

India's sizzling shares to consolidate gains (Weekly Review)

Mumbai - India's booming stock market is likely to pause for a breather in the coming sessions as institutional investors adopt a cautious approach ahead of the announcement of big-ticket corporate earning reports.

Analysts say the market may open with a downward bias in the week ahead and move within a close range before heavyweight companies like Infosys Technologies and Wipro unveil their January-March quarterly financial numbers.

The stock market barometer, the 30-share Bombay Stock Exchange sensitive index or Sensex, closed Friday at 11,589.44, representing a gain of 309.48 points or 2.74 percent over its previous week's close.

The key market index touched an all-time high of 11,355.83 in the intra-day trade Friday on sustained institutional buying interest in shares of heavyweight new as well as old economy companies.

'Although the market closed with a loss of over one percent on Friday, investors are taking a positive view of heavyweight new as well as old economy stocks,' said Deepak Shah, an analyst with domestic brokerage firm Pranav Securities.

'The market is likely to open a bit cautiously in the coming week but the rally will gain momentum after the announcement of the result of Infosys. Investors are quite bullish on the earning prospects of IT firms,' Shah told IANS.

A host of heavyweight companies such as Infosys Technologies, Tata Consultancy Services (TCS), Associated Cement Companies and Wipro will start unveiling their financial results for the January-March quarter from the week ahead.

Bangalore-headquartered Infosys will unveil its quarterly financial report card April 14, followed by Wipro April 19. Infosys is also likely to announce a bonus issue for its investors on the same day.

'The financial report cards of new and old economy companies are likely to reflect the bullishness in the overall economy. The positive bias in the trading ring will continue in the medium to long term,' said Shah.

Massive investment inflows in Asia's second fastest growing economy after neighbouring China on hopes of sustained higher economic growth and corporate earnings is helping the key index scale new peaks almost on a regular basis.

India's stock market barometer 30-share Bombay Stock Exchange sensitive index or Sensex breached the 11,000-mark for the first time in the history of the capital market March 21.

The historical level was reached in less than six weeks after shares went past the 10,000-barrier on Feb 6. The index rose over 40 percent in 2005 and is already trading over 18 percent higher in the current year.

Foreign institutional funds, the backbone of India's liquidity starved capital market, pumped in a record \$10.7 billion in the stock market in 2005 and have already bought shares worth over \$4 billion in the current calendar year.

Enthused by the surging equity valuations, the overseas funds have invested a whopping \$1.5 billion in March, compared with February's \$1.7 billion, showed Securities and Exchange Board of India (SEBI) figures.

In the current month, overseas fund investors have invested \$218.40 million in the local equity market.

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