

Market Wrap

Jan. 20, 2017

Investors turn cautious ahead of inauguration speech by Donald Trump as US President ...

Bears remained in charge today. Nifty 50 breached its 8,400 level dragged by Axis Bank, Bank of Baroda, Adani Ports and ACC while BSE Sensex fell as much as 296 points at intra-day. S&P BSE Sensex settled the day at 27,034, down 274 points, while the broader Nifty50 ended at 8,349, down 85 points.

The fall in domestic bourses was on account of disappointing Axis Bank's earnings and fears that inauguration speech by Donald Trump as US President would be detrimental for Indian sectors like Pharma and IT.

We remain optimistic on the road ahead for the equity markets from a long-term perspective, but expect the markets to be driven by more global events such as policy action by global central banks, policies adopted by the US under the new President and developments in the European Union (EU). Back home, outcome of the assembly elections is key for the overall market direction.

Sectors and Stocks

Bharti Airtel, Asian Paints, ITC and HDFC Bank were the top gainers while Axis Bank, Adani Ports, Tata Steel, SBI and ICICI Bank were the biggest laggards in the Sensex.

Banking sector fell close to 2% dragged by Axis bank. The stock tanked over 6% after the private lender reported a 73% decline in net profit at Rs 580 crore in the December quarter on account of rise in bad loans.

ITC Ltd rose up to 0.6% to its highest since Nov. 8, while Hindustan Unilever Ltd was up 0.5%.

Among other losers, ICICI Bank was down 1.9% while Infosys Ltd fell as much as 1.3% to its lowest since Nov. 25, 2016.

Among individual stocks, MindTree slipped nearly 3% at intraday to end the day 1.9% lower after it reported 26% drop in its net profit at Rs 103 crore due to poor performance of its US and Europe subsidiaries.

Motherson Sumi rose over 3% during early-morning trade in an otherwise lower market after reports that the company will buy truck wire maker PKC Group for 571 million euros (\$ 609 million). The stock ended 0.5% higher

Ruchi Soya Industries ended 14% 1 after reports that the company is expected to enter into a marketing deal with Baba Ramdev promoted Patanjali Ayurved.

Adani Power ended 12% lower after reporting a consolidated net loss of Rs 325 crore for the quarter ended December 31, 2016 (Q3FY17). The company had net profit of Rs 104 crore in the same quarter last fiscal and a net loss of Rs 114 crore in September quarter.

Global Markets

Caution prevailed in financial markets on Friday ahead of US President-elect Donald Trump's inauguration, even as China's economic growth beat expectations and Federal Reserve Chair Janet Yellen toned down her earlier hawkish policy stance.



European markets dipped amid trepidation over Trump's first speech as president. Britain's FTSE 100 was trading 0.15% lower, while Germany's DAX and France's CAC 40 were trading in green.

MSCI's broadest index of Asia-Pacific shares outside Japan retreated 0.2%, and looked set to end the week flat.

Japan's Nikkei reversed earlier losses to close 0.3% higher, posting a 1.1% weekly loss.

China's fourth-quarter gross domestic product growth came in at 6.8%, versus forecasts of 6.7%, supported by higher government spending and record bank lending.

The data helped lift China's CSI 300 index 0.8%, setting it on course for a 1% weekly gain.



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