



Mr. Ashok Ajmera, CMD

Mr. Ajmera's column as on June 27, 2015

Domestic bourses shrug off weak global concerns and gained for second straight week..

Benchmark share indices gained for the second straight week, shrugging off weak global cues, after above normal monsoon eased concerns over rising food inflation thereby rekindling hopes of further monetary easing by the central bank.

In the week to June 26, the 30-share Sensex gained 496 points or 1.8% to end at 27,812 and the 50-share Nifty ended up 156 points or 1.9% to close at 8,381.

The broader markets also ended higher with BSE Mid-cap index up 1.9% and Small-cap index closing 1.7% higher.

Meanwhile, RBI Governor Raghuram Rajan has asked central banks from across the world to define "new rules of the game" as he warned that the global economy may be slipping into problems similar to the Great Depression of the 1930s.

Key stocks

Rate sensitive sectors were among the top gainers on hopes of a rate cut by the central bank following the weather department's forecast that the monsoon is progressing well and is likely to cover most regions of the country.

All sectoral indices on the BSE ended in the green led by Realty Index which surged 6.5% followed by Consumer Durables up 2.9%, Capital Goods and Bankex up 2.8% each while Auto ended up 1.6%.



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In the banking pack, ICICI Bank, HDFC Bank, Axis Bank and SBI ended up 1.9-3.2% each.

BHEL ended up 3.8% after the state-run equipment maker BHEL said that it has commissioned a 250-MW unit of NTPC's Bongaigaon thermal power plant in the Kokrajhar district in Assam.

HDFC ended up 4.1% on hopes that the new housing for all mission launched by the government would drive demand for home loans.

L&T ended up 3.5% on the reports that the company would list its IT services company L&T Infotech by the end of the current calendar year.

Select auto shares ended higher on hopes of pick up in rural demand. Maruti Suzuki, Bajaj Auto and Tata Motors ended up 1.2-3.3% each.

Coal India rallied 4.2% after several brokerage houses remained bullish on the stock. Among other shares, Persistent Systems slumped 14% after the company said that the revenue growth in dollar terms is expected to be marginally lower in the current quarter (April-June 2015), due to weakness in the product engineering business coupled with the quarterly variability associated with the company's IP business.

Welspun Corp jumped nearly 35% after a promoter group company increased its stake in the company via open market purchase.

Indiabulls Real Estate surged nearly 37% after the company said its promoters will buy 10% stake in the real estate development company for Rs 538 crore.

Global Markets

Global markets, European stocks in particular, witnessed selling pressure after the new proposal presented by Greece to avoid default on its debt was rejected by the creditors. Meanwhile, reports over the weekend suggest that Greece's biggest lenders France and Germany have offered to release billions in instalments to tide over the crisis.

Further, Chinese shares witnessed a sharp sell-off on Friday with the benchmark Shanghai Composite plunging nearly 8% after regulatory vigilance on high risk margin trading while the uncertainty over Beijing's monetary policy stance also weighed on sentiment.

Ajcon's view

The outcome of the meeting of Eurogroup ministers over the weekend to resolve the Greece debt crisis would dictate the market trend on Monday.

Auto stocks will be in focus from July 1 after companies start releasing their June sales figures.



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HSBC PMI Index will be released by Market Economics revealing the state of the country's manufacturing activity on July 1 while the index for India's services sector would be released on July 3.



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