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

**Mr. Ajmera's column as on December 05, 2015**

**Markets remain weak owing to global cues; IIP data eyed – Passing of GST bill will buoy the markets..**

The Indian markets fell nearly one per cent on Friday, following the weakness in markets abroad due to disappointment over the European Central Bank's (ECB's) stimulus decision. Most Asian markets ended with losses, while European markets extended earlier losses, as most currencies slid against the dollar after the ECB announcement.

For the week ending December 4, 2015, the S&P BSE Sensex ended at 25,638 level, down by 490 points or 1.8% while the Nifty50 settled down at 7,782 level, down by 161 points or 2%

Foreign institutional investors (FIIs) pulled out Rs 1,745 crore from the Indian market on Friday. Investors from abroad have pulled out Rs 4,100 crore during the week, with the US Federal meeting, where it is widely expected to increase rates, neared.

The benchmark indices fell a little over two per cent for the week, ending a fortnight's gaining streak.

The ECB on Thursday announced a rate cut and an extension of its asset purchase programme but this left the markets—which were expecting more aggressive easing—disenchanted. About \$500 billion of investor wealth was eroded across bonds and equities after the decision.

FIIs have pulled out about \$3 bn (Rs 20,000 crore) from the Indian market since March, paring their year to date investment tally to around \$3.25 bn. The Sensex this year is down 6.5 per cent and trades at a multiple of 15.2 times its estimated one-year forward earnings. The gauge is expensive compared to the MSCI Emerging Markets Index, which is valued at 11.2 times. Recovery delay in corporate earnings announcements amid a challenging macro



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environment has seen investors turn pessimistic towards the Indian market over recent months.

### **Sectors and stocks**

Bharti Airtel tanked nearly 6% and was the biggest loser during the week after it announced an investment of Rs 60000 crore in the next 3 years for its project, which is aimed at improving network quality and delivering the best customer experience. The announcement came when the launch of Reliance Jio is just around the corner.

Auto companies announced their November sales numbers, which was a mixed bag. From the auto pack, Hero Motocorp was the biggest loser, down by 3.2% followed by M&M, down by 2.3%.

Shares of Chennai based companies fell during the week as torrential rains and heavy flooding marooned the city, which is the hub of IT and auto manufacturing companies. TVS Motors, Infosys, TCS, Ashok Leyland, all drowned between 1-7% each.

Bucking the trend was Tata Steel as it gained nearly 4% after it announced that its subsidiary incorporated in Singapore T S Global Holdings Pte (TSGH) has executed agreements worth \$1.5 billion for refinancing exiting debt.

### **Week ahead**

The government will announce the index of Industrial Production (IIP) data for the month of October 2015 on Friday, December 11, 2015. The IIP for the month of September 2015 was recorded at 3.6% as against 6.3% in August 2015.

Investors would be hopeful to see the Goods and Services Tax (GST) bill sail through this winter session of Parliament after the CEA led committee has proposed its amendments to end the deadlock over GST.



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