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**Mr. Ashok Ajmera, CMD & CEO**

**Mr. Ajmera's column as on 20<sup>th</sup> Feb, 2016**

**Markets would remain volatile ahead of F&O expiry; all eyes on Railway Budget & Economic Survey next week..**

Benchmark share indices rebounded this week to end 3% higher to record their biggest weekly gain in 2016 on the back of positive global cues, rally in crude oil prices and value buying in large caps.

In the week to February 19, the S&P BSE Sensex ended up 723 points or 3.15% at 23,709 and the Nifty50 ended up 230 points or 3.29% at 7,211. This was their highest weekly gains since October, 2015.

In the broader market, the BSE Mid-cap index gained 1.95% while the Small-cap index surged 2%, underperforming the benchmark indices.

In the macro-economic front, the wholesale price index based inflation fell for the 15th straight month in January, dropping 0.90% compared to 0.73% in December.

According to Moody's Investors Service, country's economy will grow at 7.5% in 2016 and 2017 as it is relatively less exposed to external headwinds, like China slowdown, and will benefit from lower commodity prices.

### **Sectors and stocks**

Dr Reddy's Laboratories rallied 7.5% after the company said it will buyback around 4.49m shares representing 2.6% of the existing paid up capital of the company, at a price not more than Rs 3,500 per share under the open market route.

Tata Steel surged over 16% after the company said it plans to invest about Rs 2,000-2,500 crore for development of infrastructure at Gopalpur in Odisha in the near term.



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Adani Ports zoomed around 17% on media reports that a foreign research house upgraded the stock to outperform from neutral citing attractive valuations.

Bank of Baroda witnessed a sharp rebound, surging 22% after the management said that all non-performing assets were accounted for in the third quarter and it could return to profitability next fiscal. Further, the management also said that it would require no further capital infusion. The stock zoomed over 21%.

Shares of oil exploration & production companies such as Cairn India and ONGC surged upto 11% on the back of sharp surge in global crude oil prices after Iran welcomed plans by Russia and Saudi Arabia to cap production.

BHEL was the top Sensex loser, down over 2.5%. The stock slipped below Rs 100 mark to Rs 98.75 on Friday, its lowest level since August 2005 on the BSE. Foreign brokerage UBS has maintained its 'sell' call on BHEL and has reduced target price to Rs 70 from Rs 115 per share.

State Bank of India rose over 6%. The bank has raised Rs 3,000 crore through issue of bonds on a private placement basis.

### **Global markets**

A halt in this week's rally in oil prices held back European stocks and pushed German Bond yields below 0.2% on Friday as worries about the global economic outlook lingered on.

The renewed aversion to risky assets pushed the Japanese yen to 2 1/2-year high against the euro. Sterling held steady as talks for a changes in Britain's European Union membership dragged on through the night.

Brent futures were little changed at \$34.27 a barrel after ending the previous day down 22 cents. A record buildup in US crude stockpiles stoked concern about global oversupply, outweighing moves by oil producers, including Saudi Arabia and Russia, to cap oil output.

The pan-European FTSEurofirst 300 was down 0.38% at 1,289.03 points. In spite of the decline, the index was on course for its best week since January 2015. Britain's FTSE 100 was down 0.1%.

The declines track losses in Asian shares, which slipped from near three-week highs. Assets perceived as safe havens did well, with German 10-year Bund yields falling 2 basis points to 0.19%. Ten-year US T-note yields also fell 2 basis points, to 1.74%

### **Week ahead**

Markets will may remain volatile next week as traders roll over positions in the futures & options (F&O) segment from the near month February 2016 series to March 2016 series. The February 2016 derivatives contracts are set to expire on Thursday.

Stocks of companies from steel, cement, coal, iron ore and fertilizer sector will be in focus as Railway Minister Suresh Prabhu presents Railway Budget for 2016-17 in the Lok Sabha on February 25.



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The Finance Ministry will present Economic Survey for 2015-16 in parliament on February 26.

The next major trigger for the stock market is Union Budget 2016-17, which will be unveiled in the Parliament by the finance minister Arun Jaitley on February 29.

Among key global data, Eurozone Markit PMI Composite index for February is scheduled for release on February 22. US new home sales data for the January 2016 is due for release on February 23. US Q4 GDP data is due on Friday, February 26.



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