

Sensex, Nifty end on strong note; TCS, Axis Bank, Lupin laggards

http://www.domain-b.com/investments/markets/general/20160922_markets.html

3:30 pm Market closing: The market ended with smart gains as the Sensex was up 265.71 points or 0.9 percent at 28773.13. The Nifty was up 90.30 points or 1 percent at 8867.45. About 1669 shares have advanced, 1067 shares declined, and 236 shares are unchanged.

SBI, Hero MotoCorp, ICICI Bank, Adani Ports and Asian Paints were top gainers while TCS, Axis Bank, Lupin, Coal India and Dr Reddy's Labs were losers in the Sensex.

2:55 pm Penalty: The Enforcement Directorate, Mumbai, has attached Rs 306.70 crore worth assets belonging to Jignesh Shah-promoted Financial Technologies India Ltd (FTIL).

In a filing to the BSE, FTIL said: "The company has received a provisional attachment Order from the Directorate of Enforcement, Mumbai, attaching mutual funds amounting to Rs 306.70 crores." The company is taking appropriate steps in consultation with its legal counsel, it added.

Earlier this week, CBI arrested FTIL promoter Jignesh Shah in a case of alleged cheating and suppression of facts in getting SEBI extension to MCX-SX to continue as a private stock exchange in violation of norms.

2:45 pm FII view: Mixo Das of Nomura said that he was less excited about the Bank of Japan and US Fed meetings that happened over this week. The US Fed was expected to stay pat and that is what it did, he said. "There is incrementally no news." He said he found two problems with Bank of Japan's policy decision. BoJ has committed to overshooting the inflation target. He doesn't think this is credible. It has instituted a bond yield target at about 0 percent. "Again, I find it to be not useful," he said, adding that that BoJ is targeting the bond yield at a level higher than current market level. By signalling this, the BoJ is saying too low bond yields can be counterproductive. But according to common wisdom lower rates are good for the economy, he said.

2:30 pm Upcoming IPO: L&T Technology Services, the subsidiary of engineering & construction giant Larsen and Toubro, will list its equity shares on September 23. The issue price is fixed at Rs 860 per share, the higher end of price band. The Rs 894-crore

issue, which opened for subscription during September 12-15, oversubscribed 2.52 times. It was the second company from the L&T Group to hit the capital market with an IPO since July, after L&T Infotech that listed on July 21.

The Sensex is up 246.18 points or 0.9 percent at 28753.60 and the Nifty is up 84.10 points or 0.9 percent at 8861.25. About 1607 shares have advanced, 1017 shares declined, and 217 shares are unchanged.

Hero MotoCorp, NTPC, Maruti, ICICI Bank and Adani Ports are top gainers while Lupin, TCS, Coal India, HUL and Axis Bank are losers in the Sensex.

With an aim to make it easier for overseas investors, regulator Sebi is considering allowing some categories of Foreign Portfolio Investors (FPIs) to directly trade in Indian markets, starting with debt segment.

Besides, the markets regulator plans asking companies to seek minority shareholders' approval before granting special powers relating to operations of the firms to non-promoters such as private equity investors. In addition, to make domestic capital markets more attractive, Sebi has lined up wide-ranging relaxations to its norms for REITs and InvITs and an easier set of listing rules for startups.

1:45 pm Market outlook: Vibhav Kapoor of IL&FS said that markets are going up and they will keep going up for some more time. "Liquidity is gushing everywhere. The US Fed has indicated that even next year, rates won't go up. They have reduced their targets." So, unless the US were to go into a recession, this trend will continue, he said, warning the upcoming US elections are going to be a test. His target for Nifty in March 2017 was 9100, but he believes the index will touch it by October this year itself, given the liquidity. By March we will still be at 9100, but after that we will go in for a substantial correction of about 10 percent, he said.

1:30 pm MPC gears up: The Appointments Committee of the Cabinet today announced the names of Monetary Policy Committee members, who will hold office for a period of four years. This includes Chetan Ghate, Associate professor - Economics & Planning Unit, Indian Statistical Institute; Pami Dua, Professor and Head of department at Delhi School of economics and Ravindra Dholakia, economics professor at IIT, Ahmadabad. The committee will also include the Reserve Bank Governor Urjit Patel and the deputy governor and an executive director. This comes just before the next central bank meet scheduled for October 4.

