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Market Wrap

March 14, 2018

PSU banking stocks rise; WPI inflation eases in February 2018..

Benchmark indices trimmed their morning losses to end largely flat on Wednesday following a positive wholesale price inflation data.

The S&P BSE Sensex ended the day at 33,836, down 21 points while the broader Nifty50 index settled at 10,411, down 16 points.

Among banking indices, the Nifty PSU Bank index ended 1.75% higher on Wednesday. The index had hit an intra-day low of 2,846. Shares of public sector undertaking (PSU) banks moved higher by 4% in noon deals, bouncing back upto 8% from their early morning lows on the National Stock Exchange (NSE).

Oriental Bank of Commerce (OBC), Union Bank of India, Syndicate Bank, Bank of Baroda (BOB) and Indian Bank were up more than 2% on the NSE. All these stocks have recovered by more than 5% from their respective intra-day lows.

RBI, on Tuesday, had barred banks from issuing guarantees in the form of letters of undertaking (LoU) as it clamped down on the import financing route used by fugitive jeweller Nirav Modi and his uncle Mehul Choksi for allegedly committing India's biggest bank fraud.

In key economic data released Wednesday, India's annual wholesale price inflation eased to 2.48 per cent in February for the third straight month after touching an eight-month high in November, helped by a softer rise in food and fuel prices.

Sectors and stocks

Nifty PSU Bank index also recovered sharply, rising 1.75 percent at close despite the Punjab National Bank fraud amount increased to 13,640 crore from earlier estimate of 12,700 crore.

IDBI Bank, Andhra Bank, OBC, Union Bank, Syndicate Bank, Allahabad Bank, Indian Bank, Canara Bank, Bank of Baroda, Yes Bank and PNB rallied 1-10 percent.

ICICI Bank, SBI, HDFC Bank, Axis Bank and IndusInd Bank gained 0.2-0.9 percent.

IOC shares fell 3 percent as the stock will trade ex-dividend from Thursday onwards. HDFC, Bharti Infratel, ONGC, Hero Motocorp and Tata Steel among others were down 1-3 percent.

The broader markets outperformed frontliners, with the Nifty Midcap index rising 0.4 percent.

TV Today, Network 18, TV18 Broadcast, Zee Media, Jaiprakash Associates, Kwality, KPIT Technologies, Fortis Healthcare, Himadri Chemicals, United Spirits, VST Industries and Venky's gained up to 18 percent. PFC, REC, Amtek Auto and Alok Industries fell up to 5 percent.

Fortis Healthcare advanced 4 percent as Yes Bank acquired 17.3 percent stake in the company.

Global Markets

Asian shares eased on Wednesday amid fears of rising US protectionism as President Donald Trump fired his Secretary of State, regarded as a moderate in his administration, and eyes hefty tariffs on Chinese imports.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.3 per cent, retreating from a 1-1/2 month high hit on Tuesday.



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