

## Global cues, profit booking drag Sensex 374 points; ONGC sinks 4%

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Bears dominated at Dalal Street on Monday as BSE Sensex plunged nearly 400 points on profit booking and global weakness, weighed by banking & financials, infra, auto, FMCG and PSU oil & gas stocks.

The 30-share BSE Sensex was down 373.94 points or 1.30 percent at 28294.28. The 50-share NSE hit an intraday low of 8715, before closing down 108.50 points or 1.23 percent at 8723.05.

The broader markets also ended lower but outperformed benchmarks, falling half a percent on weak breadth. About 1655 shares declined against 1035 advancing shares on the BSE.

The market correction is warranted, experts say, adding a 5-8 percent fall is normal after rallying 20-23 percent from February lows. According to them, US presidential election (to be held in November) will be closely watched by global investors.

Shankar Sharma of First Global believes the emerging markets down cycle bottomed out in February and the next few years look very good for these markets on a relative basis.

While growth for large caps looks tepid, he expects mid caps and small caps to outperform as they typically grow a lot faster than large caps.

UR Bhat, Director of Dalton Capital Advisors says emerging markets like India will remain a favourite spot for foreign investors till the next US Fed rate hike.

If foreign money continues to flow in, the market should trade in a range despite selling by domestic institutions, he feels.

ONGC shares plunged 4 percent after sources told CNBC-TV18 that divestment of 5 percent stake is likely this fiscal. The government is likely to raise Rs 10,000-12,000 crore via stake sale.

Reliance Industries rallied 2.4 percent intraday to touch 27-month high of Rs 1,128.90 but wiped out some gains in afternoon. The stock gained 0.58 percent.

**3:30 pm Market closing:** After a lot of volatility, the market has ended with severe cuts. The Sensex was down 373.94 points or 1.3 percent at 28294.28 and the Nifty fell

108.50 points or 1.2 percent at 8723.05. About 1047 shares have advanced, 1645 shares declined, and 213 shares are unchanged.

Coal India, Reliance, Dr Reddy's Labs and TCS were top gainers while ONGC, Tata Motors, ICICI Bank, NTPC and GAIL were losers in the Sensex.

**3:23 pm Market check:** The Sensex is down 384.46 points or 1.3 percent at 28283.76, and the Nifty down 109.50 points or 1.2 percent at 8722.05. About 1008 shares have advanced, 1661 shares declined, and 215 shares are unchanged.

**2:59 pm Market update:** Equity benchmarks remained under pressure with the Sensex falling 328.97 points or 1.15 percent to 28339.25 and the Nifty down 96.50 points or 1.09 percent at 8735.05.

About two shares declined for every share advancing on the BSE.

**2:54 pm Morgan Stanley on Idea:** Morgan Stanley has slashed target price of Idea Cellular to Rs 70 from Rs 89 earlier as it believes the share price will fall relative to the country index over the next 60 days.

This is because of lowered forecast/guidance, it says.

The brokerage house estimated that there is about a 70-80 percent (or very likely) probability for the scenario.

Idea's Q1FY17 was a tough quarter as EBITDA was 7 percent below the estimate.

Morgan Stanley has reduced FY17/18/19 EBITDA by 6 percent/11 percent/9 percent.

**2:40 pm New launch:** Country's largest two wheeler maker Hero Motocorp today launched an updated version of its premium segment bike Achiever 150, priced up to Rs 62,800 (ex-showroom Delhi), as it looks to enhance presence in premium segment.

The variant with drum brakes is priced at Rs 61,800 while the one with disc brakes is at Rs 62,800.

"The launch of the next generation Achiever 150 is a reiteration of our strong focus on developing new, technologically superior and youthful products across segments for our customers in India and across the globe," Hero MotoCorp Chairman, MD and CEO Pawan Munjal told reporters here.

