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Market wrap

Jan. 02, 2019

Auto stocks fall on poor monthly sales numbers; Sensex and Nifty end in red..

The benchmark equity indices settled over 1 per cent lower on Wednesday driven by losses in heavyweight stocks such as Reliance Industries, HDFC and HDFC Bank amid weakness in the Asian markets.

The S&P BSE Sensex ended at 35,892, down 363 points or 1.00 per cent, while the broader Nifty50 index settled at 10,793, down 118 points or 1.08 per cent.

Among the sectoral indices, the Nifty Auto index fell 3.05 per cent weighed by Eicher Motors, Mahindra & Mahindra and Maruti Suzuki. The Nifty Metal index declined 3.41 per cent weighed by Tata Steel and Vedanta.

The broader market indices too fell in line with the benchmarks. The S&P BSE Midcap index fell 1.26 per cent to end at 15,232, while S&P BSE SmallCap settled at 14,658, down 0.74 per cent.

Sectors and stocks

Eicher Motors fell 8.71 per cent to settle at Rs. 21,164 on the BSE after Royal Enfield (RE), the motorcycle franchise owned by the company, reported a 13 per cent year-on-year (Y-o-Y) decline in total sales at 58,278 units in December 2018. It had sold 66,968 motorcycles during the same month last year. On a month-on-month basis, the volume declined by 11 per cent. It sold 65,744 motorcycles in November 2018.

Shares of cash-strapped airline Jet Airways fell 6.16 per cent to end at Rs 264 apiece on the BSE after the company defaulted on the debt payments to banks. In a BSE filing, Jet Airways said, "the payment of interest and principal installment due to the consortium of Indian Banks (led by State Bank of India) on 31st December 2018 has been delayed due to temporary cashflow mismatch and the company has engaged with them in relation to the same." Following this, ratings firm ICRA downgraded rating to 'D' from 'C'. The short term rating has been revised to D from A four.

Bank of Baroda (BoB) Wednesday finalised the share swap ratio for merger of Vijaya Bank and Dena Bank with itself. As per the Scheme of Amalgamation, shareholders of Vijaya Bank will get 402 equity shares of BoB for every 1,000 shares held. In case of Dena Bank, its shareholders will get 110 shares for every 1,000 shares of BoB. The government in September last year had announced merger of state-owned Vijaya Bank and Dena Bank, with larger peer Bank of Baroda, aiming to create the third largest lender after SBI and ICICI Bank. Scrip of Bank of Baroda closed at Rs 119.40, down 3.16 per cent on the BSE. Vijaya Bank shares closed almost flat at Rs 51.05 apiece on BSE while that of Dena Bank at Rs 17.95.

Oil prices

Oil markets slid by around one percent in 2019's first trading on Wednesday, pulled down by surging output in the United States and Russia and concerns about an economic slowdown, especially in Asia's main growth region of China.

Brent crude futures were at \$53.22 per barrel, down 58 cents, or 1.1 per cent, from their final close of 2018. West Texas Intermediate (WTI) futures were at \$44.89 per barrel, down 52 cents, or 1.2 per cent.

Global markets

Asian shares turned tail on the first trading day of the new year as more disappointing economic data from China darkened the mood and upended US stock futures.



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MSCI's broadest index of Asia-Pacific shares outside Japan skidded 1.6 per cent as a private sector survey showed China manufacturing activity contracted for the first time in 19 months. The Japanese stock markets were closed for a public holiday.



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