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Market wrap

Jan. 02, 2020

Buoyancy witnessed in Indian equities; broad based buying in midcaps and smallcaps seen across sectors..

Domestic bourses turned buoyant led by gains in Asian equities, positive global cues, improved December auto sales figures, and expansion in manufacturing activity last month, GST collection figures crossing Rs. 1 lakh crore mark. Reliance Industries, L&T, HDFC twins, and IndusInd Bank were the major contributors towards today's gains.

The S&P BSE Sensex was up by 320.62 points, or 0.78 per cent, higher at 41,626.64 level, with UltraTech cement, Tata Steel, IndusInd Bank and L&T being the top gainers on the index. On the downside, TCS, Bajaj Auto, Infosys, and Nestle ended the day as top laggards.

On the NSE, the broader Nifty50 settled at record closing high of 12,283, surpassing its previous closing high of 12,271.80 (touched on December 20, 2019). At close, the Nifty index was up 100.45 points, or 0.82 per cent.

Besides, all major sectoral indices, barring Nifty IT index, ended the day in the positive territory. Nifty Metal and PSU bank indices were up over 2 per cent at close, while IT index declined 0.06 per cent. Nifty Bank index advanced over a per cent to end at record closing high of 32,438.25.

Meanwhile, broader markets settled with over a per cent gain each. The S&P BSE Mid-cap and Small-cap indices closed 1.18 and 1.44 per cent higher at 15,185.88 and 13,984.76 levels, respectively.

India VIX witnesses a fall by 0.95 percent at 11.49 levels. Lower volatility suggests that bulls have a firm grip on the market and are buying at every decline.

Key developments

India's factory activity expanded at its fastest pace in seven months in December as a jump in new orders prompted companies to ramp up production, a private business survey showed on Thursday.

The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, rose to 52.7 in the final month of 2019 from November's 51.2.

Goods and services tax (GST) collection crossed the Rs. 1 trillion mark for the second straight month in December, but fell short of the Rs 1.1 trillion target set for the last four months of 2019-20. The latest numbers, however, indicated the stabilisation of revenue collection owing to anti-evasion measures introduced by the government. The mop-up stood at Rs 1.031 trillion in December, slightly lower than the seven-month high of Rs 1.034 trillion collected in November. On a year-on-year basis, the GST receipts in December 2019 posted a growth rate of 8.9 per cent, the data released by the finance ministry showed on Wednesday. These figures are for GST on the transactions done in November and collected in the month of December.

Sectors and stocks

Shares of cement manufacturers were in demand, gaining up to 8 per cent on the BSE on Thursday, on expectations that the government's recent push towards infrastructure creation will lead to price hike on the back of increased demand.

Shares of Tata Motors climbed 3 per cent to hit an over seven-month high level of Rs. 190 on the BSE on Thursday after the company reported a 12 per cent decline in total vehicle sales in domestic market to 44,254



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units in December. The stock was trading at its highest level since May 10, 2019. Tata Motors had sold 50,440 units in the same month in 2018, Tata Motors said in a statement. The December domestic sales numbers were better than November when it reported a 25 per cent year-on-year decline in total domestic sales at 38,057 units. Total passenger vehicle sales in December stood at 12,785 units as against 14,260 units in the same month previous year, down 10 per cent. The management said that in December, retail sales of passenger vehicles was 83 per cent higher than the off-take and the dealer network stock has been reduced to lowest-ever level. Having almost completed the planned production and dispatches of BS IV, the company will start moving to BS VI production and dispatches from January and step up volumes in the coming months. Overall commercial vehicles sales continued to grow for the second month in a row, with Medium and Heavy Commercial vehicle (M&HCV) sales higher than in November. "Inquiries continued to increase gradually, with fleet owners realizing the economic benefits of replacement of their older vehicles now. Increasing enquiries and lower stocks augur well for future volumes and realization, an early indication of which can be seen in December," the company said. In the past one month, Tata Motors' stock has outperformed the market by surging 18 per cent, as compared to 2 per cent rise in the S&P BSE Sensex.

Shares of Apollo Hospitals Enterprise jumped 5.2 per cent to Rs. 1,501.5 per share on the BSE on Thursday after the company said Insurance Regulatory and Development Authority of India (IRDAI) has approved HDFC's bid to acquire 51.2 per cent stake in Apollo Munich Health Insurance Company (AMHI). Competition Commission of India (CCI), and Reserve Bank of India (RBI) have already approved the deal. "We wish to inform you that AMHI, HDFC ERGO General Insurance Company, and HDFC have received requisite approvals for the said acquisition from CCI, RBI and the last being from IRDAI on January 1, 2020," the company said in a statement. In accordance with the share purchase agreement (SPA), the acquisition of shares by HDFC is expected to be completed by January 9, 2020.

Shares of Prakash Industries were up by 20 percent on January 2 as the company secured allocation of long-term coal linkages of 1.69 lakh MT per annum.

Shares of Clariant Chemicals India share price were up by more than 4 percent on January 2 as the company announced completing the sale of its additives business.

Global markets

Asian equities started on a strong note in 2020 led by Chinese markets after Beijing eased monetary policy to support the slowing economy.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.43%, Hong Kong's Hang Seng added 1.05%.

European equities were set to follow Asia higher in their first trading session of the new decade. Pan-region Euro Stoxx 50 futures rose 0.62% and FTSE futures were up 0.31%, though German DAX futures fell 0.18%.



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