



# Bloodbath on Stock Market

- By Ankit Agrawal

**LIVE NOW**

## Stock market live: Sensex crashes 1,190 points to close at 55,822 amid Omicron fears; Nifty ends below 16,650

Markets plunged as raging global Omicron infections threatened to derail economic recovery. Besides, continuous selling by foreign institutional investors (FIIs) also dented investor sentiments. Stay ... [READ MORE](#)

# UPSC/IAS | (Pre + Mains) Smart Course



**No Cost EMI  
Available**



Visit [studyyiq.com](https://studyyiq.com) or Download The APP







ankitmay28

Edit Profile



235 posts

74.6k followers

210 following

**Ankit Agrawal**

Educator at StudylQ

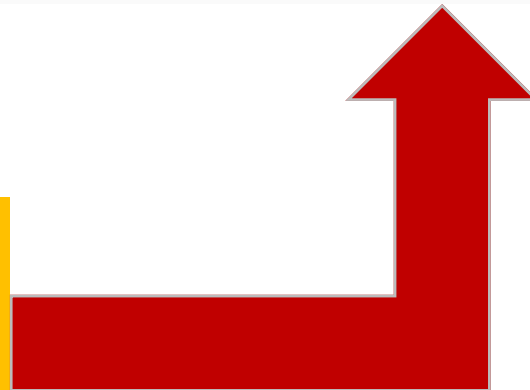
The only solution- 'EDUCATION'..

Knowledge makes you a better HUMAN..

Foodie...

[www.youtube.com/playlist?list=PL2TgM-3jib3klQTg3U\\_tRHub7mEqLMy8z](https://www.youtube.com/playlist?list=PL2TgM-3jib3klQTg3U_tRHub7mEqLMy8z)

**Playlist**  
**For all my Videos.**

ankitmay28

Ankit Agrawal Official

53,726 subscribers



## WHAT HAS HAPPENED?

Stock markets fell sharply on Monday (December 20), with the main indices plummeting by up to 3.29% in intra-day trade as sustained foreign investor selling and policy tightening plans by global central banks amid rising cases of the Omicron variant hit sentiment.

The benchmark Sensex, which had fallen by 1,879 points at one stage, was quoting 1,429 points (2.51%) down at 55,582.51 at 2 pm, while the NSE Nifty index was down 448 points (2.64%) at 16,537.15.1

55,822.01

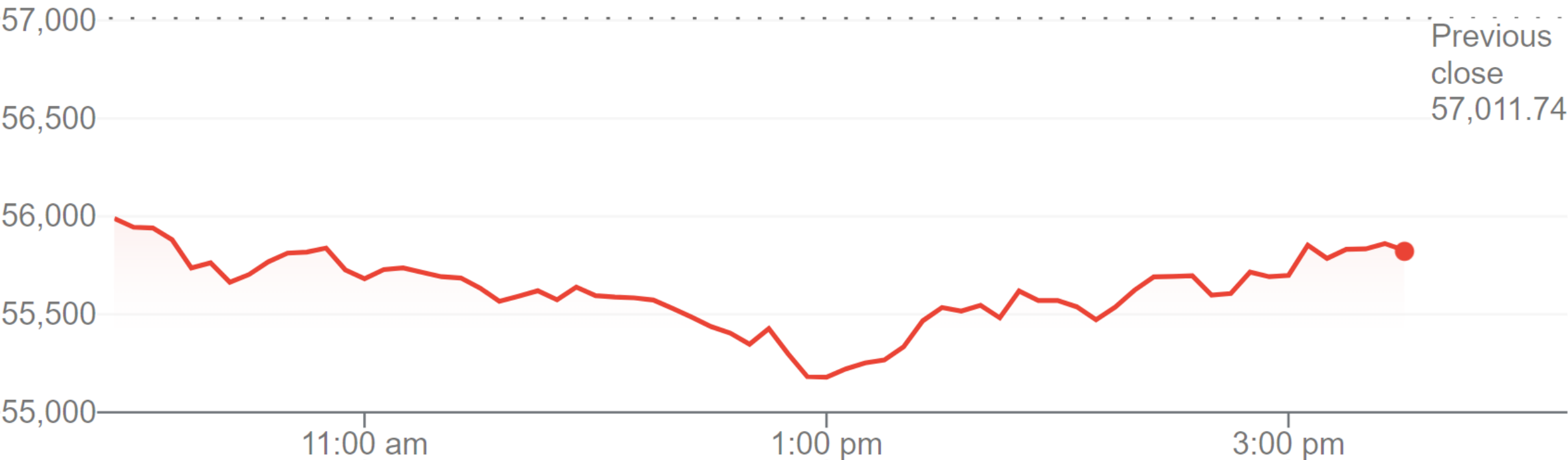
-1,189.73 (2.09%) ↓ today

20 Dec, 3:40 pm IST • Disclaimer

INDEXBOM: SENSEX

+ Follow

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Monday's sell-off was **one of the most significant selling pressures** witnessed recently on Dalal Street. The **RIL stock was trading 3.19%** down and **HDFC Bank** showed a **decline of 3.01%**.

