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Market Wrap

March 08, 2018

Short covering witnessed in banking stocks; domestic bourses take a breather..

Benchmark indices ended higher on Thursday after six sessions of losses, as Asian equities rose on hopes that US President Donald Trump's plan to introduce hefty tariffs on steel and aluminium imports could exclude certain key partner countries.

Among sectoral indices, the Nifty PSU Bank index rose over 2% higher today led by a rise in shares of State Bank of India, Bank of Baroda and Syndicate Bank.

Shares of telecom service providers rose by up to 5% on the Bombay Stock Exchange (BSE) in intra-day deals but later ended flat for the day. The government, on Wednesday, cleared a relief package for the debt-ridden sector, giving more time to operators to pay for the spectrum bought in auctions.

The government has cleared the much-awaited relief measures for the debt-ridden telecom sector, providing operators the option of paying their spectrum instalments in a longer time frame and easing the spectrum holding limits.

Sectors and stocks

On the stock front, banking & financials stocks rallied smartly on short covering as the Nifty Bank index was up 343 points and PSU Bank index rose 2.8 percent while Financial Services index gained 1.5 percent.

ICICI Bank, HDFC Bank, SBI, Punjab National Bank, Bank of Baroda and HDFC rallied 1-4 percent while Reliance Industries (up 2.4 percent) and Infosys (up 1.1 percent) also supported the market.

Midcaps also gained strength, with the Nifty Midcap index rising half a percent but still underperformed frontliners due to weak market breadth. About 1,507 shares declined against 1,189 advancing shares on the BSE.

Bhushan Steel shot up 16 percent after Tata Steel identified as the highest evaluated compliant resolution applicant for acquisition of the debt-ridden company. However, Tata Steel fell 1.8 percent.

Amtek Auto and its group companies Castex Technologies & Metalyst Forgings were locked at 5 percent upper circuit after Liberty House, the global industrial and metals group, was chosen as preferred H1 bidder for debt-laden company's assets. EIH, Trent, Manappuram Finance, Edelweiss Financial, Puravankara, DFM Foods, Ashok Leyland, Radico Khaitan, Federal Bank, Bank of Maharashtra, Balrampur Chini, Triveni Engineering and Dhampur Sugar gained 2-8 percent.

Lupin, RBL Bank, Tata Motors, Kajaria Ceramics, Bosch, GlaxoSmithKline Pharmaceuticals, Adani Power, Rural Electrification Corporation (REC), Siemens, Power Finance Corporation (PFC) and Suzlon Energy were among 49 stocks from the S&P BSE500 index that hit their respective 52-week lows on the BSE in intra-day trade on Thursday. Karnataka Bank, RBL Bank, IDFC Bank, Canara Bank, Allahabad Bank, Andhra Bank, Bank of Maharashtra, Jammu & Kashmir Bank, Lakshmi Vilas Bank, Syndicate Bank, UCO Bank and Vijaya Bank were among 14 banks from the public and private sector hit 52-week lows today. Most of the sugar companies stocks were trading at their multi-years low following bumper stocks against thin demand.

Lupin, hit a fresh 52-week low of Rs 750, down 1.4%, extending its 8% decline in past five trading sessions. In past six months, the stock dipped 22% against 4.5% rise in the Sensex. US Food and Drug Administration's warning letters to two Lupin plants in Goa and Indore in November was the main reason for the decline in the stock price. Tata Motors, too, was trading 1.4% lower at Rs 343, falling 17% in past three months, against 0.54% decline in the benchmark index. The company said Jaguars and Land Rovers (JLR) total retail sales in February dropped by 2.6% year on year at 39,911 units. "Solid demand in China (3.3% up) and other overseas markets (1.5% up) was offset by lower sales in the UK (15.2% down for the month) and Europe (6.9% down), where trading conditions remained challenging," Tata Motors said in a press release. Andy Goss, Jaguar Land Rover Group Sales Director, said: "While February is a short month and we are continuing to see weaker market conditions in Europe and the UK in particular largely reflecting diesel uncertainty, we saw strong sales of the new Discovery and Velar models in the month. Sales of the new 18 model year Range Rover and Range



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Rover Sport and Jaguar E-Pace are still ramping up heading into March which is normally our biggest sales month largely as a result of the registration plate changeover in the UK.”

Global Markets

Asian shares outside Japan rose sharply as fears of a global trade war eased after White House signalled that the proposed hefty US tariffs on steel and aluminium imports could exclude Canada, Mexico and a clutch of other countries.



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