Market Wrap Up

February 3, 2012

Indian equity markets snapped the fourth straight day in a row on a jubilant note in the week, what started on a subdued note, took a turn to rally in late trade to close with gains of around a percent. It was the recovery in the European markets after a sluggish start that prompted the Indian equity markets to gather steam in last leg of the trade. Earlier the US markets made a mixed closing overnight, while the Asian markets made a similar start and kept the domestic indices in pressure, the globe over markets are waiting for the US monthly non-farm payroll data to gauge the health of the US Economy.

The sluggish start of the day indicated that the Indian markets will consolidate after three straight days of gains, and trade remained rangebound however during the early trade benchmark indices once turned into red to their lowest point of the day, but again they stabilized and traded in a tight range through most of the day. The commodity stocks remained the laggards from the beginning, while some other defensive sectors like healthcare and FMCG recovered to snap the session in green. There was supportive news that helped the markets keep themselves in green territory; the Indian services sector grew at its fastest pace in January, as compared to the last six months. The growth has been led by financial intermediation, hotels and restaurant sub-sectors. The expansion has been due to the improvement in the global economic scenario which led to a rise in new work orders. With investor sentiment improving due to improving global growth and easing of liquidity by the central bank, the services sector is likely to benefit more in the coming months. January's jump in new orders has pushed expectations for the future to their highest level since June 2011, consistent with the double-digit output growth of the service sector. Even though input prices in the services sector rose at their slowest pace since October, firms increased their prices charged at a faster rate. Back on street, the realty sector surged over 2 percent, closely followed by healthcare and power sector to take the markets higher, while the broader indices performed well from the beginning and outpaced their larger counterparts.

The BSE 30-share Sensex was up 173 points or +1.0% at 17383 while NSE 50-share Nifty ended the day at 5326 up 56 points or +1.06%.

Stocks Performance

Cement Stocks: ACC (+1.7%), Ambuja Cement (+1.7%), India Cement (+6.8%)

Cement stocks rose for second day after monthly dispatches data. Jaiprakash Associates cement dispatches rose 27% to 1.96 million tonnes in January 2012 over January 2011. ACC cement dispatches rose 8.78% to 2.23 million tonnes in January 2012 over January 2011. The stock hit a 52-week high of Rs 1239 today. ACC's cement production rose 9.22% to 2.25 million tonnes in January 2012. Ambuja Cements cement dispatches rose 3.8% to 1.91 million tonnes in January 2012.

F&O Update

The benchmark Nifty gained 56 points. VIX stood at 24.1 increasing 1.7% from Thursday's level. PCR (open interest) for Option series is at 1.34 with substantial increase in Put side and marginal increase in Call side open interest (OI). On put side Maximum OI is at 5000 strike while 5200 strike saw maximum addition in open interest today. We can expect 5000 Level to act as support in near term. February series Call side has maximum OI at 5400 with 5500 strike call saw maximum increase in OI today which indicate resistance at 5400. February Nifty futures closed at 13 points premium to the spot. Markets recovered after RBI cut CRR by 50bps, easing EU debt crisis, slowing inflation, policy action, Q3 earnings and rupee appreciation. The market is in intermediate uptrend. Sensex has moved above 16000 (200 week moving average) after taking support at crucial psychological levels of 15000.

Top 3 Sensex Gainers:

NTPC (+2.7%),
HUL (+2.7%),
Sun Pharma (+2.4%)

Top 3 Sensex Losers:

Hindalco (-4.9%),
Jindal Steel (-2.7%),
Tata Steel (-1.6%)

Top 3 Sectoral Gainers:

REALTY (+2.2%),
HC (+1.7%),
POWER (+1.5%)