

Axis, Infosys, CIL Among Hot Stock Picks; Banking to Stand Out: Survey

With rupee expected to remain weak, marketmen also bullish on exporters



Our Bureau

Mumbai: Axis Bank, Infosys, Maruti, Coal India and HDFC Bank emerged as the top stock picks in an ET poll of market participants. As for sectors to bet on, they suggest banking, auto and capital goods, all of which will benefit from rate cuts expected later this month.

Key Indices may Rise 6-10% by Dec >> 10

Thumbs Up

Sectors to bet on at current levels



Best 5 stock picks

- 1 Axis Bank
- 2 Infosys
- 3 Maruti
- 4 Coal India
- 5 HDFC Bank

Key Benchmark Indices may Rise 6-10% by December

Keeping a Close Watch

Poll (%)

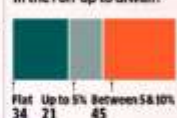
Has the markets' outlook turned more uncertain because of delay in Fed rate hike?



Do you expect RBI to cut rates in its forthcoming policy meet? If yes, how much?



How much do you expect the market to rise or fall in the run-up to diwali?



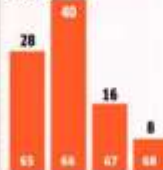
PARTICIPANTS

- 1 Bank of Baroda/AMC
- 2 Birla MF
- 3 SBI Paribas MF
- 4 Bonanza
- 5 Centrum
- 6 Edelweiss
- 7 Coit SBI Paribas
- 8 CEPL Capital
- 9 HDFC Securities
- 10 ICICI Prudential MF
- 11 ICICI Securities
- 12 IDBI AMC
- 13 IDBI Federal
- 14 IFL
- 15 IndiaFirst Life Insurance
- 16 Indiavivsh
- 17 Karvy PMS
- 18 Kotak MF
- 19 Kotak Securities
- 20 KR Choksey
- 21 Mirae Assets
- 22 Motilal Oswal Financials
- 23 Peerless Securities
- 24 Prabhudas Lilladher
- 25 Principal MF
- 26 Quantum MF
- 27 Reliance MF
- 28 SBI MF
- 29 Taurus MF
- 30 Trade Smart Online

What is your Nifty target for December 2015?



What is the rupee target for December 2015?



Sectors to avoid



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They are also bullish on exporters such as technology companies with the rupee expected to remain weak.

Key benchmark indices could gain 6-10% by December but investors may need to brace for a bumpy ride on the way up—the Sensex is seen at 29,000-30,000 while the Nifty could rise to 8,500-9,000 levels by year end, according to almost 70% of 30 leading fund managers, strategists and stock brokers polled by ET. The Nifty closed at 7,981 and the Sensex ended at 26,218.91 on Friday after giving up some early gains. The Indian currency is expected at 66-67 against the dollar by December, having ended at 65.85 on Friday.

The US Federal Reserve's decision to keep interest rates unchanged has paved the way for monetary policy easing by the Reserve Bank of India, said a majority of poll participants. While a majority of participants said market uncertainty has eased after the Fed move, brokers said stocks may struggle to extend Friday's optimism to this week due to the selloff in both US and Europe. The Dow fell 1.75% while European indices fell 1-3% on Friday on global economic concerns.

The higher Sensex and Nifty targets have been fuelled by optimism that RBI will cut interest rates and Indian companies could start performing better thanks to lower raw material costs. Of the poll participants, 77% expect the Reserve Bank of India to reduce interest rates by 25 basis points on September 29, when the next monetary policy announcement is due. A basis point is 0.01 percentage point.

"The possibility of domestic interest rate cut has increased significantly following the US Federal Reserve decision to hold rates at zero levels. Market participants are betting on at least a 25 basis point rate cut in the forthcoming meeting," said Nilesh Shah, managing director, Kotak Mutual Fund.

About 60% of poll respondents said the Fed's decision to leave interest rates unchanged on Thursday has made Indian market less uncertain. The rest believe the opposite.

"The Fed has induced more uncertainty over the emerging market equities by delaying the decision to hike interest rates," said Nirmal Jain, chairman, IIFL. "Indian markets will continue to remain volatile till global markets settle down and foreign fund outflows stop."

Stock valuations have turned cheaper after the recent fall but not enough for fresh money to come in, fund managers said. Foreign institutional investors have dumped shares worth ₹23,000 crore since early August.