



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

### Mr. Ajmera's column as on 5<sup>th</sup> March, 2016

#### Markets post biggest weekly gains in seven years; all eyes on IIP numbers and Gyan Sangam..

Benchmark share indices logged their best weekly gains in seven years in absolute terms and best in four years in percentage terms as foreign investors turned aggressive buyers after the Budget maintained the path to fiscal prudence and focus on rural and infrastructure sectors to boost the economy.

For the week ended March 04, the S&P BSE Sensex ended up 6.4% at 24,646 and the Nifty50 ended up 6.5% at 7,485.

In the broader markets, the BSE Midcap index ended up 6.8% while the Smallcap index ended 7.7% higher.

#### Sectors and stocks

PSU Bank shares surged after the government pledged support to keep state-owned banks in good health and the Reserve Bank of India (RBI) eased rules on their core capital requirements under the upcoming Basel III norms. Further, hopes of a rate cut also boosted sentiment for the sector. Among the PSU banks, State Bank of India zoomed 20.6%, Punjab National Bank jumped 14.5% while Bank of Baroda ended 12% higher. In the private banking space, HDFC Bank rose 6.4%, ICICI Bank surged 19.3%, IndusInd Bank rose 12% and Kotak Mahindra Bank ended up 8.4%.

Metal shares flared up after rebound in global commodity prices in addition to the government's proposal for increase in customs duty on aluminium to 7.5% from 5% and scrapping of export duty on low grade (below 58% iron content) iron ore lumps and fines boosted sentiment. Vedanta was the top gainer up 21.5% followed by Jindal Steel, Tata Steel, SAIL, Hindalco and National Aluminium up 12.6%-18.1% each.



In the capital goods space, BHEL ended up 12.8% after the state-owned engineering major said it has won an order worth Rs 5,600 crore from Tamil Nadu government for setting up of the Main Plant Package for the 2X800 mega watt (Mw) Uppur Supercritical Thermal Power Project. Further, the company has also commissioned supercritical thermal units at Karnataka and Tamilnadu. Larsen & Toubro ended up 7.5% after the company said its construction division has bagged orders worth Rs 2,213 crore.

Tata Motors surged 13.7% after robust US sales and commercial vehicle sales in the domestic market. Jaguar Land Rover (JLR) reported a strong 25% jump in US sales at 7,929 units in February 2016 against 6,327 units a year earlier. While sales of its heavier trucks grew 24%, it also sold 12% more of its light commercial vehicles in February 2016.

In the two-wheeler segment, Hero MotoCorp surged nearly 11% after the company reported a 13.6 per cent rise in sales at 5,50,992 units in February 2016 compared with 4,84,769 units in February 2015. Bajaj Auto ended up 3% after reporting a 9% increase in motorcycle sales at 2,35,282 units in February 2016 compared to 2,16,077 units sold in the same month last year.

Dr Reddy's Laboratories surged 8.4% after the company received US Food and Drug Administration (FDA) approval to launch Aloxi generics. The stock which hogged the limelight during the week was ITC which bore the brunt of selling pressure after the

Budget proposed hike in excise duty on tobacco products by 10 to 15%. However, the stock recovered sharply to finally end the week 8.6% higher after market participants believe that the excise duty on tobacco products was less aggressive than the previous two years.

### **Week ahead**

Investments by foreign institutional investors will be the key driver of the market in the truncated week ahead.

Markets will remain closed on Monday on account of Mahashivratri.

Further, markets will also react after encouraging US payrolls data could pave the way for gradual hike in rates by the US Federal Reserve. The US Labor Department on Friday said that nonfarm payrolls increased by 242,000 jobs in February.

The government will announce index of industrial production for January on Friday, March 11, 2016.

The Jobs data from the US due today and Gyan Sangam that has started today will be key drivers for the markets next week.

The 15th March 2016 Advance tax payments will present the next reality check for earnings, while the next big trigger is due in April when banks could cut base rates by 40-50bps and trigger a RBI rate cut.



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