



# Market rally snaps on profit-booking, Greek uncertainty

**BS REPORTER**

Mumbai, 30 January

Indian shares snapped a six-day rally today, as uncertainty over talks between Greece and its private bondholders pulled down global markets and the poor order inflow of power equipment maker BHEL disappointed investors. Engineering, realty and power stocks saw the sharpest decline.

The Sensex tumbled 371 points, or 2.15 per cent, to

close at 16,863. The 30-stock index had gained 782 points in the last six sessions on heavy buying from foreign investors. The broader index, S&P CNX Nifty, fell 117 points, or 2.26 per cent, to 5,087.

"Whether we like it or not, India is a high beta market. Any global event that triggers a risk-off kind of move will affect us," said Suresh Mahadevan, MD and head of equities, UBS Securities (India).

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## GLOBAL PAIN

All major indices have a losing run

Name	Jan 30	% change*
<b>THE US (2300 HRS)</b>		
DOW JONES	12,589.00	-0.56
NASDAQ COMPOSITE	2,808.65	-0.28
<b>EUROPE (2300 HRS)</b>		
CAC 40	3,265.64	-1.60
FTSE 100	5,671.09	-1.09
DAX	6,444.45	-1.04
<b>ASIA</b>		
NIFTY	5,087.30	-2.26
SENSEX	16,863.30	-2.15
JAKARTA COMP	3,915.16	-1.79
HANG SENG	20,160.41	-1.66
SHANGHAI SE	2,285.04	-1.47
KOSPI	1,940.55	-1.24
STRAITS TIMES	2,888.29	-0.96
NIKKEI 225	8,793.05	-0.54

\*Over previous close

Compiled by BS Research Bureau

appointing third-quarter results. The stock fell 1041 per cent to close at ₹245. Engineering major Larsen & Toubro was down 5.37 per cent at ₹1,307. Among banking stocks, private lender ICICI Bank fell 4.07 per cent to ₹851.95 and State Bank of India was down 2.54 per cent at ₹1,990. Reliance Industries, the country's top private sector company, fell 2.71 per cent to ₹795 ahead of its plan to buy back stocks.

"Nothing much has changed from December. The latest rally was primarily fuelled by the global liquidity situation," said Andrew Holland, CEO, Investment Advisory, Ambit Capital. "This is the problem with liquidity-driven rallies. As they are not fundamentally driven, anything can change their trajectory. This is what liquidity does; it creates a lot of volatility."

According to provisional figures, foreign institutional investors were net sellers to the tune of ₹200 crore. Prior to that, they had bought shares worth ₹10,437 crore so far this year.

Europe's broader equity gauge, the Stoxx Europe 600, fell 0.8 per cent in its biggest two-day slide since December 8, 2011. The index had rallied 18 per cent from its September 22, 2011 low as the US economy saw some recovery and speculation grew about the euro area containing its sovereign debt crisis. Among other benchmarks, the UK's FTSE 100 was down 0.84 per cent and Germany's DAX fell 0.76 per cent.

European leaders will gather for their first summit of 2012 in Brussels today. "They will put the finishing touches on a German-led deficit-control treaty and endorse the statutes of a €500 billion-euro (\$661 billion) rescue fund to be set up this year," global news agency Bloomberg said.

"Equities have done exceedingly well this month amid growing optimism about the health of the US economy. But, the euro region is not out of the woods yet, Greece is still struggling to secure more aid from international creditors to avert a default. Fitch Ratings has lowered the grades of Italy, Spain and three others. All eyes will be on today's EU leaders' summit," said Amar Ambani, Head of Research at Mumbai-based broking firm IIFL.

Negotiations between

Greece and private bondholders over the restructuring of 200 billion euros (\$263 billion) of Greek debt, which made progress over the weekend, were not expected to conclude before an EU summit began, a Reuters report said.

## Market rally...

Among the major sectoral indices, the BSE Capital Goods index suffered the most by losing 5.55 per cent, while the BSE Power index gave up 3.54 per cent. The BSE Realty index declined 3.10 per cent and the BSE Metal index fell 2.85 per cent.

Power equipment maker BHEL led the fall among benchmark stocks after it posted dis-