A market leader in both 100 cc and 125 cc segments in the domestic market, the company is now looking at expanding presence in the premium segment as well and the latest model is a move in that direction, he added.

**2:20 pm Patents:** Drug firm Suven Life Sciences has been granted two product patents, one each in India and Japan, for molecules to be developed for treatment of neuro-degenerative diseases.

The company has been granted "one product patent from India and one from Japan corresponding to the new chemical entities (NCEs) for treatment of disorders associated with neuro-degenerative diseases..." Suven Life Sciences said in a filing to BSE.

These patents are valid through 2026 and 2032, respectively, it added.

The products are useful in the treatment of cognitive impairment associated with neuro-degenerative disorders like Alzheimer's disease, attention-deficient hyperactivity disorder, Huntington's disease, major depressive disorder, Parkinson's and schizophrenia, Suven Life Sciences said.

**2:00 pm Market Check:** Equity benchmarks fell sharply with the Sensex shedding more than 300 points on profit booking and weak global cues. Banking & financials, FMCG, auto and realty stocks were under pressure.

The 30-share BSE Sensex was down 321.56 points or 1.12 percent at 28346.66 and the 50-share NSE Nifty down 94.85 points or 1.07 percent at 8736.70.

The broader markets fell half a percent on weak breadth. About two shares declined for every share rising on the BSE.

European stocks were lower as investors trod cautiously ahead of an OPEC producers meeting in Algeria this week. Germany's DAX, France's CAC and Britain's FTSE were down 1-1.6 percent.

**1:30 pm Funds:** Moderation in bond yields is expected to benefit non-banking financial companies (NBFCs) as cost of borrowing is estimated to fall, which in turn may see support from increased demand on the back of good monsoon and the seventh pay commission.

In an interview on CNBC-TV18, V Vaidyanathan of Capital First said that the cost of borrowing is expected to fall by 100 basis points and all NBFCs will see improvement in return on equity (RoE).

In the same interview, Gagan Banga of Indiabulls Housing Finance said that it is important to see how credit growth is channelized going forward. He expects to see a loan book growth of 30 percent by the end of the fiscal.

The market has made sharp fall as the Sensex is down 280.03 points or 0.9 percent at 28388.19. The Nifty is down 80 points or 0.9 percent at 8751.55. About 1049 shares have advanced, 1473 shares declined, and 179 shares are unchanged.

Reliance, Coal India, TCS, Tata Steel and Lupin were top gainers while ONGC, ICICI Bank, Tata Motors, Bharti Airtel and ITC were losers in the Sensex.

European stocks opened lower on Monday as global markets gear up for a week dominated by US politics and oil market news.

European markets look set to follow their Asian counterparts lower on Monday with investors looking ahead to the first US presidential debate later Monday, as well as an upcoming informal meeting of OPEC producers.

Elsewhere, oil will be in focus for markets. OPEC producers are set to informally meet on the sidelines of the International Energy Forum in Algeria, to discuss a possible production freeze deal. The informal meeting will take place between Monday and Wednesday.

**12:59 pm Market Update:** Equity benchmarks fell further in afternoon trade with the Sensex down 255.95 points at 28412.27 and the Nifty down 73.15 points at 8758.40.

**12:51 pm Crude oil:** Crude prices rebounded after Algeria's energy minister said the day before that all options were possible for an oil output cut or freeze at this week's informal meeting of OPEC producers.

That came after prices tumbled 4 percent on Friday amid signs Saudi Arabia and Iran were making little progress in achieving preliminary agreement to freeze production. Brent and US crude futures were trading half a percent higher.

**12:40 pm Europe:** European stocks opened lower as global markets gear up for a week dominated by US politics and oil market news.

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**12:20 pm Buzzing:** Marksans Pharma shares surged 12.5 percent intraday on approval from the US health regulator for antihistamine drug.

"US Food & Drug Administration has granted approval for an abbreviated new drug application (ANDA) for Loratadine liquid filled capsules 10 mg," the Mumbai-based pharma company said in its filing.

