



**Mr. Ashok Ajmera, CMD**

### Mr. Ajmera's column as on January 17, 2015

#### Surprise rate cut by RBI boost domestic bourses performance...

Benchmark indices finished the week ending 16 January on a pretty note fuelled by the surprise repo rate cut by the Reserve Bank of India on Thursday with Sensex zooming 729 points reclaiming the 28,000 mark while Nifty surged 217 points that day. The Sensex registered gains in three out of the five trading sessions in the week.

For the week, the 30-share Sensex soared 663.51 points or 2.41% at 28,121.89 while the 50-share Nifty surged 229.30 points or 2.76% at 8,513.80 on the back of strong momentum in rate sensitive stocks. The broader indices underperformed the benchmark indices, with the BSE mid-cap index rising 1.98 per cent to 10,633.11 and the BSE small-cap index gaining 0.99 per cent at 111.59. A total of 10 of the 12 BSE sectoral indices ended with gains.

Foreign institutional investors were net buyers in Indian equities worth Rs 3,248 crore for the week, as per provisional stock exchange data.

#### Key events that shaped the week

The Reserve Bank of India in a surprise move cut the repo rate by 25 basis points to 7.75% with immediate effect after a span of 20 months and kept the CRR unchanged at 4%.

Industrial production increased at a five-month high of 3.8 per cent in November while Consumer Price Index based inflation rose to 5% in December from 4.38% in the previous month, primarily due to a rise in food prices. On the other hand, the wholesale price index-based inflation inched up to 0.11% in December, snapping a six-month easing trend as food costs jumped up year-on-year.