The market is still holding gains with the Sensex up 232.88 points or 0.8 percent at 28740.30. The Nifty is up 74.55 points or 0.8 percent at 8851.70. About 1575 shares have advanced, 1022 shares declined, and 200 shares are unchanged.

Lupin, TCS, Axis Bank, Coal India and HUL were losers in the Sensex while Hero MotCorp, NTPC, SBI, Adani Ports and Relinace were gainers.

European stocks opened higher as global investors reacted to the widely expected decision by the US Federal Reserve to hold interest rates steady.

European markets are to follow the positive lead set in Asia and the US where stocks rallied after the Federal Reserve kept interest rates unchanged on Wednesday, despite hinting of a hike later in the year.

In its post-meeting statement, the Federal Open Market Committee expressed confidence in economic growth, but not enough to make a move this month.

12:59 pm Market Update: Equity benchmarks remained higher with the Sensex rising 204.65 points to 28712.07 and the Nifty up 65.50 points at 8842.65.

About 1536 shares advanced against 1008 declining shares on the BSE.

12:55 pm Buzzing: Aurobindo Pharma gained 4 percent on tentative approval of Dolutegravir 50mg from US Food & Drug Administration (USFDA) for the treatment of HIV.

"This important milestone marks the first FDA approval of a generic version of Dolutegravir (DTG), an integrase strand transfer inhibitor recommended for use in treatment-naive patients by the US Centers for Disease Control and Prevention (CDC) and the World Health Organization (WHO)," the company said.

The product is expected to be launched in sub-Saharan Africa in late 2016.

The approved abbreviated new drug application (ANDA) is bioequivalent and therapeutically equivalent to the reference listed drug product (RLD) Tivicay, of ViiV Healthcare.

12:45 pm Europe opens: European stocks opened higher as global investors reacted to the widely expected decision by the US Federal Reserve to hold interest rates steady.

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12:35 pm Coal Imports: The government is working on a plan to end dependency on coal imports in next 3-4 months in order to facilitate consumption of the surplus fossil fuel produced by Coal India.

"When I took charge in 2014, I was faced with the challenge of inadequate supply of fuel. But now after two years we have come to a point where we have surplus coal and we are worried how to sell the surplus," Coal Minister Piyush Goyal said here late last evening.

"To tackle this problem of surplus, my ministry has drawn up an entire programme to see how we can completely eliminate import of coal by any state government or state discom in the next 3-4 months," he said.

12:20 pm Market Expert: Vibhav Kapoor of IL&FS said that markets are going up and they will keep going up for some more time. "Liquidity is gushing everywhere. The US Fed has indicated that even next year, rates won't go up. They have reduced their targets."

So, unless the US were to go into a recession, this trend will continue, he said, warning the upcoming US elections are going to be a test.

His target for Nifty in March 2017 was 9100, but he believes the index will touch it by October this year itself, given the liquidity. By March we will still be at 9100, but after that we will go in for a substantial correction of about 10 percent, he said.

He had forecast 12-14 percent earnings growth for this fiscal year. In the upcoming quarter, he expects earnings to be about 5-6 percent. But in the second half with the base effect, there will be a surge in earnings, he said.

12:00 pm Market Check

The BSE benchmark Sensex came off day's high in noon trade due to profit booking. The index rallied as much as 364 points in early trade after the Federal Reserve chairperson Janet Yellen decided to keep rates unchanged and her commentary also indicated no rate hike in December as well.

The 30-share BSE Sensex was up 221.98 points or 0.78 percent at 28729.40 and the 50-share NSE Nifty gained 72.85 points or 0.83 percent at 8850. About 1560 shares advanced against 932 declining shares on the BSE.

Reliance Industries, ICICI Bank, HDFC, HDFC Bank and L&T were top contributors to Sensex's gains whereas TCS, Axis Bank, Lupin, HUL and Wipro remained weak.