Loratadine is therapeutically equivalent to listed drug Claritin Liqui-Gels capsules 10 mg of Bayer Healthcare LLC.

Loratadine reduces the effects of natural chemical histamine in the body. It is used to treat sneezing, runny nose, watery eyes, hives, skin rash, itching and other allergy symptoms.

**12:00 pm Market Check**

The market extended losses in noon trade with the Nifty struggling below 8800 level, weighed by banking & financials, auto, FMCG and PSU oil stocks.

The 30-share BSE Sensex was down 189.98 points at 28478.24 and the 50-share NSE Nifty fell 53.30 points to 8778.25. The broader markets outperformed benchmarks, trading flat.

The market breadth turned weak as about 1274 shares declined against 1117 advancing shares on the Bombay Stock Exchange.

Reliance Industries hit fresh 27-month high of Rs 1,128.90, rising more than 2 percent intraday. ONGC was the top loser on Sensex, down 3 percent.

**11:45 am Exclusive:** Minority shareholders of the Max Financial Services have voted in favor of paying Rs 850 crore non-compete fee to Analjit Singh and family over four years, sources have told CNBC-TV18.

The non-compete fee is a part of the terms of merger between Max Life and HDFC Life Insurance.

Many proxy advisors like Association of Mutual Funds (AMFI) and Institutional Advisory Service (IiAS) had earlier opposed the non-compete fee clause.

The minority shareholders including KKR, Goldman Sach and Kotak, which has over 25 percent stake in the company, has given a green signal to pay the non-compete fee.

The result of the voting are expected to be released by the company in its Annual General Meeting on September 27.

**11:30 am FII view:** Sanjay Mookim of Bank of America Merrill Lynch says several reforms like GST, bankruptcy code, real estate bill etc should benefit the economy as they are implemented over the next 2-3 years.

Indian equity valuations have expanded meaningfully on global flows. Midcap valuation premiums are at all-time highs. All this points to heightened risk, he feels.

Mookim suggests sticking with quality names in India continuing to focus on consumer, domestic-oriented businesses.

The market is still struggling with the Nifty down 42.95 points or 0.5 percent at 8788.60. The Sensex is down 152.43 points or 0.5 percent at 28515.79. About 1162 shares have advanced, 1058 shares declined, and 142 shares are unchanged.

Reliance, Dr Reddy's Labs, Coal India, Tata Steel and TCS are top gainers while ICICI Bank, Bharti Airtel, Adani Ports, M&M and Hero MotoCorp are losers in the Sensex.

Crude prices rebounded on Monday after Algeria's energy minister said the day before that all options were possible for an oil output cut or freeze at this week's informal meeting of OPEC producers.

Members of the Organization of the Petroleum Exporting Countries will meet on the sidelines of the International Energy Forum in Algeria from Sept. 26-28, where they will discuss a possible output-limiting deal.

**10:58 am Market update:** Equity benchmarks were trading at day's low with the Sensex down 167.91 points at 28500.31 and the Nifty down 45 points at 8786.55.

**10:35 am Outlook:** Market is showing signs of fatigue with it hovering at 8900 levels despite supporting factors like liquidity, believes Udayan Mukherjee, Consulting Editor at CNBC-TV18.

"Market is stuck in a 200 point range," he says.

However, the benign last few months could be indicating an impending correction.

"We are overdue a correction, a large one at that," he says, adding that fundamentally, global macros continue to look weak.

Considering the situation, Mukherjee says it is safe for investors to keep some cash in the portfolio. This can be done using systematic liquidation plan (SLP), where investors can get cash at regular levels.

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Mookim suggests sticking with quality names in India continuing to focus on consumer, domestic-oriented businesses.

### **10:00 am Market Check**

Equity benchmarks remained under pressure on weak Asian cues but the broader markets outperformed.

