Bear Market

Why in news?

Recently investors sold off stocks across the board leading to fall in the stock market indices.

What led to the sell-off in Indian market?

- Earlier, US 10-year bond yield climbed to 1.614% which was highest in a year due to concerns over inflation in the country.
- Due to this US Federal Reserve had to either lower the monthly bond-buying or to hike the interest rates.
- This affected the India markets as it is the major recipient of foreign inflows.
- The rising crude oil prices and increasing geopolitical tension between US and Syria also raised concerns among the investors.
- Moreover GDP data for the 3rd quarter which is yet to be released is also adding volatility to Indian market.

How do Indian markets further respond?

- Investors will keenly monitor the data like auto sales numbers and manufacturing PMI and services PMI.
- But the rising bond yields continue to remain a key concern for equity markets worldwide despite positive statements by US Fed.
- It is expected that there will be further decline in the indices.

Is the bull market over?

- Though markets are witnessing volatile movements they are not expected to fall further.
- Indian markets have witnessed a positive performance in the earlier months due to strong foreign flows, improvement in the macroeconomic fundamentals and corporate earnings growth.
- Therefore conditions for a structural bull market remain intact in India.
- Hence long-term investors will use this opportunity to take advantage of volatility and accumulate quality businesses at reasonable valuations and price points.
- The market will gain momentum when global market gets stabilised.
- This will be achieved by maintaining accommodative monetary policy and a

positive growth.

Source: The Indian Express