



STOCK BROKING, INVESTMENT BANKING, CORPORATE ADVISORY & INSURANCE



Mr. Ashok Ajmera, CMD

Mr. Ajmera's column as on February 21, 2015

All eyes on Full Union Budget by new government; reforms expected...

Indian benchmark indices closed flattish a ~0.3%. Market laggards were Petrochemicals, Real Estate & Cement. WPI inflation for January declined to a 30-year low of -0.4% YoY, indicating that the disinflationary pressures are well in place.

After much uncertainty, stock markets may indeed remain open on Saturday, February 28, when Finance Minister Arun Jaitley presents the Union Budget. Following a directive from market regulator Securities and Exchange Board of India (Sebi), exchanges BSE and NSE confirmed the development late Friday evening, saying a live session would be held as per regular trading hours. Markets have traditionally remained open when the Budget speech is read in the Parliament. Even prior to 2000, when the event would take place at 5 pm in the evening, exchanges used to re-open markets for a special trading session.

FII's were net buyers in Indian shares at Rs. 3,547 cr during the week. Mutual Funds were net buyers at Rs. 252 cr in the past week. The FII's poured US\$16bn into local stocks in 2014 while the MFs were net buyers at ~Rs. 17,500 cr.

Global Markets

The Dow and S&P 500 ended at record highs on Friday while the Nasdaq notched an eighth straight day of gains after Greek and euro zone finance ministers reached a deal to extend heavily indebted Greece's financial rescue by four months. The agreement removes the immediate risk of Greece running out of money next month and possibly being forced out of the single currency area. The Nasdaq matched an eight-session winning streak from a year ago and inched closer to its 5,132.52 all-time intraday high, reached in March 2000 just before the dot-com bubble burst. The S&P 500 ended slightly higher for the week as well, its third straight week of gains.



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Key global developments

Germany rejected a Greek proposal for a six-month extension to its euro zone loan agreement

Fed meeting had a dovish undertone implying that a rate hike in June was unlikely.

Japan's Nikkei Index hit a 15 year high, due to weaker yen & upbeat US data.

Brent crude oil fell below us\$60 a barrel on Friday as oversupply, supported by record-high U.S. crude stocks, weighed on the market.

Our Outlook

Going ahead, markets will focus on the 1st full budget of the new government which will be on 28th Feb 2015. A growth-oriented Budget with structural reforms will lead to further re-rating of the markets. However, any disappointment in the Budget will be a negative for the markets. We are cautiously positive on selected stocks in the field of Capital goods, Infrastructure, Pharma and Banking.



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