

# Top five factors that can chart market direction this holiday-shortened week

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The domestic market closed flat for October, but November could be a tricky month for investors across the globe amid uncertainty over the US presidential elections.

The Nifty50 closed 0.68 per cent lower for the week ended October 30. It slipped 0.14 per cent in the special mahurat trading on Sunday to close at 8,625.

The market came under pressure and traded sideways last week as it lost over half a per cent amid mixed quarterly results and removal of Cyrus Mistry as the Chairman of Tata Sons, which triggered a slide in the shares of the group companies.

However, the situation improved slightly in last two sessions and the Nifty50 managed to settle above 8,600, which will act as a major support for the index.

Though the coming week, the market is likely to take cues from quarter earnings, US elections, domestic macro data and foreign portfolio flows.

"Of late, the market has been under pressure. It lost about 400 points in the matter of nearly two months. During October, FIIs remained net sellers to the tune of Rs 4,885 crore," Abnish Kumar Sudhanshu, Director & Research Head, Amrapali Aadya Trading & Investments, told ETMarkets.com.

Going by the buzz on Dalal Street, here is a list of five factors that can chart market direction through the week:

**Uncertainty over US Presidential elections:** Stock markets across the world, including India, could witness some volatility as investors were rattled by the news that FBI was planning to review more emails related to Democratic presidential candidate Hillary Clinton's private server, just a week before the election.

"The countdown to the US presidential election will begin this week, which may add further volatility to markets across the globe," Jayant Manglik, President, Retail Distribution, Religare Securities, told ETMarkets.com

Federal investigators have secured a warrant to examine the newly discovered emails, Reuters reported on Sunday citing a source familiar with the matter said. Clinton allies

worried the prolonged controversy could extend beyond the November 8 election and that may cast a shadow over a Clinton transition if she wins the White House, it said.

**October auto sales data:** Four-wheeler and two-wheeler stocks will be in focus through the week as auto sales numbers for October will be announced on November 1 onwards. Shares of Maruti SuzukiBSE 0.06 %, Hero MotoCorpBSE 2.13 %, Bajaj AutoBSE 0.49 % and Ashok LeylandBSE -1.05 % will be on the watch list.

**Quarterly earnings:** Some 190-odd companies will report earnings through five days till Friday. Among them are Ambuja CementsBSE 0.33 %, PfizerBSE 0.57 %, Berger PaintsBSE -0.93 %, GatiBSE -1.59 %, TitanBSE 0.24 % Company, United Breweries, Monsanto IndiaBSE 0.01 %, Whirlpool of IndiaBSE -2.17 % and EIH.

**Macro data:** At home, manufacturing PMI and services PMI data are due next week, which investors will be watching closely. The Nikkei India Manufacturing PMI data for October is scheduled to be released on November 1 and the Nikkei India Services PMI will be out on November 3.

India's factory activity expanded for the ninth straight month in September. The Nikkei India Manufacturing Purchasing Manager's Indices (PMI) came in at 52.1 in September compared with 52.6 in August, indicating that growth has lost some momentum. A reading above 50 indicates expansion and a print below 50 shows contraction.

**Technical outlook:** The rangebound market ended the week on a flattish note. The index moved in a tight range of 150 points. It witnessed selling pressure towards 8,700 levels while strong support near 8,550 levels.

"Going forward, a breakout from this range is likely to set the direction for the next intermediate-term trend. Part of the reason why the market was volatile this week was attributed to the F&O contract expiry last week as an investor was active to roll over the position into the next contract," Rohit Gadia, Founder & CEO, CapitalVia Global Research, told ETMarkets.com.

The interest to buy on dips still remains intact which indicates a resumption of the medium-term uptrend. If the index manages to sustain above 8,700 the further rally towards 8,900 is possible.

"A move above the 8,700 level and sustaining above this will improve the outlook for some of the medium-term indicators, which have started showing signs of negativity and may improve the technical context of the market," he said. Until this happens, the market is likely to trade in a range.