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ASIAN MARKETS END IN THE RED; SENSEX PLUNGES 49.18 POINTS, NIFTY CLOSES AT 5,124 POINTS

Mkts dip on euro zone concerns

fe Bureau

Mumbai, May 5: The country's equities extended losses for the third consecutive day on increasing concerns over the escalating eurozone debt crisis, which is putting a question mark over global recovery.

"The market was hit because of the problems cropping up in Europe but recovered because of short covering," said Andrew Holland, CEO—equities, Ambit Capital. "The Indian as well as the global markets will remain volatile in the next few days. They will take their cues from how the UK elections pan out and the way Spain tackles its debt crisis."

European Central Bank council member Axel Weber sounded the alarm bells on Wednesday when he said that Greece's sovereign debt crisis could have "grave contagion effects" in the Eurozone area and have "increasing negative feedback loop effects on capital markets". Not surprisingly, policy makers across Europe have got into a huddle to chalk out a plan of action to sort out the Greece crisis, which is rubbing off on to other indebted na-

Greece crisis spills over...

Stock indices	Index Value	% change for the day**	Latest P/E	% change for the year till date*
Stock Exch Of Thai Index	796.86	4.37%	13.86	8.48%
Nikkei 225	11057.4	1.21%	148.49	4.84%
Shanghai Se Composite	2857.15	0.77%	21.34	-12.82%
Kospi Index	1718.75	-0.14%	23.65	2.14%
Ho Chi Minh Stock Index	548.01	-0.20%	12.39	10.76%
BSE Sensex 30 Index	17087.96	-0.29%	24.82	-2.16%
NSE S&P Cnx Nifty Index	5124.9	-0.46%	24.91	-1.46%
FTSE Bursa Malaysia KLCI	1335.65	-0.54%	18.8	4.94%
Straits Times Index	2860.31	-1.41%	13.94	-1.29%
Hang Seng Index	20327.54	-2.10%	14.7	-7.06%
Taiwan Taiex Index	7696.9	-2.95%	17.96	-6.00%
Jakarta Composite Index	2846.24	-3.81%	31.59	12.31%

** May 5, 2010, * Calendar year 2010

tions such as Spain and Portugal.

"The global macro risk is the biggest driver of volatility for the Indian market. The negative events unfolding from the Eurozone region will certainly hurt investor risk appetite in the short term," said Tridib Pathak, director—equity, IDFC Mutual Fund.

In Asia, the key benchmark equity indices in Hong Kong, Indonesia, Singapore and South Korea were all in the

negative terrain. The Hang Seng Index and Straits Times lost 2.1% and 1.41%, respectively. Jakarta Composite fell most, declining 3.81%. Nikkei 225 and Shanghai Composite bucked the trend gaining 1.21% and 0.77%, respectively. Nearly trade on Wednesday, Dow Jones Industrial Average was down 0.9% at 10,830 while Nasdaq composite Index was down even more by 1.66%. Back home, the BSE Sensex dipped 49.18

points or 0.29% to close at 17,087.96 while the broader Nifty ended down 23.6 points or 0.46% at 5,124.90. In intra-day trade, the Sensex had touched a low of 16,858.23 but regained the psychological 17,000 levels, up close to 230 points from the day's low. "India's macro fundamentals are firmly in place. Maintaining the earnings upgrades will determine the future course for the market," said Pathak of IDFC Mutual Fund.

Of the 30 Sensex stocks, 15 ended higher while 15 ended in the red. The market breadth remained weak on the BSE with 1,717 stocks that surged compared with 1,144 stocks that fell. The Realty and Metal indices were the major losers, dipping over a percentage point

each. "Metal stocks have fallen primarily because China is tightening its monetary policy to slow down its growth," said Holland of Ambit Capital. The Chinese economy is a major consumer of base metals in the world. FIIs were heavy sellers on Wednesday. According to BSE's provisional estimates, FIIs sold shares worth Rs 1,589 crore even as domestic institutional investors turned net buyers to the tune of Rs 691 crore.