Asia markets climbed across the board, as uncertainties surrounding key monetary policy decisions came to a close, following Wednesday's announcements from the US Federal Reserve and the Bank of Japan (BOJ). Shanghai and Hang Seng were up half a percent while Japanese markets are shut today.

Oil prices extended gains from the previous session in Asian trading after a surprise third consecutive weekly US crude inventory draw tightened the market. US West Texas Intermediate (WTI) crude oil futures were trading at USD 45.78 per barrel, up 0.97 percent from their previous close.

11:45 am Economy: Aditya Puri, MD of HDFC Bank says GDP growth has started to move up for India and private investment will follow GDP growth as a natural corollary. The economy is picking up, Puri said, adding that he expects economy to

grow at about 7.5 percent. Private investment, according to him, is another delta that will lead to faster growth. Working capital demand is perking up; commercial vehicle demand is also on the mend. All these are indicators of upcoming growth, he said. He said the government's move to open up the bond market bodes well. Triple A-rated borrowers should move to the bond market, he said. "It is the right direction," he said, adding that a lot more needs to be done.

11:30 am Interview: The market share in consumer durables is expected to shoot up by 20-30 percent during the festive season, says Sunil D'Souza, MD of Whirlpool, adding that the company is likely to outperform the market.

Rural demand, which has been soft for the last few quarters, is expected to rise with good monsoon. On the other hand, implementation of Pay Commission will be a stimulus for the urban market, D'Souza told CNBC-TV18.

Whirlpool is focusing on improving margins while pushing for topline growth aggressively. Innovation and strengthening product pipeline will aid this growth, he says.

The market continues to rise with the Sensex up 275.65 points or 0.9 percent at 28783. The Nifty is up 87.20 points or 0.9 percent at 8864.35. About 1627 shares have advanced, 621 shares declined, and 134 shares are unchanged.

SBI, Hero, Adani Ports, Reliance and ICICI Bank are top gainers in the Sensex. Among losers in the Sensex are HUL, TCS, Wipro, Infosys and Lupin.

Gold prices rose by Rs 65 to Rs 31,365 per 10 gram in futures trade today as speculators took fresh positions on positive cues from global markets.

Market analysts said the rise in global market prices, after the US Federal Reserve yesterday decided not to lift interest rates, raised demand for gold and other commodities, besides weakening of the dollar. This influenced gold prices in futures market in India as well.

Globally, gold surged 1.54 percent to close at USD 1,334.90 an ounce in New York yesterday.

10:35 am Interview: Auto component major Bosch expects its mobility business to grow by 5 percent this year riding on the technology products in the commercial vehicle segment while it gears up to meet new emission standards in India and China.

"We want to further accelerate our growth which is why we are developing innovative services for the mobility of tomorrow alongside our solutions for vehicle electrification, automation and connectivity," Bosch Mobility Solutions Business Sector Chairman Rolf Bulander told reporters at the IAA Commercial Vehicles show.

This year the company's mobility business will grow close to five percent, he added.

This puts the company "well ahead" of global vehicle production which is expected to grow by less than 2 percent this year, he added.

10:20 am Market Outlook: Everything is falling right in place for the Indian markets so the uptrend is likely to continue in the near term, Vikas Khemani of Edelweiss Financial Services feels.

He believes valuations are reasonable right now and investors would be positively surprised with the earnings growth in coming quarters.

Khemani says the current bull market is more India-specific than emerging markets.

He believes current conditions make it certain the Reserve Bank of India will cut rates this October.

10:00 am Market Check

The market remained strong with the Nifty trading above 8850, though it came off day's high, after the Federal Reserve kept rates unchanged but hinted for likely rate hike in December policy meeting. Banks, oil and FMCG stocks were leaders.

The Sensex was up 282.69 points or 0.99 percent at 28790.11 and the Nifty gained 88.25 points or 1.01 percent at 8865.40. The broader markets climbed nearly 1 percent on positive breadth as more than three shares advanced for every share falling on the exchange.

Reliance Industries, HDFC Bank, Maruti Suzuki and Eicher Motors hit fresh 52-week high today, rising 1.5-2 percent.

