



### Mr. Ajmera's column as on May 03, 2014

#### Investors remain cautious ahead of Lok Sabha election results due on May 16, 2014..

Market remained subdued throughout the week with the benchmark index Sensex falling 284 points or 1.25% to 22,404 and the 50-stock NSE Nifty fell 88 points or 1.30% to 6,695 levels. It was a truncated week that saw on profit booking, as investors are getting jittery with May 16-the date of election results-getting closer. The stock market was shut on Thursday on account of May Day.

India Meteorological Department (IMD) announcement that the country will likely get below-normal monsoon this year on account of the global weather phenomenon El-Nino, also weighed on the sentiment. Subdued April manufacturing data and escalation of conflict in Ukraine also played the truant.

Despite this, investors remained confident in broader markets which outperformed the benchmark indices during the week. BSE Mid-Cap index slipped by 0.22% to 7,357.46 and BSE Small-Cap index fell 64.53 points or 0.85% to 7,532.81.

Among the BSE sectoral indices that track stocks of various industrial sectors, the BSE Capital Goods, Metal and Realty indices saw immense selling pressure, all plunging between 5-6%. However, the Healthcare and IT indices were the only gainers, up 1-2%.

#### TOP LOSERS

Among the 30 Sensex shares, 23 declined and remaining shares rose.

Tata Steel was biggest Sensex loser last week. The stock slipped over 8% to Rs 391.

Sesa Sterlite dropped 6.57% to Rs 180.50. The company's cons net profit fell 31.34% to Rs 1222 cr on 7.05% rise in net sales to Rs 20784 crore in Q4 March 2014 over Q3 December 2013.

Hindalco Industries tumbled 7.81% to Rs 132.25.

M&M fell 1.28% to Rs 1,056.55. The company reported weak sales in April. M&M's auto sales declined 12% to 36274 units in April 2014 over April 2013.

Hero MotoCorp fell 0.31% to Rs 2,197. The company's total sales rose 14.4% to 571,054 units in April 2014 over April 2013.

Bajaj Auto fell 4.60% to Rs 1,904.65. Bajaj Auto's total sales fell 4% to 3.31 lakh units in April 2014 over April 2013.

Maruti Suzuki India lost 3.61% to Rs 1,885.50. The company's total vehicle sales declined 11.4% to 86,196 units in April 2014 over April 2013. Total domestic sales fell 12.6% to 79,119 units in April 2014 over April 2013.

Tata Motors fell 2.15% to Rs 414.70. The company total sales (including exports) of Tata commercial and passenger vehicles in April 2014 were 33,892 vehicles, a decline of 34% over 51,160 vehicles sold in April 2013.

Bharti Airtel fell 4.50% to Rs 325.70. On a consolidated basis, the company's net profit jumped 89.07% to Rs 961.60 crore on 13.62% increase in total income to Rs 22,260.50 crore in Q4 March 2014 over Q4 March 2013.

In economy-related cues, manufacturing activity remained stagnant in the first month of the current financial year, according to HSBC purchasing managers' index (PMI). PMI stayed put at 51.3 points in April, same as March. A reading above 50 denotes expansion and the one below implies contraction.

The country will likely get below-normal levels of monsoon rain this year, the India Meteorological Department (IMD) said on 24 April. The IMD said that the rainfall during the June-September summer rainy season will likely be 95% of the long-term average for the country.

Gold demand on Akshaya Tritiya, a ritualised date for buying the metal in India, was subdued on Friday, as economic uncertainty forced people to put off purchases.

The global markets were mixed. US stocks ended near record highs and Treasury bond yields near multi-month lows. Bond investors are reacting to a different story. Yields on the 10-year note hit a five-month low on Friday and the 30-year note's yield fell to its lowest since June after the April jobs report, which showed strong growth in payrolls but no growth in earnings and a decline in the labor force.

### Week ahead

The next batch of January-March quarterly earnings will continue to influence the near-term trend. Among major companies announcing quarterly results in the coming week are HDFC, Lupin and Ranbaxy Labs.

A major trigger for the stock market is the expectation of a stable government after the ongoing Lok Sabha elections that began on April 7 and will conclude on May 12. The results will be declared on May 16.

Foreign fund flows, global cues and rupee movement against the US dollar will also hold significance for the domestic equities.

We recommend investors to be stock specific and not to enter in speculative positions in Future & Options segment based on probable election result.

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