The 30-share BSE Sensex was down 107.78 points at 28560.44 and the 50-share NSE Nifty fell 32.85 points to 8798.70. The BSE Midcap and Smallcap indices were flat with a positive bias.

The market breadth was positive as about 1060 shares advanced against 859 declining shares on the BSE.

Reliance Industries, TCS, L&T, Dr Reddy's Labs, Tata Steel and Coal India gained 0.5-1.5 percent while ICICI Bank, HDFC and ITC fell 1-2 percent.

GNA Axles started off day on a strong note, listing at 22 percent premium. The stock has opened at Rs 252 against issue price of Rs 207 on the National Stock Exchange.

**9:55 am Oil check:** Crude prices rebounded after Algeria's energy minister said the day before that all options were possible for an oil output cut or freeze at this week's informal meeting of OPEC producers.

That came after prices tumbled 4 percent on Friday amid signs Saudi Arabia and Iran were making little progress in achieving preliminary agreement to freeze production.

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**9:45 am View on India:** Broking firm Credit Suisse has retained its 'underweight' rating on India, terming it as one of the four most expensive markets in Asia. The others are Indonesia, Malaysia and Philippines.

Credit Suisse has compared price to book value with return on equities to arrive at the conclusion.

"Several investors have suggested that using 2017 estimated price earnings growth (PEG) ratios shows India to be the second and Indonesia the third most undervalued market," says the Credit Suisse note to clients.

**9:30 am FII view:** Abhay Laijawala of Deutsche Bank says with record Kharif output likely to give significant boost to rural consumption sentiment and other factors such as 7th Central Pay Commission, lower interest rates and easing liquidity also supporting aggregate demand in the economy, it will likely result in consensus upgrades to earnings of consumer and rural interfacing sectors and stocks.

These include two-wheelers, tractors, white goods, home improvement, commercial vehicles, housing finance and retail finance, he adds.

He feels key stock beneficiaries should include Hero Motocorp, M&M, GSK Consumer, Nestle, Shriram Transport and Whirlpool India.

The market has opened low dragged by profit booking and weak global cues. The Sensex is down 148.90 points or 0.5 percent at 28519.32 and the Nifty is down 46.45 points or 0.5 percent at 8785.10. About 435 shares have advanced, 444 shares declined, and 69 shares are unchanged.

TCS, Reliance, Dr Reddy's Labs, Sun Pharma and Lupin are top gainers while Tata Motors, ICICI Bank, ITC, Adani Ports and HDFC are losers in the Sensex.

Rear axle shafts manufacturer, GNA Axles will make its stock market debut today. The issue price is fixed at Rs 207 per share, the higher end of price band.

The Indian rupee opened lower by 10 paise at 66.75 per dollar on Monday versus 66.65 Friday.

Pramit Brahmhatt of Veracity said, "The rupee recovered from 67/dollar levels on global cues and performance of Indian equity market. It is expected to trade in range of 66.20-66.80/dollar today." The dollar index edged higher on Friday, reversing earlier selling, after Boston Federal Reserve president Eric Rosengren said he believed US short-term interest rates should be raised now and warned a decline in the jobless rate below sustainable levels could derail economic recovery.

Asian shares began weak after losses on Wall Street, as investors' attention turned from central banks to American politics ahead of the first US presidential debate. MSCI's broadest index of Asia-Pacific shares outside Japan was down 0.1 percent in early trade, while Japan's Nikkei stock index slumped 0.5 percent against the headwinds of a stronger currency.

Wall Street logged weekly gains but ended with solid losses on Friday. The S&P 500 still managed to record its best weekly performance in more than two months after the US Federal Reserve held interest rates steady on Wednesday.

Crude oil prices rose, rebounding from a sharp cut on Friday with the focus on OPEC talks this week. All eyes are on the outcome of the organization of petroleum exporting countries get-together and its efforts to freeze production in tandem with Russia.