**Tata Steel (4.76%)** and Tata Motors (5.01%) were also trading lower.

The **BSE mid-cap index fell 3.86%**, and the **small-cap index fell 3.60% in intra-day trade.**

s › Markets › Stocks › News › Monday Mayhem! Sensex ends at lowest level in 4 months; investors lose Rs 6.81 lakh cr

## Monday Mayhem! Sensex ends at lowest level in 4 months; investors lose Rs 6.81 lakh cr



Investors were left poorer by Rs 6.81 lakh crore as their wealth reflected by the total **market cap of BSE-listed** firms stood at **Rs 252.55 lakh crore.**

## SELLING BY FOREIGN INVESTORS

Foreign portfolio investors (FPIs) have been pulling out funds from Indian markets in the last three months in the wake of signals from global central banks that interest rates are likely to go up in the coming quarters.

In December alone, FPIs withdrew Rs 25,252 crore from stock markets, and Rs 73,526 crore (\$ 9.8 billion) between October 1 and December 17, according to figures available from the National Securities Depository Ltd (NSDL).

In calendar year **2021** so far, FPIs have withdrawn  
**Rs 47,126 crore** from the stock markets.

Year-end FPI selling is also in play, as **they are booking  
profits to show higher returns and profits.**

## CENTRAL BANKS PLAN RATE HIKE

Major global central banks like the **US Federal Reserve** have **already indicated that the 'easy money' policy will be tapered down,** and interest rates are likely to be jacked up to **tackle rising inflation.**

The **Bank of England increased the policy rate on Friday.**

**If the US Fed and other major central banks hike rates, FPI outflows will likely intensify in the coming weeks.**

The Fed, which is seeking to ramp up efforts to control inflation that is at an almost four-decade high, has signalled that the reign of **easy policy is coming to an end.**

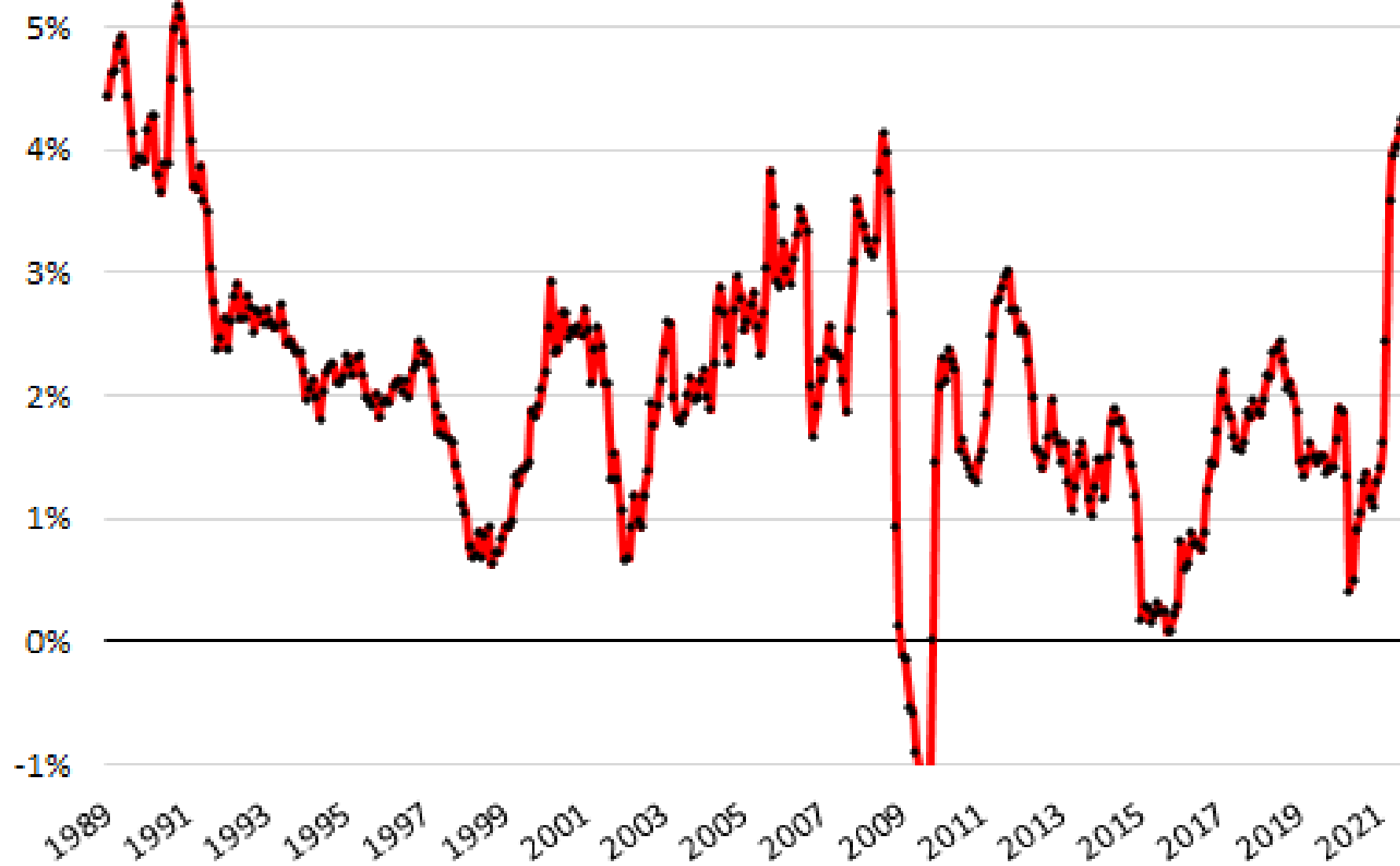
The planned \$30 billion per month acceleration of tapering will bring pandemic-driven bond purchases to a close in March 2022, setting the stage for a **hike in the Fed funds rate.**

