

THE ECONOMIC TIMES

Sensex up 153 points, but worries persist

THE market may have risen for the second consecutive session on Friday, but traded volumes were a little lower with most players reluctant to take big bets. It's a wait-n-watch attitude for news to evolve.

The benchmark indices closed higher on Friday riding on initial positive cues from the US and lack of further negative news. The Dow, which rose 0.76% on Thursday, was trading in the red during Friday's opening hours. Short covering on Friday infused an element of volatility. As per provisional data on the BSE, FII's sold around Rs 3,000 crore during the week. "After Wednesday's fall, markets will not stabilise in a hurry. A rise or fall for a couple of days would not be a good time to make judgements," Sailav Kaji, head-strategist of the brokerage PINC. The volatility index in the US is at its peak and Dalal Street is mirroring the trend.

Kotak Securities vice-president research Ketan Karani feels that global cues are not entirely comfortable and the market is still in a correction mode.

"Globally, there is repricing of risk on account of the crisis in the sub-prime mortgage market and cash crunch for M&A activity. And going forward, that is what holds key to what may happen. While the flows have not slowed down, an important indicator would be the kind of money that may be taken out of emerging markets due to the global repricing of risk. If there is withdrawal of fund flow, we could see some correction," he said.

The BSE 30-share Sensex advanced 152.70 points or 1.02% at 15,138.40. It opened 75.43 points up at 15,061.13 and surged to an intra-day high of 15,235.51. The S&P CNX Nifty gained 45.20 points or 1.04% at 4,401.55. The sensex lost 96 points or 0.63% at 15,138.40 for the week ended 3 August 2007. The S&P CNX Nifty lost 44 points or 0.96% at 4,401.55 for a similar period. There was buying interest in index pivots and other select counters. All the sectoral indices on BSE posted gains. Shares from real estate, banking and cement were in demand. Pharma shares were subdued. The market breadth was strong with 1,538 shares advancing as compared to 1,002 that declined.

SBI rose 2.72% to Rs 1636 and was the top gainer in the Sensex pack. Other banking scrips also posted gains after the release of inflation data. The BSE Bankex gained 101.71 points or 1.28% at 8,048.51. The wholesale price index was 4.36% in the week to 21 July 2007, compared with 4.41% the week before. The government also revised the inflation rate for the week ended 26 May 2007 to 5.15% from 4.85%.

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