

Date : FEBRUARY 28, 2009

Ref. No. Port/WN/220/056/2009

KEY INDICES END marginally HIGHER

Gains in select stocks helped the key benchmark indices edged higher in a truncated week. Still, the upside was capped as a disappointing quarterly GDP growth data announced on Friday, 27 February 2009, indicated the global financial crisis could have a greater impact on the domestic economy than initially expected. The market was closed on Monday, 23 February 2009, on account of Mahashivratri.

BSE 30-SHARE INDEX AND CNX NIFTY

The 30-share BSE Sensex rose 48.40 points or 0.55% to 8,891.61 in the week ended 27 February 2009. The 50-unit S&P Nifty rose 27.2 points or 1% to 2763.65 in the week.

BSE SMALL & MID CAP INDEX

The BSE Mid-Cap index declined 1.20% to 2,758.29, while the BSE Small-Cap index fell 1.73% to 3,106.01. Both the indices underperformed the Sensex.

FII & DOMESTIC FUND ACTION

Global investors are offloading India stocks. Foreign institutional investors (FIIs) outflow in February 2009 totaled Rs.2436.60 cr (till 26 February 2009). FIIs had pulled out a massive Rs.52,998.70 cr in calendar year 2008, as against an inflow of a huge Rs.71,486.50 cr in calendar year 2007.

GDP NUMBERS

The gross domestic product (GDP) grew a slower than expected 5.3% in Q3 December 2008 over Q3 December 2007. The figure is sharply lower from 7.6% in Q2 September 2008 as the global economic crisis cut demand and exports. India has estimated the economy to grow 7.1% in 2008/09, slowing from the 9% in the previous year.

INFLATION NUMBERS

Inflation fell to 3.36% for the year through 14 February 2009 and is reported to be on course to turn negative by first week of April 2009 as falling commodity prices and shrinking demand build up downward pressure.

FOREX

GBP/\$	1.4211/1.4215	\$/Yen	97.4300/97.4500
EUR/\$	1.2678/1.2680	\$/INR	50.9400/9600

WEEK AHEAD: MARKET TO TAKE CUES FROM GLOBAL EQUITIES

The domestic bourses are likely to track global markets in the near term. Fears of more bad news from the US financial sector is likely to keep sentiments subdued. Yet, stock-specific buying on a likely interest rate cuts could restrict losses. Expectations of rate cuts have increased after the RBI governor D Subbarao's comments in a conference held earlier this month in Tokyo that there is more room for slashing benchmark interest rates. Marketmen are expecting at least a 50 basis point (bps) cut in the repo and reverse repo rates each. Interest rate cut will have a positive effect on Interest-sensitive sector like Banking, Realty, Auto, etc.