

Don't time market based on budget

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MUMBAI: Market men are advising investors not to invest hastily ahead of the interim budget scheduled on Monday, February 16.

The vote on account would seek to strive for a balance between politics and economics, and have only a sentimental impact on the industry and markets, they said.

The government would not be able to announce any new schemes in the interim budget in view of the forthcoming general elections, restricting it to approvals for expenditures on allocated projects till the new government comes to power.

Said PK Agarwal, head - research, Bonanza Portfolio, With elections round the corner, this budget will aim at populist measures. As the budget cannot announce any new schemes or projects, there will not be any significant impact on market movement.

Analysts across the board believe the third stimulus package will likely by way of sops to certain recession-hit industries, which may lift market sentiments. They expect the government to declare relief for exporters, reduction in excise duty and indirect taxes, and even waiver of securities transaction tax in an effort to lift the market.

While export relief can add momentum to industries like IT, textile and pharma, excise duty reduction can give an edge to automobile companies to an extent, added Agarwal.

Rajesh Jain, VP and head - equity research, SMC Global, The measures will ultimately result in protecting jobs and thereby increasing consumer confidence to spend more. He suggests investors sit on cash till the uncertainty in the market ends and stability returns.

On a cautious note, **Maneesh Kumar**, head - wealth management solutions, ASK Wealth Advisors, said, indirect taxes are reduced, and considerations are made for automobiles, construction, export-oriented sectors, it is likely to push fiscal liabilities that may result in even more government borrowings. The move will hit the G-sec yields adversely badly in a recessionary market.

He advises against timing the market based on the budget and advocates sticking to one's investment discipline based on his/her goals. However, on expectations of stimulus package and continued easing in monetary policies, Kumar expects construction, EPC, infrastructure, finance & banking sectors to get a boost.