

Daily Market Strategy - CAD not bad! Indices may struggle after flat start

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Goal is to reduce size and scope of govt spending, not to focus on deficit. The deficit is the symptom of the disease. - Grover Norquist

The momentum of the last couple of days may fail to continue as indices may choose to take a pause. The market would first react to CAD data which was released after market close on Monday. India's current account deficit narrowed to 1.3% of the gross domestic product (GDP) in the fiscal third quarter, from 1.5% in the year earlier. That's good news for now but market may not necessarily be in celebration mode.

The outlook is a flat start. PMI readings across euro zone, crude and currency movement and global cues will be watched. Asian markets are mixed with Japan's Nikkei trading 2% higher while China's CSI300, Hong Kong's Hang Seng and South Korea's Kospi are trading flat. The Dow extended its winning streak to 7 straight sessions. S&P 500 and Nasdaq rose marginally. Trading in crude futures was volatile as the April contract expired. The April contract settled 1.2% higher at US\$39.91 a barrel, while May oil, the front-month contract, gained 0.9% to end at US\$41.52 a barrel.

Apple shares closed unchanged as it revealed a 4-inch iPhone, a new iPad and additional watch bands at its Cupertino headquarters.

RBI Governor Raghuram Rajan reportedly said the world is facing "increasingly dangerous situation" and a new international agreement on the lines of Bretton Woods is needed to prevent central banks from adopting policies that could hurt other economies.

Bharat Wire Ropes's initial public offering (IPO), which hit the capital markets on March 18 is set to conclude today. Investors would also be eyeing the developments of Infibeam IPO on day 2. The Rs 450-crore initial public offering (IPO) of e-commerce company Infibeam Incorporation saw a subdued start on the first day.

Banking stocks will remain in focus as investors await RBI move early next month. Meanwhile, Prime Minister Narendra Modi is scheduled to meet top officials of all banks and insurance companies in Mumbai to discuss the implementation of Pradhan Mantri Fasal Beema Yojana. According to sources, the Prime Minister's meeting is scheduled at the Nabard office in Mumbai on March 22.

Among stocks to watch:

Reliance Industries has signed a co-branding agreement for a polyester sewing thread made by Coimbatore-based yarn manufacturer and exporter Precot Meridian Ltd.

Bharti Airtel announced that it has entered into a definitive agreement with American Tower Corporation (American Tower), through its subsidiary company, Airtel Tanzania Limited, for the sale of approximately 1,350 of its communications towers in Tanzania.

Airbus is in initial talks with companies such as **Bharat Forge** and the forgings arm of **Mahindra** group to have some of its aircraft parts forged in India, as per media reports.

Persistent System's will be reorganising its business around four growth strategies, effective April 1, 2016.

Defence stocks in focus: The Defence Acquisition Council reportedly said it had approved the Defence Procurement Policy (DPP) 2016, which will come into effect from April 1, 2016

The US\$1.3-billion **JBM Group** plans to invest Rs. 300 crore to expand and set up new plants in Karnataka and Tamil Nadu, reports a business daily.

Indoco Remedies has received the Establishment Inspection Report (approval) from US Food and Drug Administration (USFDA) for its solid dosages manufacturing facility at Goa (Plant I), confirming the closure of inspection in October, 2015.

Sembcorp-Gayatri joint venture on Monday announced plans to double the power generation capacity at its thermal power complex located at Krishnpatnam in the Nellore district of Andhra Pradesh, entailing an outlay of Rs. 12,000 crore.

Whirlpool India Ltd. expects contribution of exports to grow in the future as it aims for a double-digit profitable growth, reports a business daily.

KPR Mill is planning to double its processing capacity at a cost of Rs.1.2 billion. The project is set to be completed in nine months and the firm plans to fund its expense through internal accruals and debt.

NTPC said that the Unit-I of 250 MW of Nabinagar Thermal Power Station of Bhartiya Rail Bijlee Company Limited (A subsidiary Company of NTPC Ltd.) has been commissioned on March 20, 2016.

