

The week that was: After a week of Tata saga, Q2 earnings, US poll projections to drive D-St

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It was a tepid week to end the Samvat year 2072 with. Mixed earnings at home, foreign outflows, two big IPOs of PNB BSE -0.41 % Housing Finance and Varun Beverages, waning expectations of further stimulus from central banks around the world, expiry of October series futures & options contracts and, last but not the least, the Tata saga influenced investor sentiment through the week.

The BSE Sensex fell 0.5 per cent for the week to settle at 27,941. The Nifty50 shed 0.6 per cent to per cent to close at 8,638. Data available with AceEquity showed foreign portfolio investors (FPIs) pulled out Rs 3,740 crore in the past five sessions. Overall, equity investors lost Rs 48,000 crore wealth during the week, BSE market capitalisation data showed.

"I am not sure if there is enough ground as yet to upgrade our Sensex target, as earnings are not picking up and the banking system, especially on the NPA side, has plenty to worry about. So if you ask me is there a 10 per cent upside between now and next Samvat? Perhaps not," said Saurabh Mukherjea, CEO of Institutional Equities at Ambit Capital.

The week saw midcap stocks take a tumble. The BSE Midcap index fell 1.4 per cent for the week, while the BSE Smallcap index edged 0.1 per cent lower.

Siddhartha Khemka, Head of Equity Research (Wealth) at Centrum BSE 0.00 % Broking, advised investors to allocate 40 per cent towards largecaps, 40 per cent towards midcaps and the rest 20 per cent towards smallcaps for the new Samvat year.

"Largecaps typically provide good stability to one's portfolio. However, they have growth concerns. Midcaps, on the other hand, are depicting good earnings trajectory amidst disruptions and increased competitiveness," Pankaj Pandey, Head of Research at ICICI direct.com, told ETMarkets.com.

"For meaningful returns till next Diwali, we would advise 60 per cent allocation to equities, 20 per cent to fixed income, 10 per cent each to gold and cash and no allocation to real estate," Pandey said.

Among sectoral indices, the BSE IT index (down 3.5 per cent), the BSE TECK index (down 2.9 per cent), the BSE Capital Goods index (down 1.5 per cent), the BSE Bankex (down 0.9 per cent) and the BSE Power index (down 0.9 per cent) ended up being as worst performers for the week.

Indices that gained included BSE PSU index (up 1.1 per cent), BSE Oil & Gas index (up 0.5 per cent), BSE Healthcare index (up 0.2 per cent) and BSE FMCG index (up 0.1 per cent).

Tata group stocks lost Rs 19,192 crore in combined market value. Indian Hotels (down 12.93 per cent) was the worst hit, followed by Tata Metaliks BSE -0.21 % (down 9.75 per cent), Tata Global Beverages BSE -0.04 % (down 8.54 per cent), Tata Sponge Iron BSE 1.07 % (down 8.25 per cent) and Tata Communications BSE 0.64 % (down 6.59 per cent). As many as 24 of the 27 listed group stocks (as per corporate database Capitaline) ended lower.

Among the Nifty50 stocks, HCL Tech BSE 0.13 % (down 8.3 per cent), Wipro BSE 1.13 % (down 7.4 per cent), Axis Bank BSE -0.18 % (down 7.4 per cent), Asian Paints BSE -0.29 % (down 7.3 per cent), Tata Power BSE 2.66 % (down 6.3 per cent) and Tata Steel BSE -0.25 % (down 5 per cent) witnessed up to 8 per cent fall during the week.

Nifty50 stocks that bucked the weak trend included Dr Reddy's Labs (up 8 per cent), Adani Port (up 7.4 per cent), Kotak Bank BSE 0.92 % (up 4.8 per cent), HDFC (up 4.1 per cent), Maruti Suzuki BSE -0.43 % (up 4 per cent) and Coal India BSE 0.07 % (up 3.7 per cent).

Outlook for the week ahead:

The forthcoming week will be a truncated one with the stock exchanges scheduled to remain shut on Monday on account of Diwali Balipratipada. Trading will resume on Tuesday.

A total of 190 companies will report earnings in the five days to Friday. Ambuja Cements BSE 0.69 %, Pfizer BSE -0.63 %, Berger Paints BSE 1.40 %, Gati BSE 0.80 %, Titan BSE 0.14 % Company, United Breweries, Monsanto India BSE -0.18 %, Whirlpool BSE -3.03 % and EIH are some of the companies that are scheduled to report September quarter earnings during the week.

Investors will keep a close watch on domestic fiscal deficit numbers, Japanese industrial output data and US personal spending numbers on Monday, Chinese PMI readings, Bank of Japan's policy decision and US' ISM manufacturing data on Tuesday, outcome of the two-day US Fed rate decision on Wednesday, and PMI readings in India, US and China (services), and factory output numbers in the US on Thursday.

"Corporate results, shorter week and impending results of the US Presidential election will keep the market in a trading range for some time. The downside seems to be capped, as the super negative numbers of Axis Bank and the melodrama in India's biggest Tata group did not shake up the confidence of the bulls. At the same time, excellent earnings have met with profit booking at higher levels, indicating that the upside may remain capped in the near term," said Jimeet Modi, CEO, SAMCO Securities.