



Mr. Ajmera's column as on 15th February, 2014

Market sentiments turn positive as WPI inflation falls ..

A benchmark index of the Indian equities markets closed Friday's trade 173 points up, as information technology (IT), oil and gas, bank, metal and technology, entertainment and media (TECK) stocks gained. Sensex which opened at 20,265.13 points, ended the day at 20,366.82 points - up 173.47 points or 0.86 percent from its previous day's close at 20,193.35 points. The Sensex hit a high of 20,391.95 points and a low of 20,149.01 points intra-day. The wider 50-scrip Nifty of the National Stock Exchange (NSE) closed 47.25 points or 0.79 percent higher at 6,048.35 points. The markets' sentiments were upbeat as India's wholesale price based inflation fell to 5.05 percent in January, the lowest level in seven months, on the back of slower increase in food and vegetables prices. India's main inflation indicator measured in terms of the Wholesale Price Index (WPI) was at 7.31 percent in the corresponding month of last year and 6.16 percent in December 2013. Food inflation eased to 8.8 percent in January from a high of 13.68 percent in the previous month, according to data released by the Ministry of Commerce and Industry here.

The two-week long spectrum auction ended on a cheerful note for the government, as it managed to mop up around Rs 61,000 crore because of aggressive bidding by telecom companies. The government was hoping to raise around Rs 50,000 crore from the auctions. However, industry watchers feel telecom companies could be in for trouble with banks as the expensive bids and limited room to raise tariffs could further pressure their profitability.

Globally, stocks closed higher on Friday, with major indexes notching a second straight week of gains as investors were once again willing to overlook some soft economic data stemming from bad weather. Gains were broad, with the Nasdaq closing at its highest level since 2000 and nine of the 10 major S&P 500 sector indexes rising on the day. The only declining sector was telecom, which is viewed as a defensive play. Energy, which is closely tied to the pace of economic growth, was the day's biggest advancer, up 1.5 percent. US export prices rose 0.2 percent in January, the third straight monthly increase in a potentially positive sign for global economic demand and the outlook for American manufacturers. In the latest data point affected by harsh winter weather, factory production fell 0.8 percent in January, the biggest drop in more than 4-1/2 years. Investors have been willing to forgive soft data of late, attributing weak results to bad weather as opposed to a slowing economy.

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