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Market wrap

Jan. 15, 2020

Benchmark indices end in red; all eyes on global cues and ongoing Q3FY20 earnings season..

Indian equities witnessed profit booking on Wednesday ahead of weekly expiry on Thursday and fall in Asian equities after a United States official said that tariff on China would continue till the US Presidential elections were over. The benchmark S&P BSE Sensex closed 79.9 points, or 0.19 per cent, lower at 41,872.73 level. Heavyweights like IndusInd Bank (down 6 per cent), State Bank of India (1.1 per cent), and Infosys (0.9 per cent) were the top drags at the index level. On the upside, Hero MotoCorp, Titan, and Maruti Suzuki settled as top gainers. The Sensex hit an intra-day low of 41,648.11, down 304.52 points.

On the NSE, the broader Nifty50 settled at 12,343.30, down 19 points or 0.15 per cent. The 50-share index slipped below the psychological level of 12,300 level in the intra-day trade to hit a low of 12,278.75.

Sectorally, Nifty Realty and Auto indices edged 1.17 and 1.14 per cent higher, respectively at the close. On the other hand, Nifty Private Bank was the top loser, down 0.8 per cent.

On the contrary, broader markets continued to trade in the positive territory for the seventh straight session. The S&P BSE mid-cap index was up 0.66 per cent at 15,506.23 level, while the S&P BSE small-cap index was up 1.04 per cent higher at 14,533.86.

The total market capitalisation of BSE-listed companies touched a new high of Rs 159.70 trillion on Wednesday, after strong buying in sectors include information technology (IT), financials, telecom, cement, gas distribution, fertilizers, real estate, metals and auto ancillaries. Investor wealth of BSE-listed firms, measured by market capitalisation (m-cap), had seen a previous record high of Rs 159.34 trillion scaled on August 31, 2018, BSE data shows. In absolute terms, Reliance Industries alone contributed Rs 1.79 trillion market-cap rise since August 31 levels. The next five companies – HDFC Bank, ICICI Bank, Housing Development Corporation (HDFC), Bharti Airtel and Bajaj Finance - have collectively contributed Rs 5.5 trillion m-cap rise during the period. Newly listed companies which include Aavas Financiers, Indian Railway Catering and Tourism Corporation (IRCTC), Polycab India and Ujjivan Small Finance, added about Rs 1-trillion in total m-cap, also led the BSE m-cap to hit new high.

Sectors and stocks

Nifty Realty index hit a 20-month high, on expectations of strong earnings in the second half of the financial year 2019-20. Among key gainers, Prestige Estates Projects and Oberoi Realty zoomed 6 per cent each on the National Stock Exchange (NSE). Besides, Indiabulls Real Estate, Brigade Enterprises, Sobha, Kolte-Patil Developers, Godrej Properties and DLF were up in the range of 1 to 5 per cent. During the first 11 trading days of the current calendar year 2020, the real estate index rallied 8 per cent, as against a per cent rise in the Nifty 50 index.

A total of 18 stocks from sectors as diverse as paints, tech, and financials scaled new highs on the BSE on Wednesday in an otherwise weak market. Asian Paints and Berger Paints hit new highs. So did IT stocks HCL Technologies, L&T Infotech, and NIIT Technologies. Among financials, AU Small Finance Bank and City Union Bank hit new highs. Apart from these, Polycab India, Ambar Enterprises, Gujarat Gas, Indraprastha Gas, Inox Leisure, Ipca Laboratories, Relaxo Footwear, SRF, Tata Global Beverages, and Trent and Tube Investments of India also hit record highs. In comparison, the S&P BSE Sensex was down 0.57 per cent, or 239 points, at 41,714.



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Shares of IndusInd Bank were down by 5.48 per cent to Rs. 1,400 on NSE. The stock has fallen 8 per cent in two days on concerns of higher slippages and slow loan growth in the October-December quarter (Q3FY20). The private sector lender's stock price has tanked 11 per cent from its Tuesday's intra-day high level of Rs. 1,587 on the BSE. IndusInd Bank reported 33 per cent year on year (YoY) growth in profit after tax at Rs. 1,300 crore. The bank's loan growth moderated to 20 per cent YoY, led by slowdown in the commercial vehicles (CV) and corporate portfolios. Fresh slippages were up to Rs. 1,950 crore, resulting in a 4.8 per cent QoQ increase in gross NPA. Net NPA as on Q3FY20 stood at 1.05 per cent as against 0.59 per cent in Q3FY19.

Global markets

Asian equities were in red on Wednesday as investors awaited the signing of an initial US-China trade deal, with sentiment somewhat dented by comments from the US Treasury Secretary that tariffs would remain in place for now.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.48 per cent, retreating from its 19-month peak marked on Tuesday, and Japan's benchmark Nikkei shed 0.5 per cent, off its four-week high hit the previous day.

South Korea's KOSPI dropped 0.54 per cent and China's Shanghai Composite and Hong Kong's Hang Seng shed 0.65 per cent and 0.74 per cent, respectively, while Australian stocks bucked the trend to climb 0.47 per cent on the back of stronger mining shares.



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