



Market Trends

Table with columns: STOCK INDICES, % CHANGE. Includes Nifty 50 (10737.60, +0.53) and Sensex (35853.56, +0.43).

Table with columns: Index, Value, Change. Includes MSCI India (810.96, +1.04), MSCI EM (2219.63, +1.02), MSCI BRIC (572.81, +1.08), MSCI World (8063.09, +0.19).

Table with columns: Index, Value, Change. Includes SX 40 (21169.21, +0.00), Hang Seng (26298.33, +1.38), Starit Times (3173.46, +0.79).

Table with columns: OIL (\$), DUBAI CRUDE, BOND, 10-YR YIELD. Includes DUBAI CRUDE (58.97, -2.21) and 10-YR YIELD (7.22, -0.36).

Table with columns: GOLD RATE, Prices per Troy Ounce (\$). Includes US (1288.00) and India (1402.59).

Table with columns: FOREX RATE (₹-₹ Exchange Rate). Includes OPEN (70.50) and LAST (70.93).

At 10.30pm, After adjusting for import duty, Indian spot gold lower by \$ 14.09 to US Comex gold price on Monday...

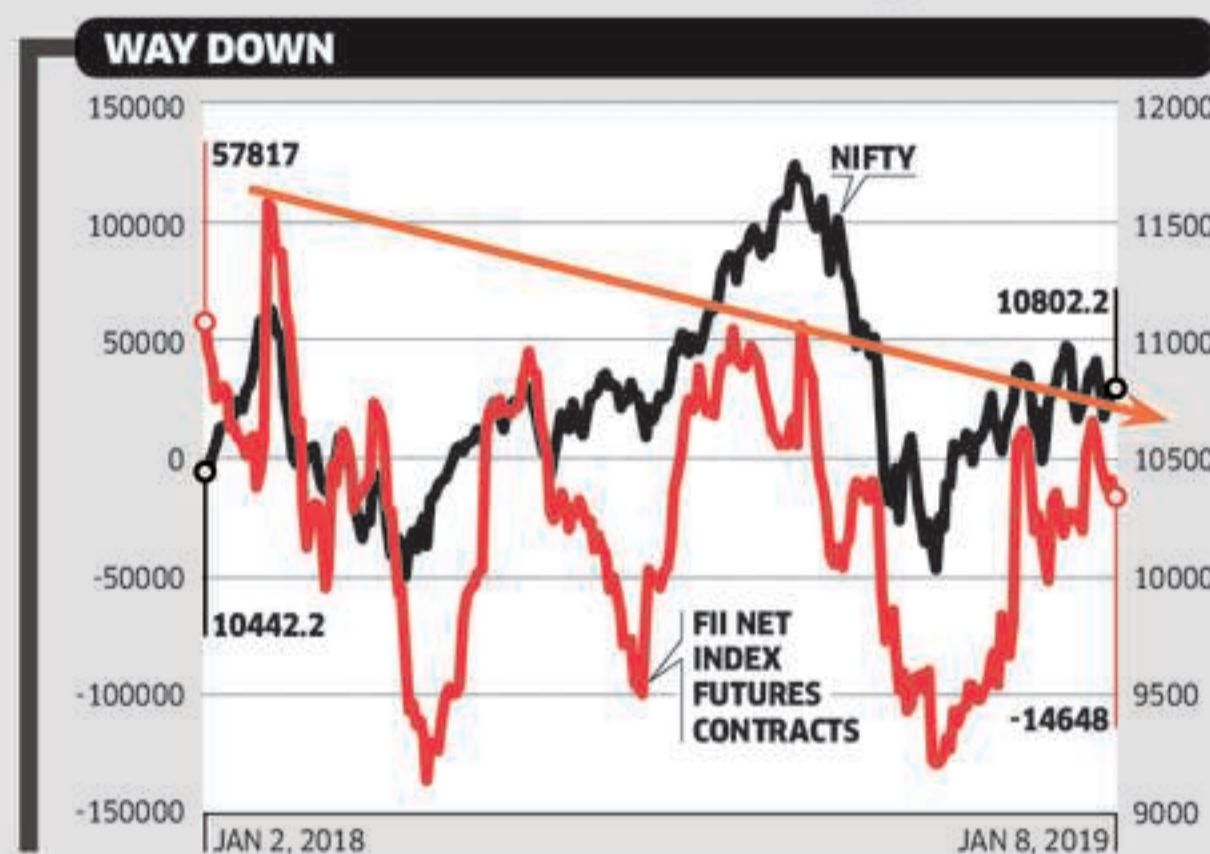
Table with columns: OPEN, LAST, Market on Twitter@ETMarkets.

