

Sensex Retakes 17k Cheered on by Buoyant Global Markets

Market Report

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The market rose for the second consecutive day to regain the 17,000 level, as buoyant global markets kept the mood upbeat despite fresh terror attacks in Delhi on Wednesday. Though the market still lacks wider participation of investors, the interest is slowly picking up gradually on hopes that the market may soon stabilise amid some progress on a Greek bailout package.

After taking a few important policy decisions in relation to fresh banking licence guidelines and

land acquisition laws, the market is expecting the government to announce more reforms to revive the sentiment affected by allegations of rampant corruption.

"Valuations look attractive at the current level after Indian markets underperformed most of its global peers in the last few months," said Kotak Securities managing director D Kannan.

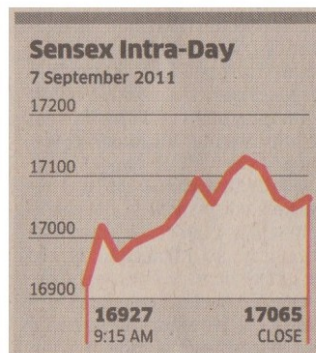
The market is also expecting New Delhi to announce some fast-track policy reforms in an effort to salvage the government's image dented by its inability to control inflation and major corruption charges against a few of its ministers. Beaten down shares of realty companies led the gains on hopes that interest rates will soon peak out, paving the way for a demand recovery. They were supported by power, consumer goods, banking

and metal shares, which pushed the Sensex up by 202 points, or 1.2%, to close at 17,065 on Wednesday. With this, the index has recovered nearly 1,000 points from its monthly low of 16,142 recorded on August 19.

The market breadth was positive as the gainer stocks, at 1938, outnumbered the losers, at 913, by a substantial margin. Foreign institutional investors made further purchases in the market, with their net inflows, according to the BSE's provisional figures, amounting to ₹262 crore on Wednesday.

The 50-share NSE index closed 1.19% higher at 5124.65 points.

European stocks rose on Wednesday and the euro gained against the dollar, as the mood was positive after the German Constitutional Court's decision to



uphold the first Greek bailout package and the creation of the European Financial Stability Facility, as well as better-than-expected German data. Stocks rose in across European bourses and the buoyant tone extended to U.S. stock-index futures.