However, technology stocks were only losers. TCS, Infosys and Wipro were down 0.3-0.5 percent.

9:55 am Reforms? Citing reforms and steps taken towards ease of doing business, the Finance Ministry today pitched for a rating upgrade with Moody's, while the US-based agency expressed concern over the state of bad loans in the banking sector.

At a meeting with Economic Affairs Secretary Shaktikanta Das and other officials of the ministry, representatives from Moody's are learnt to have said that a rating upgrade could be a reality when the benefits of reforms could be felt on the ground and the country's banking sector stabilises.

In April last year, Moody's had changed India's rating outlook to 'positive' from 'stable' citing reform momentum and had said that it could consider India for an upgrade in next 12-18 months.

9:45 am Budget preparation: Finance Minister Arun Jaitley mocked at Congress vice president Rahul Gandhi for demanding a separate budget presentation for agriculture saying why did the idea not come to him when UPA was in power. At a

press briefing, Jaitley announced that the Cabinet headed by Prime Minister Narendra Modi has decided to scrap nearly a century old practice of having a separate railway budget and merging it with general budget.

When he was asked about Gandhi's demand for a separate Budget for agriculture, he said, "Why did this thought not come to him in last 10 years.

9:30 am FII view: After meeting 30 investors across key financial centres in EU and UK last week, Abhay Laijawala of Deutsche Bank says investors appear to be unanimously positive on India and believe that India offers the best risk-reward within emerging markets (EMs). He further says the only major deterrent for most investors currently is rich valuations with Sensex trading at 18.3x on FY17, particularly for the favoured sectors such as consumer staples, autos, private sector banks and so on.

"Investors seem to be waiting for better valuations and believe that macro factors such as FCNR (B) redemption or UP state elections which may provide lower entry points," Laijawala says.

The market seems to be on fire after the Federal Reserve left US rates unchanged and plotted a lower trajectory for future hikes. The Sensex is up 323.91 points or 1.1 percent at 28831.33 and the Nifty is up 107.10 points or 1.2 percent at 8884.25. About 924 shares have advanced, 99 shares declined, and 32 shares are unchanged.

ICICI Bank, Hero MotoCorp, SBI, Axis Bank and Maruti Suzuki are top gainers while Dr Reddy's Labs and Infosys.

The Indian rupee gained in early trade on Thursday. It has opened higher by 16 paise at 66.86 per dollar versus 67.02 Wednesday.

Mohan Shenoji of Kotak Mahindra Bank said, "FOMC at its meeting yesterday left the Fed funds rate unchanged even while the case for hiking has strengthened. Bank of Japan has also kept its policy rate unchanged while introducing yield curve control."

The US dollar extended losses against a basket of major currencies after the US Federal Reserve left monetary policy unchanged and projected a less aggressive rise of interest rates in coming years.

Meanwhile, first quarter current account deficit has narrowed to USD 300 million dollars or 0.1 percent of the GD compared to a deficit of USD 6.1 billion in the same period last year.

Asian shares look set to rise for a sixth straight session. While Tokyo was on holiday on Thursday, stocks were boosted on Wednesday by the Bank of Japan's shift to targeting a positive yield curve, a move that was considered bullish for banks, insurers and pension funds.

Wall Street racked up gains after the US Federal Reserve kept interest rates unchanged, for now leaving intact the low-rate environment that has helped underpin the bull market. The Nasdaq closed at a record high.

The central bank strongly signalled it could still tighten monetary policy by the end of this year as the labour market improved further. Earlier on Wednesday, global markets reacted to the Bank of Japan's abrupt shift to targeting interest rates on government bonds to achieve its elusive inflation target.

The Dow Jones industrial average rose 163.74 points, or 0.9 percent, to 18,293.7, the S&P 500 gained 23.36 points, or 1.09 percent, to 2,163.12 and the Nasdaq Composite added 53.83 points, or 1.03 percent, to 5,295.18.

In the world of commodities, crude oil prices were up as much as 3 percent after a surprise drop in crude stockpiles reported by the US government, marking a third weekly decline in the closely watched data.

Gold settled higher, scoring a third straight advance.