

Market is haemorrhaging, but Sensex & Nifty seem to suggest rude health

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Many investors would be surprised to see the erosion in their portfolios despite the Sensex and Nifty not being too far from their lifetime highs. The big indices have retreated just 5-6 percent from their peaks, but the price damage in mid and small cap shares has been severe.

Here are some data points that describe the carnage in the market on Tuesday, June 6th. During the day, trading in 381 stocks on the BSE was frozen after there were only sellers in those stocks. Nearly 700 stocks, or one in every four stocks are trading within 5 percent of their 52-week lows. Sector indices that are close to their lows are power, telecom, infrastructure, utilities, healthcare and public sector undertaking.

There are various reasons why many these stocks are being hammered. In many cases, weak fundamentals are to blame. But market players say the recent policies and regulations by the government and market regulator SEBI are aggravating the situation.