The board of directors of **Housing Development Finance Corporation Ltd**, have approved the payment of interim dividend of Rs. 3/equity share of Rs. 2 each of the corporation, for the financial year ending March 31,2016.

PVR Cinemas and Paytm have announced a strategic relationship that will bring PVR's movie tickets to Paytm's e-commerce platform as a part of its nationwide foray in the online movie ticket segment.

BHEL has commissioned another 270 MW unit at Goindwal Sahib coal-fired power project in Punjab.

FIPB approved the proposal of **Yes Bank** to increase its foreign investment limit to 74 per cent from present 41% making it the first bank to get approval for hiking FDI limit after the new regulations were announced in November.

Non-banking finance company **SKS Microfinance** completed its seventh securitization transaction during FY16 for a pool value of Rs. 538.11 crore.

Nava Bharat Ventures has entered into an arrangement with Tata Power Trading Company Limited (TPTCL) for supply of power to Telangana State Power Distribution Companies (TSPCC/TSDISCOMS) back to back from May 27, 2016 to May 25, 2017

Godrej Properties has created a dedicated real estate funds management business in India and Singapore - Godrej Fund Management (GFM).

Va Tech Wabag has won orders worth Rs 5000 crore in FY 2016. This is the highest order intake clocked by the Group in a single financial year.

Jet Airways, India's premier international airline, is set to launch daily non-stop flights from India to Amsterdam resulting in significantly enhanced connectivity between India, Europe and North America.

Adani Enterprises Ltd has announced that Adani Green Energy Limited (AGEL), a subsidiary of the Company, has incorporated a wholly owned subsidiary namely, "Gaya Solar (Bihar) Private Limited" ("GSBPL") on March 21, 2016.

Coffee Day Enterprises Ltd has announced that the Board of Directors of the Company at its meeting held on March 21, 2016, inter alia, has approved draft disclosure documents for issue of rated, unlisted, secured, redeemable, non-convertible debentures of Rs. 2,650 million on private placement basis.

Sajjan Jindal-led JSW Energy Ltd is in advanced talks to acquire a power plant owned by Jindal Steel & Power Ltd, controlled by his younger brother Naveen, reports a business daily.

The Defence Acquisition Council reportedly said it had approved the Defence Procurement Policy (DPP) 2016, which will come into effect from April 1, 2016.

Shares of Starwood Hotels jumped on Monday after it agreed to a sweetened US\$13.6 billion deal with Marriott, spurning last week's competing bid from a group led by China's Anbang Insurance Group Co.

Bulk and Block Deals

Mrugesh Jaykrishna Family Trust-1 has purchased total 402,054 shares of ASAHISONG, at a price of Rs. 127 from Paru Mrugesh Jaykrishna in a bulk deal valued at Rs. 5.10 crore.

Transnational Growth Fund LTD has purchased total 510,000 shares of APOORVA at a price of Rs. 6.75 from Utsav Securities PVT LTD in a block deal valued at Rs. 0.34 crore.

