

GST bill will continue to rule market sentiments

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The markets may have taken a breather in the past week following the gains made during the preceding sessions but analysts maintain that the near-term outlook for Indian equities depends on three main factors -- movement forward in the goods and services tax bill, first quarter results and signals from central banks including the Reserve Bank of India.

As foreign funds returned as net buyers of Indian equities, two key market indices -- the sensitive index (Sensex) of the BSE and the Nifty of the National Stock Exchange (NSE) -- rebounded towards the latter part of the week on value buying to close with small losses.

The 30-scrip Sensex closed with a loss of 33.26 points or 0.12 per cent at 27,803.24 points, while the 51-scrip NSE Nifty also closed flat at 8,541.20 points - down a tad 0.20 points.

Even though domestic funds were net sellers of equities, figures with the National Securities Depository (NSDL) showed that foreign portfolio investors were net buyers worth Rs 5,235.42 crore, or \$780.63 million from July 18-22.

Going forward, all eyes are on the last monetary policy review for the current Reserve Bank of India Governor Raghuram Rajan, due on August 2, before he steps down a month later. Similarly watched will be the progress on goods and services tax.

"Though it may not lead to an immediate impact on markets, there cannot be an argument about the fact that GST is a big and much-needed structural reform. If passed, this will be a step in the right direction," said Pankaj Sharma, Head of Equities, Equirus Securities.

"There will also be a few other important quarterly results that will be out next week. They will matter for the performance of individual stocks. But we would continue to maintain that for the markets to look at Q1 (first quarter) more favorably, the results need to be significantly above expectations on average and that alone could act as a catalyst," Sharma told IANS.

According to Dhruv Desai, Director and Chief Operating Officer of Tradebulls, investors will closely follow important cues next week emanating from updates on the GST bill in ongoing monsoon session of parliament.

"Investors here will also closely follow global market sentiments, the monsoon progress, and quarterly earnings," Desai said, adding "Indian equity markets also also likely to turn volatile due to profit booking at higher levels."

Speaking about the global developments that can have a bearing on domestic market sentiments, D.K. Aggarwal, Chairman and Managing Director, SMC Investments and Advisors, said markets here will also keep a close eye on the meetings of the US Federal Open market Committee (FOMC) and Bank of Japan that are scheduled in next week.

"While both the US Fed and Bank of Japan are expected to keep status-quo, investors nonetheless will be watching out for the commentary on prospects of growth, inflation and possibility of more actions," Aggarwal said.