

# Sensex Up for 3<sup>rd</sup> Day, Adds 1,604 Points Since Budget

Some on D-Street feel RBI may not even wait till the policy to deliver a rate cut

Our Bureau

**Mumbai:** Benchmark indices extended their winning streak to the third consecutive day on Thursday as a revival in foreign investor inflows soon after the Budget has raised hopes that the worst for the market might be over. Foreign funds net bought shares worth ₹911 crore on Thursday, extending their purchase tally to over ₹5,600 crore in the last three days. The strong inflows drove the indices up 7% and the rupee to a seven-week high since the Budget on Monday.

The Sensex rallied 1.50%, or 364.01 points, to 24,606.99. The broader Nifty rose 1.45%, or 106.75 points, to 7,475.60 on Thursday. Both indices have jumped 7% since the Budget on Monday.

"There is a fair amount of optimism in the market and that has sustained the market over the last week," said G. Pradeepkumar, chief executive officer at Union KBC Asset Management. "After a long time we are seeing FIIs are net buyers which could be the beginning of a new phase. If there is sustained FII flow, which is possible, then that gives a lot of hope

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HENRI MATISSE, *The Dinner Table*

that the markets will be firm."

The rupee gained 28 paise or about 0.41% on Thursday after overseas investors rushed to buy domestic securities as the government stuck to fiscal targets in the Union Budget. The local unit closed at 67.37 versus 67.65 on Wednesday. Foreign banks were seen selling dollars on behalf of their overseas clients.

"Some speculative bets hit the dollar as traders went short (sell) expecting further rupee rise," said Keta Kurkute, AVP, Forex Risk Advisory at Mecklai Financial. "But, the local unit is unlikely to rise breaching the psychological mark at 67."

"I think the metal sector stocks look attractive as the stocks are trading at significant discount to replacement cost," said Sampath Reddy, chief investment officer at Bajaj Allianz. "With China taking steps to cut back excess production in the metal space, it could lead to improvement in commodity prices, thereby boosting earnings growth."

Analysts feel the biggest domestic trigger for the markets would be the RBI's anticipated interest rate cut. "One trigger that everybody is expecting is a rate cut. It looks fairly imminent and I think the RBI may not even wait till the policy," said Pradeepkumar.