

## India's Markets React to Modi's Potential Slim Majority

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As the early vote counting trends started trickling in, it became clear that the NDA might not be cruising to an overwhelming majority as initially predicted. This realization sent shockwaves through the financial markets, and investors hit the panic button faster than you can say "stock market rollercoaster."



The Nifty index, which had been soaring to dizzying heights, suddenly found itself plummeting like a lead balloon, dropping a whopping 3.76% to 22,389.85 points. Not to be outdone, the BSE index followed suit, tumbling 3.67% to a low of 73,659.29 points.

But here's the thing, my friends – these markets are nothing if not resilient. Just when you thought they were down for the count, they bounced back like a feisty boxer, recovering slightly to trade down around 2% each.

Now, you might be wondering, "What's all the fuss about?" Well, let us break it down for you. The markets had been riding high on the expectation that Modi's NDA would secure a resounding majority, paving the way for continued economic growth and stability. But as the early trends suggested a slimmer majority, investors got a case of the jitters, and the profit-taking frenzy began.

Kranthi Bathini, a director at WealthMills Securities, summed it up perfectly: "The numbers for NDA are subdued and below expectations. So are witnessing profit booking as investors are nervous. We need to wait one more hour for greater clarity."



And let's not forget about the rupee, which took a hit as well, dropping to as low as 83.4375 against the good old US dollar. Even the bond market got in on the action, with the benchmark 10-year bond yield rising 8 basis points to 7.02%.

As Gaurav Dua, the head of capital market strategy at Sharekhan, wisely pointed out, "Obviously the early results trends are not positive for the markets. But to be sure, as long as the BJP/NDA manages the 272 seats required to form the government, the drop will be only a short-term reaction overall."

And let's not forget the bigger picture here. India's stock markets have grown by a staggering three times in value since Modi took office in 2014. Investors have been betting big on the Modi government's efforts to turn India into a manufacturing powerhouse, attracting global giants like Apple and Tesla to set up shop.

As Steve Lawrence, the chief investment officer at Balfour Capital, put it, "India is all about infrastructure. It's all about infrastructure investments; roads and electricity. With the type of technology that they have, you could see a tremendous amount of growth."

So, while the markets might be experiencing a bit of turbulence right now, the long-term outlook remains bright. After all, India is a country on the move, and investors are eager to hitch a ride on this economic juggernaut.

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