot by April 19. The president is also expected to introduce a \$3-trillion infra package aimed at rebuilding infrastructure like highways, bridges, and rail lines.

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Technology stocks were among major gainers amid an appreciation in the dollar. The dollar rallied against most emerging market currencies following the rise in yields. The rupee slumped 87 paise to close at 73.38. Shares of HCL Tech, Infosys, and TCS rose over 3 per cent each.

Metal stocks continued to rally on optimism that commodity prices will remain elevated.

Going ahead, investors will take cues from core sector data and auto sales figures. "Economic growth and inflation will be the other two factors determining market movement. As economic activity rises and inflation does not see an upsurge in the next 12 months, we will continue to see a roaring stock market," said Saurabh Mukherjea, founder, Marcellus Investment Managers.

Technical analysts said the markets have the potential to gain sharply from current levels.

Nagaraj Shetti, technical research analyst, HDFC Securities, said if the Nifty manages to cross 14,900, a major technical hurdle, the index may rise to 15,200. On the downside, the index will have support at 14,750, he said.

The Sensex is currently 4 per cent below its peak of 52,154 made on February 15.

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