FOREIGN INVESTORS CREATING SIGNIFICANT SHORTS ON THE INDEX

FPIs' Index Futures Positions Hint at Room for a Bigger Correction in Nifty

The Nifty has substantially more room to correct, if foreign portfolio investors' (FPIs) cumulative net open interest (OI) positions on index futures (mainly Nifty and Bank Nifty) in the year through January 14 is anything to go by.

adding substantial longs when the market rallies," he said. For example, on March 12, 2018, when net position was 24,127 contracts, the Nifty topped around 10,421 and corrected to 9,998 on March 23.



STOCK GAINS OVER 16%

Jet Soars on Report Goyal may Step Down



Our Bureau

Mumbai: Jet Airways' stock soared over 16% on Monday after a media report said a resolution plan for the airline's bailout will be finalised this week and that founder chairman Naresh Goyal will cede controlling stake and step down from the board.

in Jet, to increase its stake. Abu Dhabi-based Etihad's key condition has been that Goyal should give up ownership and decision making powers, as ET had reported earlier.

Rupee Falls 43 P to End at Near 1-mth Low Against Dollar



PTI

Mumbai: The rupee Monday plunged by 43 paise to close at nearly one-month low of 70.92 against the US dollar amid weak industrial output growth data, fall in domestic equity markets and sustained foreign fund outflows.

A weak US dollar against major global currencies and fall in crude oil prices, however, capped losses of the domestic currency.

At the Interbank Foreign Exchange (forex), the rupee opened on a firm note at 70.50 and touched a high of 70.44 per US dollar in early trade.

But it pared early gains later and fell to an intra-day low of 70.95 against the US dollar.

The domestic currency, however, recovered some lost ground and finally settled for the day at 70.92 per dollar, down 43 paise over its previous closing.

On Friday, the rupee had weakened by 8 paise to close at 70.49 against the US dollar.

HDFC Securities Head PCG & Capital Markets Strategy V K Sharma said weaker economic data, fall in domestic equity and foreign fund outflow weighed on the rupee sentiment.

Industrial output growth dropped to a 17-month low of 0.5 per cent in November on account of contraction in the manufacturing sector, particularly consumer and capital goods.

Meanwhile, the dollar index, which gauges the greenback's strength against a basket of six currencies, dipped 0.11 per cent to 95.56 in late afternoon trade.

Brent crude, the global benchmark, was trading at USD 59.63 per barrel, lower by 1.41 per cent. Meanwhile, foreign funds sold shares worth Rs 687.20 crore on a net basis Friday, while domestic institutional investors bought equities to the tune of Rs 123.17 crore, provisional data showed.

The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 70.8244 and for rupee/euro at 81.2469. The reference rate for rupee/British pound was fixed at 90.9640 and for rupee/100 Japanese yen at 65.50.

WHAT MUTUAL FUNDS BOUGHT AND SOLD IN DECEMBER

Fund Managers Look for Earnings Visibility, Dominant Cos in Sectors

Leading fund houses have been cautious in their stock-picking strategies in December. In the absence of a clear earnings growth visibility, leading fund managers have clearly shown inclination to value stories across market capitalisation. These value stories are largely based on three key factors: favourable nature of the business model of a company, earnings-enhancing impact of reversal of trend in a sector, and clear dominant position of a firm in its respective sector which gives it an edge over its peers.

Here are a few key companies. - Rajesh N Naidu & Prashant Mahesh

Table titled 'Top AMC's Activity in December 2018' with columns: AMC, BUY, SELL, Complete Exits, Fresh Buy. Lists companies like ONGC, HDFC Bank, State Bank of India, etc.

BPCL: Bought by: SBI MF. Market Cap (₹): 72,600 cr. Among oil marketing companies (OMCs), Bharat Petroleum Corporation Limited (BPCL) is placed well in terms of valuations and earnings-enhancing triggers.

NTPC: Bought by: ICICI /Reliance MF. Market Cap (₹): 1.19 lakh cr. NTPC's stock has relatively low beta, which makes it a defensive in current volatile markets.

ICICI Pru Life: Bought by: Franklin Temp MF. Market Cap (₹): 50,266 cr. India is an underpenetrated market and the rise in population offers significant growth potential for saving and protection business.

L&T Finance Holdings: Bought by: DSP MF. Market Cap (₹): 27,213 cr. The company has been expanding its retail book which consists of rural and housing, and select wholesale financing.

