

# Sensex hits record high on poll outcome hopes

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**A pedestrian looks up at an electronic ticker board at the Bombay Stock Exchange in Mumbai. The Sensex closed 2.91% higher at 22,994.23 points yesterday.**

## Reuters/Mumbai

Indian shares hit a record high yesterday, posting their biggest daily gains since September on hopes the opposition Bharatiya Janata Party would win a majority in elections ending next week, sending blue-chips such as ICICI Bank sharply higher.

India's five-week-long elections wind up on Monday, with exit polls from media organisations to be issued after the last votes are cast. Actual results will be unveiled on May 16.

Polls have consistently shown the BJP and its prime ministerial candidate Narendra Modi ahead, raising expectations the opposition party, which is seen by markets as being more investor- and business-friendly, will either win or come close to an outright majority.

Sectors seen most likely to benefit from a Modi win led the gains. Infrastructure shares such as Ambuja Cement surged, while the NSE's banking sub-index hit a record high on hopes a new government would frame policies that would aid the economy.

"As the election D-day is approaching, the markets are rallying on anticipation of a favourable outcome," said Dinesh Thakkar, chairman and managing director of Angel Broking.

"In spite of the rally so far, most cyclical sectors are still trading well below their average valuations, and in a longer economic upturn scenario, valuations still leave enough room for healthy upsides." The benchmark BSE index closed 2.91% higher at 22,994.23 points. The index earlier gained as much as 3.15% to a record high of 23,048.49 points, surpassing a high of 22,939.31 points hit on April 25.

The broader NSE index ended 2.99% higher at 6,858.80 points. The index rose as much as 3.18%, to hit a record high of 6,871.35 points, surpassing its previous milestone posted on April 25.

Gains were broad-based, with 27 out of 30 listed companies in the benchmark BSE index posting rises.

Banking stocks were among the leaders, with the National Stock Exchange banking sub-index gaining as much as 5.5% to a record high.

ICICI Bank surged 6.95%, its biggest single-day gain since September 6, 2013, while State Bank of India rose 3.9%.

Infrastructure shares rose on hopes a BJP-led government would revive a stagnant investment cycle. Ambuja Cement gained 7.4%, the most in a day since Sept 10, 2013, while ACC Ltd rose 5.3%.

Index heavyweight Reliance Industries gained 3.5% while Oil and Natural Gas Corp surged 3.2%. However, some exporters under-performed, as the rupee strengthened to above 60 per dollar to near one-month highs hit on Thursday.

Sun Pharmaceutical Industries fell 0.07% while Tata Consultancy Services fell 0.1%.

### **Rupee strengthens**

The Indian rupee gained for a second consecutive session yesterday to a near one-month high, sparking suspected central bank intervention after shares surged to a record high on hopes the opposition Bharatiya Janata Party would win a majority in elections ending next week.

Several dealers said the Reserve Bank of India was spotted buying dollars throughout the day to prevent the rupee from strengthening excessively above 60 to the dollar.

“The equity markets reacted positively on hopes of a strong mandate for the BJP, but rupee investors acted more wisely,” said Subramaniam Sharma, director at Greenback Forex.

“I expect the unit to hold in a 59.60 to 60.50 range and at best gain to 59.20 or fall to 60.80 due to the election results,” he added.

The partially convertible rupee closed at 60.02/03 per dollar compared with its previous close of 60.0650/0750 on Thursday. The unit rose as high as 59.9250, not far from its one-month high of 59.9225 hit in the previous session.

Data released after market showed India’s trade deficit narrowed in April to \$10.09bn on the back of a fall in imports and an uptick in exports, easing pressure on the country’s current account balance.

On the week, the rupee rose 0.24%, its second straight weekly gain after four weeks of decline.