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**Market wrap**

**Jan. 08, 2020**

**Benchmark indices turn volatile on global tensions; crude oil price continues to rise..**

The benchmark S&P BSE Sensex recovered in the fag-end of the session, and settled at 40,800.26 level, down 51.73 points or 0.13 per cent after being down significantly in the opening session due to global turmoil. Iran's missile strike on US-led forces in Iraq, and weak economic prospects for the current fiscal year 2019-20 kept investor sentiment at bay on Wednesday. Across-the-board selling, led by auto stocks, contained Indian equities in the negative territory. Iran's missile attacks on the Ain Al-Asad air base and another in Erbil, Iraq, early in the day, intensified tensions in the region. US WTI crude zoomed 5 per cent in the morning deals, thereby reversing gains logged yesterday. On the NSE, the Nifty50 closed at 12,025.35-mark, down 27.60 points or 0.23 per cent. The broader index hit a low of 11,929.60, down 123.35 points. Iranian Foreign Minister Mohamad Javad Zarif said via Twitter that "we do not seek escalation or war, but will defend ourselves against any aggression." U.S. President Donald Trump tweeted, "All is well!" He also added that an assessment of casualties was taking place.

In addition, investor sentiments were subdued with respect to economic growth, as data released by the Central Statistical Office (CSO) Tuesday showed the growth in gross domestic product (GDP) being capped at 5 per cent for the current fiscal.

Bharti Airtel, Tata Consultancy Services, and UltraTech Cements were the top gainers today, up 2 to 3 per cent on the index. On the contrary, L&T, ONGC, Hero MotoCorp and Infosys were the top laggards, down between 1.3 and 1.9 per cent. In the intra-day trade, Sensex slipped 393 points to hit a low of 40,476.55.

Sectorally, Nifty IT and FMCG indices gained 0.37 and 0.11 per cent, respectively at close. On the other hand, Nifty Auto index closed 0.75 per cent lower.

In the broader market, the S&P BSE mid-cap index inched 0.08 per cent higher at 14,873.91, while the S&P BSE small-cap index closed 0.18 per cent higher at 13,876.68 level.

**Key domestic developments**

The government on Wednesday approved an Ordinance to amend a law in order to ease rules for auctioning of coal mines and opening it for steel and power sectors. The decision taken by the Cabinet Chaired by Prime Minister Narendra Modi will also do away with end-use restrictions of the mining blocks, Coal Minister Pralhad Joshi said. "The Cabinet has approved promulgation of Mineral Laws (Amendment) Ordinance 2020," the minister said, addressing media after the Cabinet meeting. The Ordinance will ease rules for auctioning coal mines to open up to all sectors. The Ordinance is to allow auction of 46 iron ore and other mines before March 31, 2020.

The government on Wednesday in-principle approved strategic sale of Neelachal Ispat Nigam Limited (NINL) by allowing six PSU shareholders to sell their stake in the steel company. A decision in this regard was taken in the meeting of the Cabinet Committee on Economic Affairs (CCEA), headed by Prime Minister Narendra Modi, Information and Broadcasting Minister Prakash Javadekar told reporters. NINL is a joint venture company, in which four central PSUs - MMTTC, National Mineral Development Corporation (NMDC), Bharat Heavy Electricals Ltd (BHEL) and MECON -- and two Odisha government companies IPICOL and Odisha Mining Corporation (OMC) are shareholders. MMTTC holds 49.78 per cent share in NINL, followed by OMC (20.47 per cent), IPICOL (12 per cent), NMDC (10.10 per cent), while MECON and BHEL hold 0.68 per cent each. The strategic buyer for NINL will be identified through a two-stage auction procedure, said an official statement. "The proposed strategic disinvestment of NINL would unlock resources to be used to finance the social sector/developmental programmes of the government benefiting the public," the statement added. It is also expected



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that the successful strategic buyer may bring in new management/technology/investment for the growth of the company and may use innovative methods for the development of the business operations of the company, which may generate more employment opportunities, it said.

### **Sectors and stocks**

Shares of cement manufacturers continued their upward journey in an otherwise weak market on Wednesday on hopes of demand recovery and healthy earnings. Orient Cement was up by 7.28 per cent at Rs 87.50. Heidelberg Cement, Star Cement, Birla Corporation, Dalmia Bharat, JK Lakshmi Cement, Shree Cement, Ambuja Cements, India Cements, ACC, and UltraTech Cement were up in the range of 1 per cent to 4 per cent.

Shares of Navin Fluorine International shares were up 6 percent and touched 52-week high of Rs 1,083.95 as the company's Dewas plant commenced commercial production after cGMP capacity addition.

Oil-linked stocks across segments, such as oil marketing companies, paints, tyres and aviation firms, came under pressure on Wednesday after oil prices surged over 5 per cent after Iran fired rockets at an Iraqi airbase that hosts US military forces, stoking fears of sharp escalations in a developing conflict. Losses were, however, partially pared later as Iran said it would not escalate further if US doesn't retaliate.

Eicher Motors shares were down by 4.38 per cent to end at Rs. 19,892 on NSE owing to weak December sales. The stock was trading at its lowest level since October 24, 2019. The company that manufactures the iconic Royal Enfield brand of motorcycles, reported 13 per cent year-on-year (YoY) decline in December 2019 at 50,416 units. It had sold 58,278 motorcycles in the same month last year. Thus far in January, the stock has slipped 12 per cent. For the October-December quarter (Q3FY20), Royal Enfield sold 175,284 motorcycles in the quarter, a decline of 21.5 per cent from 198,106 motorcycles sold over the same period in the last financial year.

Shares of Suzlon Energy were down 10 percent after the company said it had defaulted on loans worth Rs. 7,256.38 crore that were to be paid on March 19, 2019.

### **Global markets**

Asian shares tumbled on Wednesday, while oil, safe-haven Treasury prices and gold shot higher after Iran fired rockets at US-led forces in Iraq. MSCI's broadest index of Asia-Pacific shares outside Japan was down 0.72 per cent, while China's blue-chip CSI300 index was 1.18 per cent lower.

In Europe, the pan-European STOXX 600 equity index was down 0.5 per cent by 1:40 PM.



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