Global Data: House Price Index (QoQ) (Q4) AUD, House Price Index (YoY) (Q4) AUD, RBA Assist Gov Edey Speech AUD, Nikkei Manufacturing PMI (Mar)Preliminar JPY, All Industry Activity Index (MoM) (Jan) JPY, RBA's Governor Glenn Stevens Speech AUD, Trade Balance (Feb) CHF, Exports (MoM) (Feb) CHF, Imports (MoM) (Feb) CHF, IFO - Business Climate (Mar) EUR, IFO - Current Assessment (Mar) EUR, IFO - Expectations (Mar) EUR, Markit PMI Composite (Mar)Preliminar EUR, Markit Services PMI (Mar)Preliminar EUR, Markit Manufacturing PMI (Mar)Preliminar EUR, Markit Services PMI (Mar)Preliminar EUR, Markit Manufacturing PMI (Mar)Preliminar EUR, Markit PMI Composite (Mar)Preliminar EUR, Core Consumer Price Index (YoY) (Feb) GBP, Consumer Price Index (YoY) (Feb) GBP, Markit Services PMI (Mar)Preliminar EUR, Markit Manufacturing PMI (Mar)Preliminar EUR, Markit PMI Composite (Mar)Preliminar EUR, Retail Price Index (MoM) (Feb) GBP, Retail Price Index (YoY) (Feb) GBP, DCLG House Price Index (YoY) (Feb) GBP, Producer Price Index - Output (MoM) n.s.a (Feb) GBP, PPI Core Output (MoM) n.s.a (Feb) GBP, Producer Price Index - Output (YoY) n.s.a (Feb) GBP, Producer Price Index - Input (YoY) n.s.a (Feb) GBP, PPI Core Output (YoY) n.s.a (Feb) GBP, Producer Price Index - Input (MoM) n.s.a (Feb) GBP, Consumer Price Index (MoM) (Feb) GBP, Public Sector Net Borrowing (Feb) GBP, ZEW Survey - Current Situation (Mar) EUR, ZEW Survey - Economic Sentiment (Mar) EUR, Current Account (YoY) (Jan) EUR, ZEW Survey - Economic Sentiment (Mar) EUR, Redbook index (MoM) (Mar 18) USD, Redbook index (YoY) (Mar 18) USD, Housing Price Index (MoM) (Jan) USD, Markit Manufacturing PMI (Mar)Preliminar USD, Richmond Fed Manufacturing Index (Mar) USD, 4-Week Bill Auction USD, Fed's Evans Speech USD, API Weekly Crude Oil Stock USD

Trends in FII flows: The DIIs were net sellers of Rs.6.18 bn in the cash segment on Monday. The FIIs were net buyers of Rs.13.96 bn as per the provisional figures released by the NSE.

Other news of the day:

Bhel has commissioned another 270 MW unit at Goindwal Sahib coal-fired power project in Punjab. (BS)

PVR cinemas and Paytm have announced a strategic relationship that will bring PVR's movie tickets to Paytm's e-commerce platform as a part of its nationwide foray in the online movie ticket segment. (ET)

Godrej Fund Management (GFM), the newly-created real estate fund management arm of **Godrej Properties**, raised \$275 mn from offshore investors for its new residential investment platform. (BL)

The board of directors of **Housing Development Finance Corporation Ltd**, have approved the payment of interim dividend of Rs. 3/equity share of Rs. 2 each of the corporation, for the financial year ending March 31, 2016. (BL)

Bharti Airtel has entered into a deal with American Tower Corp to sell around 1,350 of its communications towers in Tanzania. (ET)

State Bank of India is the leader in digital banking in the country in both volume and value terms, handling over 38 per cent mobile banking transactions a month. (ET)

KPR Mill plans to double its processing capacity at a cost of Rs 1.2bn. The project is set to be completed in nine months and the firm plans to fund its expense through internal accruals and debt. (BS)

The Reserve Bank of India has rejected banker's demand to defer the operationalisation of MCLR, or marginal cost of funds based lending, even as many lenders have conveyed they are not ready to adopt the system. (ET)

The Department of Telecom (DoT) is unlikely to auction the entire spectrum in 700 Mhz as it feels telecom operators may not bid aggressively for the band due to high reserve price. (BS)

A cess of Rs 8,000 on each domestic flight could be the alternative to the aviation ministry's proposed 2% surcharge on flight tickets to fund regional connectivity. (ET)

Proposals related to (FDI) made by 15 companies, including Tata AIA, Aviva Life, Nippon Life Insurance and Birla Sun Life Insurance, worth Rs. 72.6bn have been approved by the Foreign Investment Promotion Board (FIPB). (BL)

TEN MOST ACTIVE FUTURES