Benchmarks likely to get flat-to-positive start

Published on 9/11/2021 9:00:26 AM | Source: Accord Fintech

Indian markets ended Monday's session notably higher as traders returned to their desks after a long holiday weekend despite muted cues from other Asia and Europe markets. Today, the start of session is likely to be flat-to-positive tracking gains in global peers. **Traders will be taking encouragement as domestic rating agency Brickwork Ratings revised its growth estimate for the country's gross domestic product (GDP) to 10-10.5 per cent in the current financial year from an earlier expectation of a 9 per cent growth. It said many economic growth indicators are suggesting a faster-than-expected revival in economic activities.** Some support will come as SBI report stated that India is now ahead of China in financial inclusion metrics, with mobile and internet banking transactions rising to 13,615 per 1,000 adults in 2020 from 183 in 2015 and the number of bank branches inching up to 14.7 per 1 lakh adults in 2020 from 13.6 in 2015, which is higher than Germany, China and South Africa. However, there may be some cautiousness as Rating agency Crisil's latest report stated that higher diesel prices will shave off the overall profitability of transporters despite an improvement in freight rates since last month following the withdrawal of the monsoons, consumption recovery and higher infrastructure activity. Meanwhile, Markets regulator SEBI allowed foreign portfolio investors (FPIs) to write off all debt securities that they are unable to sell. This will be applicable only to such FPIs who wish to surrender their registration. There will be some buzz in the telecom stocks as global ratings agency Fitch expects the Telecom Regulatory Authority of India (Trai) to cut base prices of coveted airwaves in the 700 Mhz and 3.3-3.6 Ghz bands and expects the much awaited 5G spectrum sale to happen next year. Power stocks will be in focus as the Union power ministry said that peak power demand deficit in the country was almost wiped out in 2020-21 period. Providing statistics, the ministry said the deficit stood at 0.4 per cent in 2020-21 compared to 16.6 per cent in 2007-08 and 10.6 per cent in 2011-12. There will be some reaction in housing finance companies (HFCs) stocks with rating agency Icra Ratings' report stating that HFCs are likely to witness a growth of 8-10 per cent in fiscal 2022 helped by rise in economic and higher demand.

The US markets ended in green on Monday amid a positive reaction to news that the House of Representatives has passed a $1 trillion infrastructure bill. Asian markets are trading mostly higher on Tuesday as the passage of a U.S. infrastructure bill boosted sentiment.

Back home, Indian equity benchmarks recovered from opening lows and ended more than half a percent higher on Monday, led by buying in Oil & Gas, Consumer Durables and Power stocks. The benchmarks edged lower in opening deals, as traders got anxious with a private report that the excise duty cuts on diesel and petrol will cost Rs 45,000 crore and lead to a 0.3 percentage point widening in the Centre's fiscal deficit. Some cautiousness also came with report that even though the retail inflation rate fell to a five-month low of 4.35 per cent in September, there was concern on the part of reputed agencies, from the International Monetary Fund (IMF) to Nomura, and companies over inflationary pressure. The wholesale price inflation (WPI) rate came down in September to the level seen in April, but remained elevated at 10.7 per cent. Adding to the pessimism, another private report stated that rapid strides in digital payments notwithstanding, the Indian economy will likely remain cash-dependent for many years to come, at least that's what the automated teller machine makers and cash logistics companies are betting on. However, benchmark indices staged a strong recovery in afternoon trading as traders turned optimistic with industry chamber PHDCCI stating that India's economic recovery gained momentum in recent months on the back of rapid progress in vaccinations, festive season and consequent improvement in consumer and industry sentiments. The PHDCCI Economy GPS Index for October 2021 increased to 131 as compared with 113.1 in the previous month. Some solace also came with State Bank of India (SBI) Chairman Dinesh Kumar Khara's statement that India is ready to move into the next orbit of growth with the hugely successful implementation of the COVID-19 vaccination program. Additional support also came after Reserve Bank of India (RBI) in its latest report showed that India's forex reserves have increased by $1.919 billion to $642.019 billion for the week ended October 29 on a healthy increase in the currency assets and value of gold. Meanwhile, the Finance Ministry has asked for suggestions on taxation from industries and trade bodies for Budget 2022-23, which is going to set the tone for the growth of India's economy hit by the COVID-19 pandemic. Finally, the BSE Sensex rose 477.99 points or 0.80% to 60,545.61and the CNX Nifty was up by 151.75 points or 0.85% to 18,068.55.