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Market wrap

Jan. 13, 2020

Nifty and Sensex hit lifetime highs; positive global cues support rally..

Benchmark indices hit fresh lifetime highs on Monday owing to positive global and domestic cues. The official signing of Phase-1 of US-China trade deal, scheduled for January 15, coupled with recovery in the industrial production data lifted sentiment at D-Street today. In addition strong start of Q3FY20 earnings season as witnessed in IT bellwether Infosys Q3FY20 result and appreciation of rupee to a one-month high kept investor sentiments high.

The benchmark S&P BSE Sensex scaled fresh peak of 41,899.63 in the early morning trade on Monday. The 30-share pack, however, settled the day at record closing high of 41,859.69 level, up 259.97 points or 0.62 per cent. Infosys closed the day as the top gainer, up over 4.5 per cent, followed by IndusInd Bank, Bharti Airtel, and HUL. On the downside, Tata Consultancy Services (TCS), SBI, and Axis Bank settled as top losers.

On the NSE, the broader Nifty50, too, hit a record high of 12,337.75, surpassing its previous high of 12,311 hit on Friday, January 10. At close, the index was at 12,329 level, up 72.20 points or 0.59 per cent.

Sectorally, all key indices managed to settle the day in the green. Nifty Realty index charged ahead during the fag-end of the session to close nearly 2 per cent higher. Nifty IT and FMCG indices were the second-best sectoral indices today, up over 1 per cent.

The broader markets outperformed the benchmarks today with the S&P BSE mid-cap index gaining for the fifth straight day to settle 0.80 per cent higher at 15,280.20 level. The S&P BSE small-cap index, on the other hand, edged 0.93 per cent higher at 14,277.58.

Key development

India's retail inflation rate in December stood at 7.35 percent, according to data released by the Central Statistics Office (CSO) on January 13. Retail inflation for November was seen at 5.54 percent. Food prices, which is a gauge to measure changes in kitchen budgets, grew 14.1 percent in December against 10.01 percent in November. Inflation rate in cereals and products stood at 4.36 percent in December against 3.71 percent a month ago. December CPI core inflation came in at 3.7 percent.

Sectors and stocks

Shares of cement manufacturers continued to trade higher for the fifth straight day on Monday on expectations of demand recovery, risk/reward for the sector looks favorable at current levels. Shree Cement, Ramco Cement, Birla Corporation and Orient Cement have rallied more than 10 per cent in the past one week. On the other hand, UltraTech Cement, Ambuja Cements, ACC, JK Lakshmi Cement, India Cements, Star Cement and Heidelberg Cement were up in the range of 5 per cent to 9 per cent during the same period.

Shares of highway developers, including IRB Infrastructure, Sadbhav Engineering, and Ashoka Buildcon, were trading higher on Monday after National Highways Authority of India (NHAI) Chairman Sukhbir Singh Sandhu said that the Authority was looking at out-of-court settlement of arbitration claims worth Rs. 70,000 crore. That apart, HG Infra, and J.Kumar Infra gained 2.9 and 2.5 per cent, respectively.

Shares of DLF traded near its two-year high of Rs. 254, up 4 per cent on the BSE on Monday on the back of heavy volumes on expectation of earnings improvement. The stock of real estate developer traded higher for the fifth straight day and quoted at its highest level since February 1, 2018. In the past one week, it has rallied 15 per cent, as compared to a 3 per cent rise in the S&P BSE Sensex. DLF, while announcing July-



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September quarter results on November 7, 2019, said it has witnessed encouraging response from the market for its completed inventory, especially in the micro markets of DLF5/New Gurgaon in Gurugram. The management said the company remains focused on monetising the finished inventory. The company further said Q2FY20 witnessed a significant transformation of the capital structure, resulting into a very healthy balance sheet for the Company. Pursuant to the settlement of inter-company payables, the net debt for the Company stood at Rs. 4,461 crore at the end of the quarter and is committed to reduce in the near term.

Global markets

Asian shares shook off a quiet start to reach new 19-month highs on Monday ahead of the expected signing of a Phase 1 China-US trade deal.

MSCI's broadest index of Asia-Pacific shares outside Japan was 0.61 per cent higher, touching its highest point since June 2018. South Korea's trade-sensitive Kospi added 1.01 per cent and Hong Kong's Hang Seng was up 0.95 per cent.



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