If inflation rises, the RBI is also likely to unwind its accommodative policy and **hike rates next year.**



# Inflation: PCE Price Index, Year-over-Year

Year-over-year



Source: BEA, St. Louis Fed

WOLFSTREET.com

## RISING OMICRON CASES

The rising cases of the **highly transmissible Omicron variant** have **prompted investors to be cautious.**

Investors are mostly **worried about the likelihood of travel restrictions and lockdowns, which will impact the economy.**

The **Indian economy**, which is on the comeback trail after the disruptions of the first and second waves of the pandemic, **is likely to take a hit if Omicron cases rise sharply in India.**

Going forward, the **emergence of the Omicron strain has heightened the uncertainty** in the **global macroeconomic environment**,

**Accelerating risks to global trade with resumption of travel restrictions/quarantine rules at major ports** and airports, the RBI said in its 'State of the economy' report last week.

The **Netherlands is the latest** in the region to have **imposed a “painful” lockdown right in the middle of festival season.**

The **UK had already imposed travel restrictions**, and countries like Germany and Austria were just recovering from their latest waves.

## WHAT SHOULD INVESTORS DO?

Analysts say that **long-term investors should stay invested** as the **prospects for the Indian economy remain bright.**

“They **should not panic and sell stocks** as a **knee-jerk reaction** to the sell-off on Monday. Markets had **plunged last year as well, but** they **recovered sharply** as things were **brought under control.**”

**Besides, domestic institutions including mutual funds have been buyers in the market these days,**” BSE dealer Pawan Dharnidharka.

Prashant Tapse, Vice President, Mehta Equities, said, “**As long as headline inflation and Omicron risks remain elevated, investors need to remain nimble footed as the economic recovery will probably be in a zig zag mode.**”

The **ongoing pessimism indicates** that the **recent dramatic crash is nowhere near over.”**



**Q. The market in which securities instruments are directly traded between the capital raiser and the buyer is known as?**

- A) Tertiary market
- B) Relative market
- C) Secondary market
- D) Primary market



# Bloodbath on Stock Market

- By Ankit Agrawal

# UPSC/IAS | (Pre + Mains) Smart Course



**No Cost EMI  
Available**



Visit [studyyiq.com](https://studyyiq.com) or Download The APP





Telegram

taking back our right to privacy

PDF on Telegram



Ankit Agrawal Official

78,154 subscribers



[t.me/ankitagrawalofficial](https://t.me/ankitagrawalofficial)

Link

[ankitmay28](#)



[ankitmay28](#)

PDF on Facebook



[ankitmay28](#)







ankitmay28

Edit Profile



235 posts

74.6k followers

210 following

**Ankit Agrawal**

Educator at StudylQ

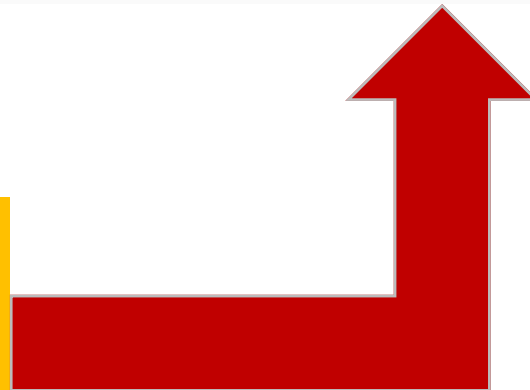
The only solution- 'EDUCATION'..

Knowledge makes you a better HUMAN..

Foodie...

[www.youtube.com/playlist?list=PL2TgM-3jib3klQTg3U\\_tRHub7mEqLMy8z](https://www.youtube.com/playlist?list=PL2TgM-3jib3klQTg3U_tRHub7mEqLMy8z)

**Playlist**  
**For all my Videos.**

ankitmay28

Ankit Agrawal Official

53,726 subscribers

