



DALAL STREET

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MBA Class of 2011

Last few weeks leading to August witnessed solid rally wherein BSE sensex closed at its highest point in the past one year buoyed by better than expected earnings from India Inc., Firm global cues and sustained buying by Foreign Institutional Investors. Despite these factors the month of August posed significant challenges as fear of lower than average rainfall loomed large over the minds of investors. With the Q1 June 2009 season also over, the market trends were more dependent on global indices, any disturbance in global scenario could have affected the sensex directly. We will now take a look at the weekly market report for the month of August.

The Week from August 3-7: The week started with a lot of promise, NSE ended its very first August session on a strong note, by surging above the 4,700 mark for first time since Jun 6, 2008. The Sensex shut shop gaining 253.92 points or 1.62 per cent at 15924.23, and the Nifty as up 74.95 points or 1.62 per cent at 4711.40. However, the markets failed to sustain the momentum through the rest of the week – as worry loomed large over the less-than-expected monsoon and the fear of the Chinese central bank tightening lending. The week ended with Nifty losing 155 points or 3.34% and closing at 4481.40; BSE Sensex shed 510 points or 3.26% and ended the week at 15160. The sectors which suffered the most were the FMCG (-6.71%), Realty (-5.93%), Auto (-4.49%) and Power (-4.12%). The top five gainers for the current week were BPCL (10.15%), NALCO (2.41%), Sun Pharma (2.27%), Reliance (2.17%) and Wipro (1.97%). Top five losers for the same week were Suzlon Energy (-12.88%), Axis Bank (-11.18%), Maruti Suzuki (-8.56%), ITC (-7.87%) and Hero Honda (-7.85%). The IPO of NHPC, which opened for subscription on 7 August 2009, was subscribed 3.22 times by 15:00 IST that day. The IPO received bids for 540.25 crore shares compared to the issue size of 167.7 crore shares. NHPC is planning to raise Rs 6,040 crore at the upper end of the issue price band of Rs 36. The government kickstarts the divestment process by selling shares in NHPC.

The Week from August 10-14: During the first few sessions markets remained highly volatile with Nifty plummeting to 4350 levels due to heavy selling of global and domestic issues. It was during the later part of the week that stock market recovered from its losses and reached the upper level of

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4600. In the benchmark indices, BSE gained 1.66% while Nifty moved up by 2.2%. The small and Mid-cap were the major gainers during the week. The uptrend in the market was further strengthened by the Index Industrial Production (IIP) released on 12 Aug, 2009 which showed that India's industrial production advanced by 7.9%, the fastest since Feb 2009 - indicating the signs of possible economic recovery. Among the key stocks Ranbaxy moved up 13.5%, Tata Motors edged higher 12.5%, HCL Tech scaled up 10.5%, Hindalco up by 7% while M&M lost 5.5%, HUL went down by 5% and ACC fell 4.8%. The lower normal monsoon appreciated the prices of agricultural commodities - Kohinor Foods went up 34%, LT Overseas pepped up 31% and Dharani Sugar moved up 25%. The major gainers this week were Auto, IT and Metal stocks. Rate sensitive realty also outperformed expectations on hopes of governmental thrust on housing sector. Omaxe (up 2.56%), Indiabulls Real Estate (up 3.34%), Anant Raj Industries (up 17.89%), were major gainers among the pack.

The Week from August 17-21: Markets started the week with heavy selling but some of the losses were recovered during the latter half. The plunge in the market was on account of global cues with Chinese markets plummeting down by 5% as a result of controlled lending from the banks and the fear of the government wanting to dampen property speculation. It was only during the latter half of the week, when traders and investors went in for bargain hunting, the market recovered. During the week the BSE Sensex fell 170.80 points or 1.11% to 15,240.83 while the Nifty fell 51.25 points or 1.11% to 4528.80. FII's continued their selling streak while domestic institutions helped in recovery of market by being major buyers. Top gainers for the week were Idea (6.09%), HDFC (5.38%), Ranbaxy (4.93%), BHEL(4.60%) while top losers included Cipla (-8.17%), Unitech (-7.75%), Tata Motors (-7.41%) and Relintra (-6.80%). India's second largest cellular services provider by sales, Reliance Communications (RCom), rose 3.9% to Rs 248.50. As per reports, the company is in talks with Mobile Telecommunications Company K.S.C., known as Zain, for a potential acquisition of its African operations.

The Week from August 23-28: The week witnessed a continuous rise in the stock market for the five consecutive days. This momentum was led by positive economic cues domestically and strong and upbeat global markets which rallied to a ten months' high based on the impression that economic recovery is gathering pace. The major US stock indices have rose to new 2009 highs during the week. Revival of monsoon was another factor which boosted the market sentiments. NSE Nifty added 203 points or (4.49%) to the previous week and ended at 4732; BSE Sensex appreciated 681 points or (4.47%) to close the week's trading at 15922. Major gainers for this week were Unitech (15.57%), Tata Motors (13.31%), Ster (10.90%), Wipro (10.12%) while top losers for the week comprised of BPCL (-6.99%), Idea (-1.45%), Tata Steel (-1.42%), and ONGC (-1.08%). IT stocks rose after the top three IT firms won a large outsourcing deal from British Petroleum. India's third largest software services exporter Wipro rose 10.19%. India's second largest software services exporter Infosys Technologies rose 7.85%. India's largest software services exporter TCS gained 6.25%.

As expected the markets remained highly volatile for the first three weeks before surging ahead for the continuous seven sessions to end the month on a high note. The trends for the next month will depend upon the GDP number for the country which is expected to be out in the first week of September. The economists are expecting India to register a better number of around 6% in the June quarter, thanks to the various stimulus measures taken by the government to weather down the affect of the global economic and financial crisis. A better than expected number can certainly provide the markets the much needed steam to move to the much higher levels of around 5000 plus in the Nifty and around 17000 in the Sensex.

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