

## **Selling pressure continues, banks & auto drag**

Benchmark indices continue to reel under selling pressure weighed down by auto, banks and capital goods shares along with weakening rupee leading the decline. Weakness in Asian stocks has also dampened the sentiments.

The rupee fell to yet another record low on Monday as the government's steps unveiled last week seemed inadequate to stall the currency's fall.

Rupee dropped to 62.45 per dollar in late morning trade today on persistent demand for the US currency from banks and importers coupled with capital outflows from foreign funds.

Meanwhile, Foreign institutional investors (FIIs) extend selling in index futures for a fourth day on Friday, totalling sales of Rs 2063 crore, indicating they are bracing for lower levels in cash shares in the near term, dealers say.

Derivatives analysts say the rise in outstanding positions in index futures, coupled with a fall in cash share indexes, indicates the formation of short positions.

By 11:15 AM, the Sensex was down by 231 points at 18,367 whereas the Nifty slumped by 79 points at 5,429.

Adds Ravi Nathani, Technical analyst, "Support on charts is expected around 5,400, post this we might expect a small bounce, overall trend on charts is down therefore best trading strategy would be sell on rise".

On the global front, Asian stock fell for a third straight day as worries about the Federal Reserve's policy outlook and rising US Treasury yields weighed on sentiment.

Key benchmark indices in Hong Kong, Indonesia, Singapore, China, South Korea, and Taiwan were down by 0.06% to 3.86%. Japan's Nikkei Average rose 0.21%

Back home, BSE Bankex and BSE Auto index have plunged by 3% each followed by counters like Healthcare, PSU, Capital Goods and FMCG, all declining between 1-2%. However, BSE Metal and IT indices have gained between 0.4-2%.

Banking shares are under pressure second day in a row with the National Stock Exchange (NSE) Bank Nifty hits its lowest level since January last year.

Bank Nifty is down nearly 3%, falling 8.5% in past two trading sessions after the Reserve Bank of India (RBI) on Wednesday has announced additional measures to support the Indian rupee by stemming foreign exchange outflows by Indian residents. The index hit low of 9,163 during intra-day trades, its lowest level since January 19, 2011.

Most of the banking stocks including public sector as well as private sector are trading at their multi years low. ICICI Bank, Bank of Baroda, Axis Bank, Punjab National Bank, Canara Bank, Bank of India, YES Bank and Union Bank of India are down 3-5% on NSE.

Auto stocks have been hit the hardest in today's trade.

Conglomerate Mahindra & Mahindra (M&M) took the largest beating as the counter lost a little over Rs 46 or 5.5% on the stock exchanges. It was trading at Rs 798.8.

It was followed by India's third largest two-wheelers maker Bajaj Auto, which is trading 4% down. Bajaj, which was reeling under workers' strike till last week, could see its shares surge as reaction to strike end. But the momentum failed to sustain and the counter lost well over Rs 75 on Monday morning trade to Rs 1,774.85.

Hero MotoCorp and Tata Motors are among the other top Auto makers which took a severe beating on a day when benchmark indices continued their steep decline for the second trading session in a row.

Other notable losers are Sun Pharma, Bharti Airtel, Coal India, HDFC, Cipla and L&T.

Meanwhile, metal stocks have bucked the trend in today's trade on the stock exchanges.

Shares of Sterlite Industries, Tata Steel, Hindalco and Jindal Steel are all in the green at a time when benchmark indices are over a percentage point down.

Among other shares, Indiabulls Real Estate has rallied 5% to Rs 59.65 after the real estate developer said that it has bought back the entire stake of FIM, an America-based private equity (PE) fund, in its seven project subsidiaries for Rs 1,172 crore.

Strides Arcolab is trading higher by 2% at Rs 813 on reports that Prime minister Manmohan Singh on Friday cleared the foreign direct investment (FDI) of Strides Arcolab-Mylan Rs 9,920 crore (\$1.6 billion) deal.

The market breadth in BSE remains weak with 1,050 shares declining and 600 shares advancing.

*(Business Standard)*