



Mr. Ajmera's column as on 30th November, 2013

"GDP numbers in line with expectations; state assembly election results to be keenly watched"...

Shares gained more than a per cent on Friday on fresh foreign institutional buying ahead of the second-quarter gross domestic product (GDP) number announcement. The BSE Sensex closed at 20,791, up 1.3 per cent, while the NSE Nifty ended the day at 6,176, up 1.4 per cent on previous day's close. Hopes of the Bharatiya Janata Party (BJP) performing well in the state elections also bolstered sentiment. On Friday, foreign investors bought Rs 745 crore while domestic were net sellers at Rs 101 crore, going by provisional data

The GDP number, 4.8 per cent, was in line with market expectations and is expected to further boost markets helped by an uptick in agriculture and construction, government data showed on Friday. Analysts polled by Reuters had forecast growth of 4.6 percent. September's figure percent was the fourth successive quarter of economic growth below 5 percent. The economy is struggling to rebound from a long slowdown. Economic growth virtually halved in two years to 5 percent in the fiscal year – the lowest level in a decade – and most economists surveyed by Reuters last month expect 2013/14 to be worse. Manufacturing rose an annual 1 percent during the quarter and mining fell by 0.4 percent, the data showed, while farm output rose 4.6 percent.

State election results' announcements will start from December 8. This year, the BSE Sensex has outperformed the National Stock Exchange (NSE) Nifty, thanks to lower exposure to banks and financials. The 30-stock index rose 5.8 per cent since the beginning of January, against a 3.2 per rise in the Nifty.

This translated into higher gains for those who invested in Sensex-based exchange-traded funds (ETFs) compared to those who invested in Nifty-based ETFs. The Kotak Sensex ETF, for instance, rose 5.2 per cent this year, against a 2.7 per cent increase in the net asset value of the Kotak Nifty ETF during the same

period. The divergence was largely due to a difference in the sectoral composition of the two indices.

Globally, the Dow and the S&P 500 dipped in thin holiday trading on Friday, but technology stocks helped lift the Nasdaq to a 13-year high. The Nasdaq got a boost from the technology sector, with Apple up 1.9 percent at US\$ 556.07, Microsoft Corp up 1.4 percent at US\$ 38.13 and Amazon Inc up 1.8 percent at US 393.62. With both the S&P and Dow on an eight-week winning streak, investors may be cautious in adding new positions. The US stock market ended its regular session three hours early at 1 pm. The Dow Jones industrial average fell 10.92 points or 0.07 percent, to end at 16,086.41. The S&P 500 slipped 1.42 points or 0.08 percent, to finish at 1,805.81. But the Nasdaq Composite added 15.136 points or 0.37 percent, to close at 4,059.886. Retail stocks were in focus as the holiday shopping season gets under way. Many stores opened on Thanksgiving for the first time ever this year, but stores had to resort to steep discounts and shoppers appeared to be making careful purchases. A week packed with data awaits investors eager for fresh clues on when the Federal Reserve will start to trim its stimulus program, as traditionally bullish December kicks off with the S&P 500 poised to mark its best year since 1998.

We advise investors to be cautious in taking a short term bet. Profit booking is advised in case the market rallies on state election results.

Your Friendly Advisor since 1986,

CA. Ashok Ajmera

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