



Mr. Ajmera's column as on 16th November, 2013

"Benchmark indices loose on weekly basis owing to profit booking"...

Sensex closed 205 points or over 1% higher at 20,399 levels and Nifty surged almost 67 points higher to close at 6,056 levels on Thursday marking an end to a 7-day losing streak of frontline stocks on both the indices. The Sensex scrapped over 1045 points in the last seven trading sessions before Thursday, after touching its life-time closing high of 21,239 on mahurat session of Diwali. After seven straight sessions of losses partially recovered on hopes that scaling back of US bond 85-billion-a-month bond buying program has gone on the backfoot for now. Also, Reserve Bank of India (RBI) governor Raghuram Rajan's attempt to talk up the rupee and calm equity and bond markets, on Wednesday, helped adding to the positive sentiment. The relief came amid heavy profit-taking in frontline stocks at higher levels after benchmark stock indices scaled record high levels. After which market sentiment went for a toss on weak October inflation data, industrial production data and better than expected US jobs numbers. The sentiment on Thursday was largely boosted by US Federal Reserve's incoming boss Janet Yellen, who said the US economy and labour markets were functioning "far short of their potential and had to improve before the stimulus programme could be rolled back". Yellen's comments late Wednesday suggested that the tapering of the US Federal Reserve's 85-billion-a-month bond buying program may not kick off earlier than expected. This gave a fresh boost to hopes of easy liquidity to continue its eastwards flow towards emerging markets such as India, facilitated by FII's. Market participants dubbed Yellen's comments of an indication that QE 3, would stay for a while which spurred a rally in global shares.

Thursday's recovery in key stocks benchmarked in Sensex and Nifty indices helped limit losses after Nifty closed at a 1-month low level of 6079 on weak sentiment. Mahindra & Mahindra surged 5.27% in the week. Mahindra & Mahindra (M&M) and Mahindra Vehicle Manufacturers (MVML) (entity) reported gross revenue and other income dropping 8.34% to Rs. 9887.6 crore in Q2 September 2013 over Q2 September

2012. PAT was down 1.78% to Rs. 1303.6 crore in Q2 September 2013 over Q2 September 2012. After providing for tax, the profit rose 5.06% to Rs 1027.6 crore Q2 September 2013 over Q2 September 2012. The operating margin of the entity rose to 14.5% in Q2 September 2013 from 13.8% in Q2 September 2012. The company announced Q2 September 2013 results during trading hours on Wednesday, 13 November 2013.

Tata Motors added 0.25% during the week. Also, Tata Motors' global October wholesales (including Jaguar Land Rover) stood at 88,881 units. Global wholesales of all commercial vehicles – Tata and Tata Daewoo range – were 38,067 units.

ONGC fell 2.56%, dragging BSE oil & gas index down with it, in the week after posting its September quarter results. The company's net profit rose 2.83% to Rs 6063.86 crore on 9.69% growth in total income to Rs 23897.64 crore in Q2 September 2013 over Q2 September 2012. The result was announced after market hours on Wednesday, 13 November 2013.

Coal India, which posted its Q2 results also on Wednesday lost 5.89% during the week. The company's consolidated net profit declined 0.83% to Rs 3052.36 crore on 5.57% growth in total income to Rs 17594.28 crore in Q2 September 2013 over Q2 September 2012. The result was announced after market hours on Wednesday, 13 November 2013.

Sun Pharmaceutical scrapped 0.41% after the company posted consolidated net profit growth of 325.63% to Rs. 1362 crore. Net sales increased 58% increase to Rs. 4192 crore as compared to same period an year ago. The drug major revised its revenue growth guidance to 25% compared to previous guidance of 18-20% for FY14.

Cipla was down 4.47% for the week gone by. Its consolidated PAT declined 26.6% to Rs. 358 crore on 14% growth in revenue to Rs. 2463 crore in Q2 September 2013 over Q2 September 2012. The result was announced after market hours on Wednesday, 13 November 2013.

Dr Reddy's Laboratories up 2.06%, Maruti Suzuki India was up 1.94% and Wipro added 0.76% from the Sensex pack were the top gainers while GAIL (down 5.82%), Sesa Sterlite (down 4.33%) and L&T (down 3.5%) were the top laggards.

Earlier, strong US jobs data re-ignited fears that Federal Reserve could soon start scaling back its 85-billion-a-month bond buying program also known as QE-3 (Quantitative easing-3) as early as December, which resulted in lower FII net buying of Indian shares for past some sessions.

In India the focus will now shift toward the state assembly elections and the RBI meeting in December especially after market soothing comments from the RBI Governor, Rajan along with statements from the Finance Minister on the similar lines. The good news is that Onion prices have crashed last week by almost ~35 percent all over India with the coming of fresh harvest into markets – the prices of other vegetables are expected to follow suit.

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