

## Daily Market Review 6<sup>th</sup> January, 2012

### Indices

BSE Sensex	15857.08	-25.56	-0.16%
Nifty	4749.95	+0.30	+0.01%
FTSE 100	5625.74	-42.71	-0.75%
NASDAQ	2640.00	-8.36	-0.32%
DJIA	12325.48	-92.94	-0.75%
Nikkei	8488.71	-71.40	-0.84%
Hang Seng	18,813.41	+86.1	+0.46%

### Top Gainers for the Day

Cairn India	+3.90%
PNB	+3.53%
Bajaj Auto	+3.02%
IDFC	+2.92%
Jaiprakash Associates	+2.86%

### Top Losers for the Day

DLF	-3.85%
GAIL	-3.39%
Reliance	-2.32%
BPCL	-2.29%
NTPC	-2.09%

### Currency Market

US\$/Re	52.98	0.03	+0.06%
US\$/EURO	0.7793	0.0073	+0.82%

### Commodity Market

Crude oil	\$113.37	-0.33	-0.29%
Gold (Rs)	27607	-245.0	-0.88%

### Net Inflows/Outflows (Rs in Crores)

	Buy	Sell	Net Value
FII	2247.61	1866.19	381.42

### Debt

	Yield
10 yr bond yield	8.35%
Call Rate	8.50%

### News Headlines: Corporate

#### Market remains flat despite positive news on inflation

The markets ended flat amid lackluster trade mostly involving profit booking by wary investors in some of the index heavyweights. The Sensex ended at 15,857, lower by 26 points and the Nifty ended flat at 4,750 despite a sharp slump in food inflation. The global markets remained flat as well. RIL fell 2.44 per cent after news being reported about reduced gas output from its eastern offshore KG-D6 fields. Other majors -- Infosys, ONGC, Bharti Airtel, NTPC, Coal India, HUL and DLF also weighed down the market. Meanwhile the country's leading software exporter TCS today dislodged Reliance Industries Limited as the country's largest firm in terms of market value as the shares of RIL declined sharply today. Foreign institutional investors brought in much respite to market as they were net buyers of Rs 381.42 crore while the domestic institutional investors were net sellers of Rs 289.21 crore respectively. It is believed that the rally may not be sustained amid the uncertainty in the global economic scenario, the weak corporate earnings season and the RBI stance on loosening its monetary policy.

#### Sharp decline in overseas borrowings by Indian companies - EU crisis

Many banks overseas have shut doors on leading Indian companies looking for finance overseas as the rupee continues to weaken and global economic certainty led by the EU crisis. The most preferred route for companies to borrow cheap funds was through external commercial borrowings, which fell from \$4.12 billion in July to about \$1.2 billion in November. "Market is challenging with banks becoming selective," said Manmohan Singh, MD & head of debt capital market, Royal Bank of Scotland, the top bond arranger last year. "Cost of funding for banks have gone up, which in turn has pushed up cost of borrowing for corporates." Leading banks such as BNP Paribas and Societe Generale are forcing many companies to shelve their investment plans while improving their capital by disposing assets. Investors fear that the crisis in European sovereign credit could push up rates further as distrust among banks leads them to park funds with the European Central Bank, which are at more than 400 billion.

### **Is it the right time to invest in the Indian equity market?**

The Sensex is currently trading at a P/E of 16.8, slightly below its 20 year average of 18 indicating that the market is marginally undervalued and also paving the way for smart investors to venture into the market. Credit Suisse changed Indian equities to "neutral" from "underweight," citing cheap valuations, easing headline inflation and slower earnings estimate downgrades in December. The four cheapest markets in Asia are China, Korea, Hong Kong and India, which was the bank's biggest underweight market since September 2010, according to Credit Suisse's price-to-book versus return-on-equity valuation model. The Sensex shed 24.6 percent in 2011 to be the world's worst-performing major equity market. Financials, materials, energy and consumer cyclical companies are the four most undervalued sectors in India, Credit Suisse said. It added Tata Steel, Tata Motors and Reliance Industries to its model portfolio, along with Sun Pharmaceutical and Bharti Airtel. However, it continued to have concerns over India's large current account and fiscal deficits. So if the investors can exercise due diligence and spend reasonable effort in picking stocks with sound fundamentals they may benefit in the market.

### **Pepsico contemplating 4000 job cuts**

Global soft drinks manufacturer PepsiCo Inc may cut about 4,000 job cuts and also reduce pension contributions primarily to boost earnings. The planned layoff of about 4,000 workers, mostly from purchase department coupled with the reduction in pension benefits that will save the Company about 75\$ million can help the Company boost its earnings. The Company is also mulling a freeze on raises for its salaried employees.

To add to the doom and gloom of the raising job cuts, the debt ridden leading airline Kingfisher has decided to cut about 2000 jobs. It has also been reported that RBS and Societe Generale have planned to cut 11,500 jobs globally.

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