

# Happy New Year! Sensex may rally up to 35,000 in '16: ETMarkets Poll

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NEW DELHI: Calendar 2015 might have ended as a washout year for domestic equities, but analysts at top brokerage firms expect equity benchmark Sensex to rally up to the 35,000 level, a 30 per cent upside from Thursday's closing of 26,117.54, in calendar 2016.

In a poll conducted by Team ETMarkets among 10 brokerage firms, the majority projected Nifty50 to grow up to 38 per cent in calendar 2016 to scale a peak of 11,000 by December 2016.

Revival in corporate earnings growth, a bigger reforms push and resumption of inflows from foreign institutional investors (FIIs) would power this bounce in stocks, the participants said.

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After hitting an all-time high of 30,024 in March, the S&P BSE Sensex plunged over 4,000 points during 2015. For the year, the index is down by over 6 per cent amid worries over an interest rate hike by the US Federal Reserve, devaluation of the yuan, a crash in commodity prices such as crude and a slowdown in global economic growth.

In 2015, the equity benchmark posted its worst annual performance in four years, weighed down by sharp selling by foreign institutional investors (FIIs). However, despite the selloff, they still remained net buyers to the tune of \$3 billion compared with an average allocation of \$20 billion over the past three years.

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Analyst	Designation	Research Firm	Sensex Target	Nifty Target
Ravi Muthukrishnan	Senior VP	ICICI Securities	No coverage	7,700-9,000
Vikas Gupta	CIO	ArthVeda Capital	30,000-35,000	9,500-11,000
Vijay Singhania	Director	Trade Smart Online	23,000-31,000	9,300-7,500
Amar Ambani	Head of Research	IIFL	31,000	9,400
Vaibhav Agrawal	VP & HoR	Angel Broking	31,500	9,500
Rajat Rajgarhia	Managing Director	MOSL	No coverage	8,000-9,200
A.K.Prabhakar	Head of Research	IDBI Capital	32,000-33,000	9,300-9,500
Jimeet Modi	CEO	SAMCO Securities	31,500	9,400
Sahil Kapoor	Chief Market Strategist	Edelweiss Fin Services	31000	9,300-9,700
Nitasha Shankar	Vice President	YES Securities	29,000-30,000	8,800-9,000

A majority of the respondents in the poll said they are betting on economic recovery and reforms push to drive the market higher in calendar 2016.

Vaibhav Agrawal, VP & Head of Research at Angel Broking, said the earnings growth would be a major trigger for the market, led by declining interest rates, low commodity prices and government reforms.

In calendar 2016, the market may see some consolidation, which started in 2015 itself. That would be the case at least in the first half of the calendar, but that may very well set the base for the bull run to continue, the analysts said.

"If the domestic economic scenario improves further and corporate earnings gain momentum aided by an easing monetary cycle and reforms push by the Modi government, the Sensex may rise about 15-20 per cent," said Amar Ambani, Head of Research, IIFL.

"Year 2016 could very well be a defining year for the next big bull run. Even though the global economic situation remains uncertain, India is very likely to enter a conducive economic pedestal, which would take the market to new heights," he said.

Largecap stocks did not do much in calendar 2015, but most experts say they look attractive along with some quality smallcap and midcap stocks.

Foreign institutional investors (FIIs) actively increased stake in almost 45 stocks in the S&P BSE500 index, and reduced in 77 other during this period.

Going by the available data, midcap and smallcap stocks were on the buy list of the FIIs, while they sold stakes in several marquee names. Stocks where FIIs raised their stake in the past one year include Lupin, Bharti Infratel, BPCL, JSW Energy, SCI, Welspun India, EIH and Prism Cements, among others.

"Calendar 2016 is likely to mark a continuation of the rally seen in 2014. I anticipate broader market participation, and not just selective participation, from smallcap and midcap segments," said Nithin Kamath, founder & CEO of Zerodha.

"Thanks to the recent weakness in the market, valuations of as few largecap stocks have become attractive and these stocks could deliver better-than-market returns in 2016," he said.

Technically, both Sensex and Nifty have made higher tops and higher bottoms in the last four years, which signify that the bullish trend is going to continue.

"The global economic situation has improved as uncertainty over Fed rate hike is over. On the domestic front, the government has not been able to carry out reforms like GST due to lack of majority in the Upper House," said Vijay Singhania, Founder Director, Trade Smart Online.

"The index may not move very aggressively. Considering all this, the Sensex may hit a record high of 31,000-32,000 after the Budget. We see the 31,000 - 23,000 range for the Sensex in 2016," he said.

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