

# What's D-Street talking about before Opening Bell

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Domestic equity indices are likely to open on a flat to negative note on Thursday, tracking an overnight drop in US equities after the US Fed maintained status quo on the policy rate at the end of its two-day policy review that concluded on Wednesday.

Investors would keenly watch PMI readings for India and China, ECB's economic bulletin and Bank of England's (BoE) policy review later in the day. US factory orders data will also be watched.

**US Fed maintains status quo:** US Fed policymakers left unchanged the interest rate paid on required and excess reserve balances at 0.50 per cent, but hinted at a December rate hike.

"The committee judges that the case for an increase in the federal funds rate has continued to strengthen but decided, for the time being, to wait for some further evidence of continued progress toward its objectives. The stance of monetary policy remains accommodative, thereby supporting further improvement in labour market conditions and a return to 2 per cent inflation," FOMC statement read.

**53 companies to announce earnings:** As many as 53 companies will announce their September quarter earnings on Thursday; among them are AmbujaCementsBSE 2.44 %, Berger PaintsBSE -3.44 %, EIH, Monsanto IndiaBSE 0.74 %, ICRA BSE -0.08 %, Dr LalPathLabs, MphasisBSE 0.02 % and Whirlpool of IndiaBSE -3.56 % and Shoppers StopBSE 1.03 %.

**Cues from Singapore muted:** At 7.45 am, Nifty50 futures on the Singapore Stock Exchange were trading 20.50 points lower at 8,517.50, indicating a weak opening for the domestic market.

"There are polls saying probably Trump may be the next president. But these polls should not be given too much of weightage. We have seen the Brexit poll and what the result was. Go all out and go aggressively short at this point of time. It is possible that you will find some other poll pointing out some other result and there might be some bounceback. So the idea is not to panic," said SiddarthBhamre, independent market analyst.

**Nifty50 forms Bearish Candle:** Traders are advised not to create any long positions on declines and instead square off the long positions that they hold. The 8,500 level

holds the key for the index on Thursday. A break below this level can start a fresh leg of downside for the index, experts said.

"The Nifty50 registered a 'Bearish Candle' on an intraday basis after opening with a huge gap down of around 80 points, which resulted in a clear-cut breakdown, thereby marking the beginning of a fresh leg of downswing from the high of 8,678," Mazhar Mohammad, Chief Strategist - Technical Research & Trading Advisory, Chartviewindia.in, told ETMarkets.com.

**Earnings so far:** Data showed 693 BSE-listed firms have reported double-digit growth in profits so far for September quarter. These firms reported 10.95 per cent rise in year-on-year (YoY) profit after tax (PAT) to Rs 73,339 crore for the quarter, compared with Rs 66,108 crore reported for the same quarter last year. Sales grew 8.9 per cent YoY to Rs 6,51,987 crore.

"Based on the numbers of 18 Sensex companies that have reported earnings so far, we have cut our Sensex EPS estimates by 1.5 per cent for FY17 to Rs 1,468 and by 2.2 per cent for FY18 to Rs 1,768. However, an important thing to note is that these EPS cuts are entirely led by Axis Bank. Excluding Axis Bank BSE 0.26 %, our FY17 Sensex PAT estimates have seen a 1.7 per cent upgrade while FY18 estimates stays unchanged," Motilal Oswal BSE -0.10 % Securities said in a note.

**Asian markets stay mixed:** The Chinese CSI300 rose 0.26 per cent to 3342.75 on Thursday morning. Japan's equity market is closed for the day on account of Culture Day. Other Asian indices, including Hong Kong's Hang Seng (up 0.16 per cent), South Korea's Kospi (up 0.29 per cent) and Taiwan's TWSE (down 0.36 per cent), were trading mixed.

**US markets ended lower:** The Dow Jones industrial average index dropped 77.46 points, or 0.43 per cent, to 17,959.64. The S&P500 index fell 13.78 points, or 0.65 per cent, to 2,097.94. The Nasdaq Composite index lost 48.01 points, or 0.93 per cent, to 5,105.57.