



Market Wrap

Oct. 17, 2017

Samvat 2074 can be much bigger; Nifty at record high..

As the market draws curtains to an eventful Samvat 2073 at an all-time high, the new one is likely to take it further into uncharted territory.

From the demonetisation drive that sought to curb the menace of black money in the economy to implementation of goods and services tax (GST) bill and a possible delay in the earnings of India Inc, the markets have taken the developments in their stride. At the global level, the surprise victory of Donald Trump in the US presidential election, geopolitical tensions and monetary policies of global central banks impacted sentiment. Yet, the Indian markets notched up gains of around 17% during Samvat 2073.

The market rally during this period has mostly been supported by domestic flows in the absence of a heavy investment by foreign institutional investors (FIIs), who withdrew over \$4 billion (nearly Rs 26,000 crore) in just two months since August. During the same period, mutual funds (MFs) bought shares worth close to Rs 50,000 crore.

Equity benchmarks ended rangebound session flat on Tuesday after the rally in previous three consecutive days, but the broader markets outperformed despite balanced market breadth. The 30-share BSE Sensex snapped three-day winning streak, falling 24.48 points to 32,609.16 while the 50-share NSE Nifty ended at fresh record closing high of 10,234.50, up 3.60 points.

Going ahead, we believe the pace of local flows will depend on how the economy and corporate earnings shape up. That apart, markets will also track global developments, such as monetary policies of central banks, geopolitical situation and commodity prices, especially oil.

Sectors and stocks

Banks were lower today. HDFC Bank, IndusInd Bank, Kotak Mahindra Bank and SBI declined 0.3-1.4 percent while Yes Bank gained 1.6 percent.

Axis Bank continued to fall, down 1.8 percent as investors cautious ahead of earnings later today. Bajaj Auto ended at record closing high, up 1 percent post better-than-expected operational numbers in Q2.

UltraTech Cement jumped 2.1 percent ahead of earnings on Wednesday.

Telecom stocks continued to rally. Bharti Airtel was up 2.8 percent on top of 5 percent upside in previous session. Idea Cellular rallied 8 percent while Bharti Infratel was up 1.6 percent.

Cipla was biggest gainer among Nifty 50, up 4 percent followed by HPCL, Indiabulls Housing and BPCL that rallied more than 2 percent.

HT Media, DHFL, ICICI Lombard, Atul Auto and Federal Bank gained 1-5 percent post earnings. DCB Bank, Delta Corp and Colgate were down 2-3 percent after earnings.

BASF India, Adani Transmission, NBCC (India), Radico Khaitan, Trent, Uflex, Tata Chemicals, NIIT Technologies and Federal Bank are among 14 stocks from the S&P BSE500 index, which hit their respective new highs on the BSE in an otherwise subdued market.

Ashok Leyland, Bajaj Auto, Avanti Seeds, Bombay Burmah Trading Corporation and Gujarat Narmada Valley Fertilizers & Chemicals (GNFC) too hit new highs on Tuesday.



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