



Missed the rally? Here's are top investment ideas by experts ahead of May 16

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NEW DELHI: The S&P BSE Sensex managed to rally over 1,200 points in a matter of just two trading sessions. The move has come in a quick time leaving most retail investors behind.

Both Sensex and Nifty scales to fresh record highs in trade on Monday, supported by gains in banks, capital goods, oil & gas, auto and power stocks.

The BSE Sensex rallied 578 points to hits its fresh record high of 23,572.88, while the Nifty gained a little over 160 points to hit its fresh lifetime high of 7,020.05.

The 50-share index ended 155.45 points higher or 2.27 per cent at 7014.25. It touched an all-time high of 7,020.05 and a low of 6,862.90 in trade today.

The S&P BSE Sensex ended at 23,551.00, up 556.77 points or 2.42 per cent. It touched a high of 23,572.88 and a low of 23,008.65 in trade today.

If we track the movement of the market since December, it has responded to both local and global factors. After the selloff in late January in response to weak China data and the Argentine crisis, several EMs, including India, bounced back, Macquarie said in a note.

Since then the election pitch has only heightened with a plethora of opinion polls suggesting a steady improvement in the BJP-led NDA's seat tally. Going by the market's reaction to the recent opinion polls, it appears what is priced in is a tally of around 230 seats for the NDA, implying 200 seats for the BJP.

According to the brokerage firm, markets have consolidated well and now will use the exit poll trigger to move out of range. Actual results are on May 16 but Exit Polls on May 12th evening may set the ball rolling earlier than anticipated.

We spoke to analysts at top brokerage firm and here's what they have to recommend ahead of poll results:

Dipan Mehta, Member NSE & BSE



The S&P BSE Sensex has managed to rally over 1,000 points in a matter of just two trading sessions (including today's intraday move).

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SECTORS TO INVEST IN UNDER DIFFERENT SCENARIOS	
Less than 220 Seats for NDA - Third Front	220 to 250 Seats for NDA - Outside Support with or without Narendra Modi as PM
- Large Cap Software Companies	- Large and Mid Cap Software Companies
- Large Cap Pharmaceuticals	- Large and Mid Cap Pharmaceuticals
- Blue Chip FMCGs	- Blue Chip FMCGs + Select Consumer Oriented Defensives
- Tata Motors (for JLR)	- Tata Motors (for JLR)
- Other Export Oriented Companies	- Private Sector Banks / NBFCs especially Home Finance Companies
	- Export Oriented Auto Ancillary Units
	- Export Oriented Companies
250 to 272 seats for NDA - Narendra Modi as PM	272+ seats for NDA - Blue Sky Scenario
- Private Sector Banks / NBFCs especially Home Finance Companies	- PSUs, especially Oil Marketing Companies and PSU Banks and NBFCs
- Consumer Oriented Stocks - Home Improvement, Appliances, Restaurants, Liquor	- Capital Goods especially Electrical and Power Equipment Suppliers
- Large Capital Goods Manufacturers - Engineering Companies	- Automobiles especially Commercial Vehicle Manufacturers
- Blue Chip and Tier 2 FMCG Companies	- Real Estate
- Telecom	- Power Utilities
	- Infrastructure Service Providers
	- Retail
	- Stock Broking and Financial Services
	- Media
	- Hotels and Hospitality

We expect the money to move out of the sectors like IT, Pharma and FMCG which had run-up over the past one year and aren't expected to outperform in the next few quarters over sectors like Private Banks, Infrastructure, Capital Goods & Defence, Power and Oil & Gas.

Dr. Tirthankar Patnaik, Director- Institutional Research, Religare Capital Markets Limited.

We believe Private Banks, Cement, and PSU oil sectors are safe bets at this point in time even as we maintain our portfolio [positioning](#) favored towards IT and Pharma sectors.

The five [stocks](#) that we recommend for investors include 1) [HDFC Bank](#) - strong liability franchise, pristine asset quality and leadership position in the retail banking space, 2) [ICICI Bank](#) - Continued retail traction coupled with abating asset quality pressures is likely push up RoEs to 16% by FY16, 3) [Ultratech Cement](#) - Demand could see a turnaround with a macro recovery and a stable political scenario post elections, in turn supporting realisations and EBITDA/t, 4) [HPCL](#) - play on continued reforms on fuel pricing and attractive valuations, and 5) [ONGC](#) - play on fuel pricing.

Dr. Vikas V Gupta (Head- Research & [Product Development](#)) at ArthVeda

According to the ArthVeda [Alpha](#) methodology, auto sector and IT sector are safe bets given that these sectors are financially very stable with practically zero debt in most companies. Further, the large companies in these sectors are mostly very productive and efficient in use of capital and hence high quality businesses.

These are facing temporary problems in terms of near term demand slack and hence are significantly undervalued compared to their intrinsic value. We think, [Infosys](#), [Wipro](#), [HCL Tech](#) and [Bajaj Auto](#) and Hero are the ones to pick.

Ashwani Gujral, Fund Manager, [Ashwanigujral.com](#)

Investors can look at some of the midcap names and hold them for a period of 6-9 months. This portfolio has been designed in terms of the best outcome in the election results. So in case something goes wrong, then all bets should be offloaded because obviously these stocks will take a beating.

So do not consider the elections to be round the corner if you are buying this portfolio or buy it slowly, buy some now and buy some post the elections.

Company Name	Target	Stop Loss
Monsanto India Limited	Rs 2150	Rs 1930
Dredging Corporation of India Ltd	Rs 375	Rs 300
BEML	Rs 475	Rs 400
TVS Motor Company	Rs 135	Rs 100
LIC Housing Finance	Rs 320	Rs 275

Source: ET Now

(Views and recommendations expressed in this section are the analysts' own and do not represent those of EconomicTimes.com. Please consult your financial advisor before taking any position in the stocks mentioned.)

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