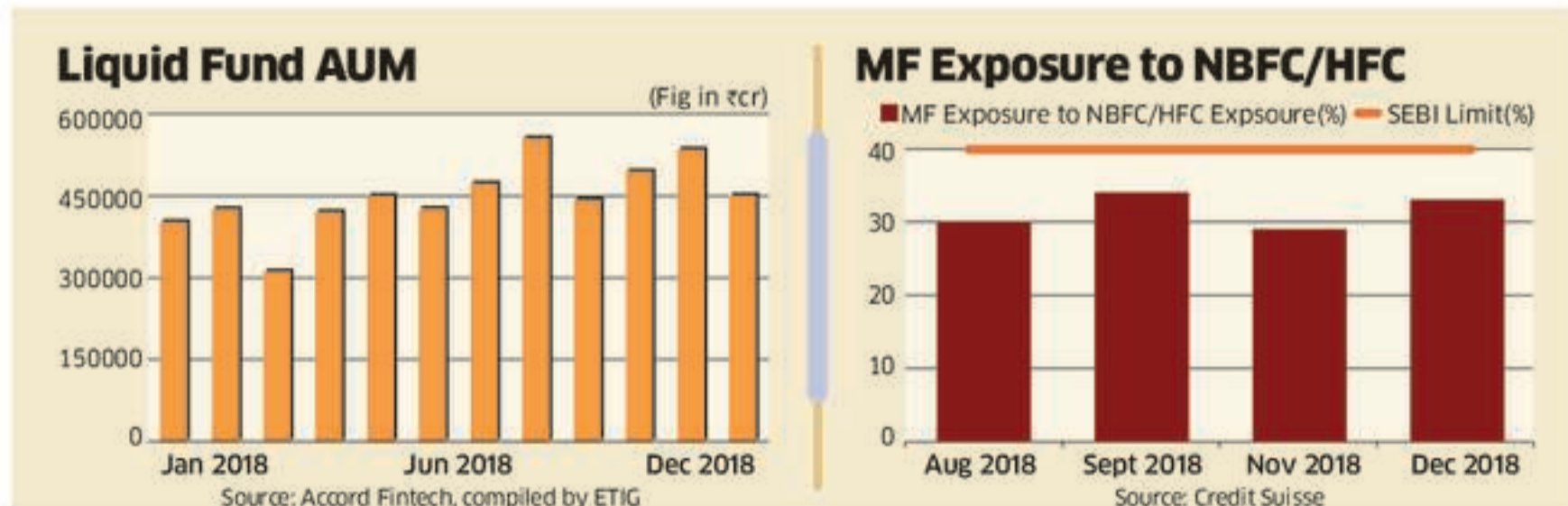
State Bank of India: Bought by: HDFC MF. Market Cap (₹): 2.68 lakh cr. One of the key reasons for the high amount of buying in SBI is among banks it is placed well to show reversal in trend in its non-performing assets (NPA).

MFs Retain Exposure to NBFCs Despite Turmoil, but Move to Less-risky Players

ET ANALYSIS

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ET Intelligence Group: The spectre of asset-liability mismatch in several non-banking finance companies (NBFC) three months ago has prompted mutual funds (MFs) to realign their debt exposure by giving preference to less risky lenders.



such as Bajaj Finance, Capital First, L&T Finance Holdings, PNB Housing Finance, Mahindra & Mahindra Financial Services and Hero Fin Corp in the range of 5-7% in the past three months. They reduced exposure to DHFL, Indiabulls Group, IIFL, Edelweiss Financial Services, and JM Financial by 7-11% of the total debt exposure since September

2018. This would necessitate the latter group to raise funds at a higher cost by issuing long-term debt instruments. On the other hand, quality NBFCs benefited from tapping the MF route to move further into the short-end of borrowings. SEBI has stipulated a limit of 40% to a sector for the debt mutual funds. It was 33% at the end

of December 2018, according to Credit Suisse. The share of liquid and money market funds in the total fixed income increased by 380 basis points to 39.1% in December 2018, according to AMFI. As a result, the total fixed income assets under management grew 2% in the past three months to Rs 11.4 lakh crore.

FUND RETURNS FALL BY 200-300 BASIS POINTS

Volatile NBFC Debt, Maturity Profiles Hit Corp Credit Funds

Crisis in the NBFC space hit long-term exposures of the funds as perpetual bond yields spiked

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Mumbai: Corporate credit funds, once considered safer substitutes to high-yielding bonds, fared their worst in about four years as volatility in NBFC debt and misaligned maturity profiles whittled down returns by 200-300 basis points.

arch, an online mutual fund portal. "Wherever fund houses have taken a hit by selling NBFC papers in losses, their average returns have come down significantly," said Dharendra Kumar, founder and CEO of Value Research. "Investors may continue to shy away from credit funds unless confidence is regained in NBFC debt securities."

turns, data showed. "Credit funds' performance depends on the duration play and mark-to-market valuations," said A Balasubramanian, CEO, Aditya Birla Sun Life AMC. "There are no credit losses although. Credit funds should regain momentum this year with calmness coming back to the debt market."