



Mr. Ashok Ajmera, CMD & CEO

Mr. Ajmera's column as on January 02, 2016

2016 was a good a beginning for markets; all eyes would be on upcoming Budget..

Markets posted gains in four out of five sessions during the week and finished the week on a firm note as investors heaved a sigh of relief after the US Federal Reserve hiked the Federal Funds Rate by 25 basis points citing confidence in the world's largest economy.

Benchmark share indices gained over 1% to rise for the third consecutive week with pharma stocks among the top gainers.

Both the Sensex and Nifty reclaimed their psychological levels of 26,000 and 7,900 respectively. For the week ended January 1, 2016, the S&P BSE Sensex ended 322 points or 1.2% higher at 26,191 while the Nifty50 settled at 7,963, up by 102 points or 1.3%.

As we entered a New Year, benchmark gauge advanced on the first day of the trading session after capping the first annual fall in almost four years.

Sectors and stocks

The week has been kinder to the pharmaceutical stocks with drug makers receiving nod from United States Food and Drug Administration (USFDA) to manufacture various drugs.

Lupin soared 2.21% after the drug maker announced that it has received final approval from the USFDA for its Fyavolv Tablets, a generic version of Warner Chilcott's Femhrt Tablets.

Dr. Reddy's clocked 3.1% gains during the week after it announced the relaunch of its Eesomeprazole Magnesium Delayed-Release Capsules, a therapeutic equivalent generic version of Nexium Delayed Release capsules in the US market.



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However, Cadila Healthcare plummeted 15% during the week after it received warning letters from the USFDA about the quality of two of its drug manufacturing plants- Moraiya and Ahmedabad.

Aviation is another pack that soared high for the week after the aviation turbine fuel (ATF) was cut by 10% - lowest in nearly five years- on the back of falling international crude oil prices. Jet Airways (25%), SpiceJet (19%) and Indigo (15%) all flew high.

Individually, Reliance Industries clocked 1.4% gains for the week after the company's telecom arm- Reliance Jio announced soft launch of its fourth generation, 4G wireless services for its employees.

Another buzzing stock for the week was GAIL (India) after Qatar decided to reduce long-term gas price to \$7 a unit. This would bring down the overall gas cost for India. The stock registered 2% gains.

Global Markets

Globally, the world financial markets were closed for the latter part of the week on account of New Year holiday.

China's factory output shrunk for a fifth straight month in December. However, the silver lining is that the country's non-manufacturing activity grew strongly in December 2015.

Back home, the combined output of eight crucial infrastructure sectors constricted by 1.3% in November, pulled down by a steep fall in steel production mainly on the back of consistently declining global crude oil prices coupled with weak consumer and industrial demand

Week ahead

Macroeconomic data, trend in global markets, trend in investment activity from foreign portfolio investors (FPIs) and domestic institutional investors (DIIs), the movement of rupee against the dollar and crude oil price movement will dictate trend on the bourses in the near term.

For the week ahead, Markit Economics, business survey will unveil the monthly survey on India's manufacturing and services sector.

The market will await cues from the international markets for its direction once the financial markets reopen from the Christmas holidays. The market will start building hopes on the budget and the reform agenda of the government for the year 2016.

We believe going ahead, stock specific movements would be witnessed especially in midcaps. Action would be seen in mid Jan and Feb as markets would start discounting Budget expectations. Positive outcomes are expected from Power, Coal and Infrastructure ministries.



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