

Print Coverage

'GST, monsoon to drive markets'

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GST, monsoon to drive markets



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Market Khabar

Markets logged best week since May buoyed by the acceptance of 7th Pay Commission Report by the government, good progress of monsoon, positive global cues and renewed buying from FIIs.

During the week ended, the Sensex and the Nifty vaulted 747 points and 239 points higher to 27,145 and 8,328 respectively. With indices rallying positively in all five sessions, market breadth improved sharply signaling return of small investors. Good response to Quess Corp IPO (147 times) making it the fifth highest subscribed IPO since the year 2000 reflects risk appetite for quality public offerings.

Companies with good management, strong operating cash flows and good growth prospects will continue to attract strong subscriptions in the primary market. RBI's Financial Stability Report that the economy stands

out in terms of growth as compared to other emerging markets and that the Indian financial system remains stable have improved the sentiment.

Assurances from European Central Bank and the Bank of England to loosen policy in the aftermath of the Brexit referendum helped restore calm in global markets.

Markets are likely to witness consolidation or minor profit booking in the coming week.

For the week ahead, chartists predict a trading range of 26,500-27,800 and 8,125-8,525 for the indices. Key supports for the indices are at 26,800 and 26,500 and 8,210 and 8,115.

Sustainability of the rally will depend on upcoming events like Q1 results, macroeconomic data, progress of monsoon and passage of GST Bill. Focus on quality midcaps and smallcaps with short to medium term view.

STOCK SCAN

■ Shilpa Medicare Ltd engages in the manufacture and sale of bulk drugs in India. It offers APIs and formulations for oncology, anti-retrovirals, and other therapeutic areas. Expansion activities have been completed as per schedule and it expects that the investments made during the last two years would start yielding results in the next couple of years. During the last year, anticipating increase in demand based on forecast, Oncology manufacturing facility for few products has been expanded significantly. It is also involved in the generation of wind power. Buy on declines for target price of ₹950 in the medium term.

■ Walchand PeopleFirst (formerly known as Walchand Capital Ltd) provides consulting, talent development, and training services to corporates and profession-

als in India. It offers its services in the areas of organisation effectiveness and strategic initiatives, leadership development, and talent and human resource audit. Expanding its portfolio of services, it is also offering a broad range of assessment consultancy services in partnership with PerformanSe SAS. Buy on declines for target price of ₹250.

■ Listed recently Equitas Holdings Ltd is a financial services provider focused on individuals and micro and small enterprises. These customers require various financial products including small, short-term business loans as well as relatively large, longer tenor enterprise and home loans. It is amongst a few NBFCs in India operating in the used commercial vehicle finance business. Buy for the portfolio target of ₹400.

F&O

Settlement week saw brisk trading in the derivative segment. With Brexit discounted, market players were seen placing bets on long side. The July series started with average rollover of 77.74 per cent via three-month average of 74.83 per cent and market wide rollover was at 82.98 per cent via three month average of 84.01 per cent.

In the option segment highest open interest was seen at 8500-call option and 8,000-put option. Momentum buying may propel Nifty to 8500 level in next fortnight.

Enthused by the acceptance of pay panel report, consumer durable and auto stocks witnessed buying interest. Use declines to add Marico, Dabur, ITC, VS Motors, Bajaj Auto and M&M.

NBFCs attracted strong buying interest from funds. Stay invested in M&M Finance, SKS Micro and DHFL.

IT companies continued to be subdued on fears of Brexit impact. Fall in euro, pound versus the dollar will have bearing on their margins.

(C. Kutumba Rao is an avid follower of stock markets. This newspaper is not liable for decisions made on the basis of this column. Views expressed in the article are personal views of the writer.)