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**Mr. Ashok Ajmera, CMD**

**Mr. Ajmera's column as on June 06, 2015**

### **Worst weekly setback of 2015 witnessed; monsoon remains the key..**

The markets suffered their worst weekly setback of 2015, weighed down by weak monsoon forecasts and concerns over further interest rate easing by the Reserve Bank of India (RBI).

The benchmark Sensex on the BSE exchange ended the week 3.8 per cent lower, the most since December 2014, after four losing sessions. The National Stock Exchange's Nifty fell by a similar amount. The Sensex ended down 45 points or 0.2 per cent at 26,768.5, the lowest level in almost a month. The Nifty also fell 0.2 per cent, to 8,114.7 on Friday.

The market posted declines on all trading sessions since Tuesday, when the central bank cut its prime lending rate by 25 basis points but said further easing would depend on the monsoon's impact on domestic inflation. Also, a weaker than expected monsoon forecast has spooked investors.

According to provisional data from stock exchanges, foreign investors net-sold shares worth Rs 550 crore on Friday. In comparison, their domestic counterparts bought shares worth nearly Rs 900 crore.

### **Global Markets**

Benchmark 10-year US Treasury yields posted their steepest weekly jump in nearly two years and the dollar hit a 13-year high against the yen on Friday after jobs growth suggested the Federal Reserve will raise interest rates sooner than expected. In a wild week for government debt, German Bonds posted their worst weekly losses since the euro's inception in 1999, spurred by a revised upward inflation forecast by the European Central



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Bank and blunt comments by ECB President Mario Draghi. Uncertainty over Greece's debt obligations weighed on sentiment in Europe, but the surprisingly strong US labor market report for May pared European equity losses and led Wall Street to close mixed near break-even. US nonfarm payrolls jumped 280,000 last month, the largest gain since December, while payrolls for March and April were revised to show 32,000 more jobs were created than previously reported, the Labor Department said. The surge in jobs growth, coupled with a gain in average hourly earnings, led traders to move their bets on when the Fed will start to raise rates to as soon as October.

US benchmark Treasury debt yields jumped to their highest since October, while yields on two-year notes hit a more than four-year peak and five-year yields touched a six-month high. German 10-year yields, the benchmark for euro zone borrowing costs, were higher at 0.85 percent. The widely watched 10-year shed almost 3 percent of its value this week, the biggest weekly loss since the euro's inception in 1999. MSCI's all-country world stock index .MIWD00000PUS fell 0.78 percent, while the pan-European FTSEurofirst 300 index .FTEU3 closed down 0.88 percent to 1,543.56. For the week, the Dow fell 0.9 percent, the S&P 500 fell 0.7 percent and the Nasdaq was flat.

Greece delayed repayment of an IMF loan on Friday and a deputy minister said Athens might call snap elections to break an impasse with lenders. Oil traded near break-even in volatile trade, with Brent briefly hitting seven-week lows before paring losses. The surging dollar and an OPEC decision not to cut output in an oversupplied market sent crude prices on a roller-coaster ride. Brent settled USD 1.28 higher at USD 63.31 a barrel, after tumbling to an April 16 low of USD 60.94 a barrel.



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