



**Mr. Ashok Ajmera, CMD**

**Mr. Ajmera's column as on May 09, 2015**

### **Receding taxation worries and value buying lifts markets marginally higher...**

The markets managed to end the week with marginal gains, post the rout witnessed in the preceding three weeks, thanks to value buying at lower levels and receding worries on the taxation front.

The Sensex settled above the psychologically important 27,000 mark at 27,105, higher by 94 points or 0.3% and Nifty settled above its technically crucial 8,150 mark at 8,191, up 10 points or 0.1%. The broader markets, however, underperformed the benchmark indices, with the BSE Mid-Cap index shedding 180 points or 1.7% to settle at 10,236 and the BSE Small-Cap index declining by 114 points or 1% to settle at 10,829.

The Sensex oscillated in a broad range of about 1,200 points between an intra-week low of 26,423 and a high of 27,603. The bears dominated most of the week as a worldwide sell-off in sovereign bonds dragged the Sensex down by 722 points, its 20-week closing lows, on Wednesday. But the bulls hit back with a vengeance on Friday with a 500-point rally on the Sensex, due to the return of calm in global bond markets and the government's accommodative stance on the contentious MAT issue.

Meanwhile, the government has decided to refer the contentious MAT issue -that has kept investors on tenterhooks for some time - to a high-level committee headed by Justice AP Shah.

### **Sectors and Stocks**

The FMCG, IT and metal indices gained around a percent each, while the banking index had a rough ride with losses of around 3% each.

In the FMCG space, Hindustan Unilever soared by 5% and ITC gained nearly 2%.



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IT stocks advanced, with Infosys, TCS and Wipro gaining between 1% and 2% each.

The metal space also had a good week, with Hindalco zooming by more than 7%; Vedanta, Tata Steel and Hindustan Zinc added 1-4% each.

On the other hand, banking heavyweights such as ICICI Bank, SBI and Axis Bank weakened 3-4% each. And in the larger banking universe, PNB, Bank of Baroda, Bank of India and Canara Bank nosedived by 8-14% each.

Among individual stocks, Bajaj Auto jumped more than 9% to top the gainer's list for the week, followed by Hindalco, Bharti Airtel, ONGC and RIL, which gained 3-4% each. On the loser's side, NTPC, Axis Bank and ICICI Bank registered losses of 4-5% each.

### **Outlook**

The ongoing result season, macro-economic data and parliamentary proceedings will dictate the near-term trend. The market participants would also closely watch the 27,000 mark as there could be more short-covering if the Sensex manages to hold on to this level.

There would be ample stock-specific activity in the forthcoming week, with Havells India, SRF, Dr Reddy's Laboratories, Motherson Sumi Systems, and a slew of banks including Bank of Baroda, Central Bank of India, UCO Bank, Union Bank of India, Vijaya Bank, Indian Bank and Oriental Bank of Commerce set to announce their March quarter numbers.

On the macro front, the government will unveil data on inflation based on the consumer price index (CPI) for April and the Index of Industrial Production (IIP) data for March 2015 on May 12. The government will release data on inflation based on the wholesale price index (WPI) for April on May 14.

The much-delayed and anticipated goods and services tax (GST) bill is expected to be taken up in Rajya Sabha on Monday. Passage of both the GST bill and the land acquisition bill would be a huge boost for the markets, while a potential slate-mate could dampen the sentiment on Dalal Street.

We, however believe that every fall in the prices of good quality stocks due to selling by FIIs is providing a good opportunity for domestic investors to get into these stocks. We are cautiously optimistic on Indian markets.



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