

Top three reasons why Sensex fell over 200 points, Nifty below 8300 intraday

By *Kshitij Anand*, [ECONOMICTIMES.COM](#) | 28 May, 2015, 02.47PM IST

[Post a Comment](#)

NEW DELHI: The S&P [BSE Sensex](#) plunged as much as 210 points in trade on Thursday, led by losses in HDFC, HDFC Bank, M&M, Sun Pharma, and L&T.

Benchmark indices are headed for a fourth straight decline in a volatile session ahead of the expiry of monthly derivatives contracts.

We have collated list of reasons that might have impacted markets today:

May F&O Expiry:

Markets are likely to remain volatile as traders roll over positions in the futures & options (F&O) segment from May 2015 series to June 2015 series.

"Due to F&O expiry, we shall be seeing excessive volatility across the board on Thursday, so traders are advised to uphold strict risk management rules," says Jayant Manglik, President-retail distribution, Religare Securities Limited.

China stocks post their biggest fall in four months:

China stocks slumped on Thursday, posting their biggest fall in four months, after China's central bank drained money from cash-flush financial institutions by selling them bond repurchase agreements behind closed doors, sources with direct knowledge said.

It is an unusual step, and was partly responsible for Chinese stocks tumbling over 6 per cent on Thursday in their worst daily decline in four months, [Reuters](#) reported.

The central bank sold 7-day, 14-day, and 28-day forward repos to financial institutions in recent days at current market [interest rates](#), the sources told Reuters, but did not provide the amounts or name the specific banks.

The CSI300 index of the largest listed companies in Shanghai and [Shenzhen](#) fell 6.7 per cent to 4,834.01, while the Shanghai Composite Index lost 6.5 per cent to 4,620.27 points.

Uncertainty around RBI policy next week:

Expectations are running high ahead of the RBI policy meet due on June 2. Market participants are hopeful that the central bank would be able to slash key policy rates and infuse liquidity in the financial system.

Indeed, a rate cut by RBI would be a welcome move, but a section of analysts believe that RBI may not cut rates. If the RBI indeed stands pat on rates, there is a possibility of further downside in markets.

"I do not think any trigger is there at least for the next one month or so. In terms of RBI policy which is there next week, my own sense is that RBI will cut 25 bps on 2nd June but if there is no cut, we can see a sharp dip in the market," says Piyush Garg, EVP & CIO, ICICI Securities Ltd.

"I would not be surprised with a dip towards 8050 or 8100 in case RBI does not cut rates. Also, I do not think that 25 bps cut rate is going to boost the markets. So, if there is a 25 bps cut, market will tend to halt somewhere closer to 8450-8500," he adds.

Vikas Gupta, EVP & Fund Manager, Arthveda Fund Management Pvt Ltd is of the view that most likely, markets expect a 25-bps rate cut from RBI and will probably be satisfied with that.



ET SPECIAL: Love visual aspect of news? Enjoy this exclusive slideshows treat!

[Live Market](#)[News](#)[Portfolio](#)[Mobile](#)[Live TV](#)[Newsletter](#)[Commodities](#)[Speed](#)[QnA](#)[Blogs](#)[Alerts](#)

Other Times Group news sites

Times of India | इकनॉमिक टाइम्स
ईकोनॉमिक्स टाइम्स | Mumbai Mirror
Times Now | Indiatimes
नवभारत टाइम्स | महाराष्ट्र टाइम्स
ವಿಜಯ ಕರ್ನಾಟಕ | Lifehacker
Gizmodo | Eisamay | IGN India
NavGujarat Samay

Living and entertainment

Timescity | iDiva | Bollywood
Zoom | Healthmeup | Luxpresso
Technology | GuyLife | Online
Songs | Travel Guides | Hotel
Reviews | Cricbuzz.com

Networking

itimes | Dating & Chat | Email
MensXP.com

Hot on the Web

Daily Horoscope | Weather in Delhi
Mumbai Map | Horoscope
Hotels in Delhi | Xiaomi Mobile
Phones

Services

Book print ads | Online shopping | Free SMS | Website
design | CRM | Tenders
Matrimonial | Ringtones | Astrology | Jobs | Property | Buy car | Bikes in
India
Used Cars | Online Deals | Restaurants in Delhi | Movie Show Timings in
Mumbai
Remit to India | Buy Mobiles | Listen Songs