

Market cues buzzing at breakfast tables this morning

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Domestic equity indices are likely to open on a positive note on Tuesday, as investors react to Chinese manufacturing PMI readings, ahead of the US Fed's two-day policy meet that kicks off later in the day.

Low chances of Fed rate hike: According to CME Group's FedWatch tool, traders are pricing in a very low chance of 6 per cent that the US Fed will raise rates on Wednesday. On the other hand, traders see a 74 per cent chance that the Fed will hike in December.

Some 15 top brokerages and fund houses polled in the ETMarkets.com for a Samvat survey suggested that rate hikes by the US Fed, besides any delay in earnings revival or government reforms and tapering by central banks globally are key risks that could erode investor wealth going ahead.

Sachin Shah, fund manager at Emkay Investment Managers, said should the US Fed hike interest rate in a hurry, it would trigger a knee-jerk reaction on Dalal Street.

11 companies to announce earnings: A total of 11 companies would announce their September quarter results on Tuesday. The list includes Century Enka, GNA Axles, Hindustan Media Ventures BSE -0.10 %, Majesco, VST Industries BSE 0.05 % and Century Plyboards BSE -0.59 %.

Through the week, 190-odd companies will report earnings; among them are Ambuja Cements BSE 0.36 %, Pfizer BSE -0.71 %, Berger Paints BSE 1.13 %, Gati BSE 0.76 %, Titan Company, United Breweries, Monsan to India BSE -0.10 %, Whirlpool of India BSE -2.82 % and EIH.

Cues from Singapore positive: At 7.30 am, Nifty50 futures on the Singapore Stock Exchange were trading 35.50 points higher at 8,639.50, indicating a positive opening for the domestic market.

"We are telling our clients to trim down a bit. So if they were 80 per cent invested, now they may be needed to be 75 per cent. But then the truth is that not everybody is invested. There are lots of guys who are still invested only 30-40 per cent in equities. So even though the market has gone up, there is a case for these guys to increase their allocation to equities," said Amar Ambani, head of research at IIFL.

Are earnings on a rebound? Data available with database AceEquity showed 191 firms have reported a high single-digit growth in profits for September quarter, but mid single-digit growth in sales. Together these BSE500 firms reported 8.87 per cent rise in year-on-year (YoY) in profit after tax (PAT) to Rs 75,756 crore for the second quarter, compared with Rs 69,584 crore in the same quarter last year. On a sequential basis, PAT degrew by 2 per cent.

Net sales for these companies for the quarter grew 6.03 per cent YoY to Rs 6,68,169 crore against Rs 6,30,187 crore in the corresponding quarter last year. On a sequential basis, sales grew 3 per cent.

About a hundred of these 191 firms came in with profit margins in double digits (more than 10 per cent), compared with 95 firms in the year-ago quarter.

Technical charts send bullish signals: Experts noted that the November series F&O contracts has started on a firm note.

"We are expecting some fresh buying. We expect the market to remain positive from here on and there could be some buying momentum in sectors like auto, banking and steel. On the technical charts, the 8,550 level is a very strong support for the Nifty50 and the bulls are protecting it whenever the market slips," said Abnish Kumar Sudhanshu, Director & Research Head, Amrapali Aadya Trading & Investments.

Asian markets stay mixed: Activity in China's manufacturing sector expanded at the fastest pace in more than two years in October, data suggested.

The official Purchasing Managers' Index (PMI) stood at 51.2 in October, compared with the previous month's 50.4 and above the 50-point mark that separates growth from contraction on a monthly basis, Reuters reported. The Chinese CSI300 rose 0.39 per cent to 3,349 on Tuesday morning. Japan's equity benchmark Nikkei was trading 0.15 per cent lower at 17,406. Other Asian indices, including Hong Kong's Hang Seng (up 1.29 per cent), South Korea's Kospi (down 0.20 per cent) and Taiwan's TWSE (down 0.14 per cent), were trading lower.

US markets ended flat: The Dow Jones Industrial Average dropped 18.77 points, or 0.10 per cent, to 18142.42, The S&P500 edged 0.26 points, or 0.01 lower, at 2126.15. The Nasdaq Composite index inched 0.97 points, or 0.02 percent, lower at 5,189.13.