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## **Boston Analytics Releases May Edition of Stock Market Diaries with ‘Boston Analytics India Market Index’ and Factor Profiling of Economic Sectors in India**

*Total return indices enable investors and money managers to evaluate BSE and NSE stock performance with fair benchmarks and diverse indicators reflecting their investment style; sector profiling maps economic sectors based on pricing factors; Boston Analytics India Market Index gives -5.28% return for May*

**MUMBAI, June 6, 2008 (PRWeb)** – Boston Analytics, a customized knowledge services company, today released its May edition of Stock Market Diaries to track the Indian stock universe by a diverse range of categories. It is a set of total return indices which includes dividends and asset pricing factor based portfolios that track the Indian stock universe by a diverse range of categories; and cover the broad groups of stocks examined closely by money managers and investment institutions. With the help of Stock Market Diaries, investors will be able to view Indian stocks through a prism of asset pricing factors.

Starting with the May Edition, Boston Analytics will provide factor profiles of economic sectors. This report covers the automobile and banking sectors in India. Future reports will cover other economic sectors.

“With growing domestic and international investment in India’s National Stock Exchange and Bombay Stock Exchange, investors and money managers need to track and analyze stock performance with diverse range of style-based indices that reflect their investment approaches – therefore, a market capitalization index alone is clearly insufficient,” said Rashid Bilimoria, CEO and co-founder, Boston Analytics. “Boston Analytics’ Stock Market Diaries, which now will include factor profiles of economic sectors, provide the more sophisticated approach and depth of analysis that investors require.”

### **Stock Market Analysis—June Edition**

The Boston Analytics India Market Index gave a negative return – of -5.28% – during the current period. Some of the interesting observations for this period are:

- Investor sentiment was negative regardless of company size in the month of May. The portfolios in the bottom half (smaller firms) outperformed the market by a small margin of 0.42%. The top half of the portfolios underperformed the market by a small margin of 0.38%.
- Value stocks have underperformed relative to the Boston Analytics India Market Index suggesting that current investor sentiments were indifferent to higher book value stocks.
- Loser portfolios have outperformed the winner portfolios by a margin of 1.40%, while in the previous month the winner portfolios had outperformed the loser portfolios by 0.40%.

**Performance of Boston Analytics India Market Index (as of May 31, 2008)**

Index	Index Levels	Recent Performance			Long-term Annualized Performance		
		1 Month	3 Months	YTD	1-Year	3-Year	5-Year
<b>BA India Market Index</b>	<b>2,700</b>	<b>-5.28%</b>	<b>-6.57%</b>	<b>-23.02%</b>	<b>18.68%</b>	<b>32.61%</b>	<b>43.06%</b>
BA India Mega Cap Index	2,653	-5.15%	-4.59%	-18.87%	15.64%	32.01%	39.23%
BA India Large Cap Index	1,645	-5.71%	-7.65%	-24.34%	26.40%	36.68%	44.61%
BA India Mid Cap Index	2,437	-4.67%	-7.54%	-26.29%	20.98%	29.81%	42.14%
BA India Small Cap Index	3,311	-5.87%	-11.25%	-31.19%	13.10%	28.93%	50.23%
BA India Micro Cap Index	8,251	-4.91%	-8.10%	-36.58%	28.92%	31.53%	71.41%

## **Bears Dominate in May; Factors Include Global Economy, Domestic Politics, Energy, and Inflation**

Bears dominated the market in the month of May due to exit polls indicating the prospect of a hung Indian Parliament, fears of a global slowdown, rising crude oil prices, and rising inflation. Negative sentiment pervaded all corners of the Indian stock market, despite fairly positive corporate results.

Foreign Institutional Investors were on a selling spree this month. Domestic mutual funds were also churning their portfolios. Also, the rupee depreciated from 40.58 to 42.15 against the dollar in May.

The rising crude oil prices were a concern for all investors. Major oil Public Sector Units are losing close to Rs 4,500 million per day on fuel sales because the government, wary of rising inflation, continues to mandate low fuel prices regardless of rising production costs. If the situation does not change in the near future, suppliers will run out of funds to import additional oil, crippling the oil supply. The inflation rates for the weeks of April 26th and May 3rd were 7.61% and 7.83%, respectively. Inflation was pegged at 7.82% for the week of May 10th. In the next week the government's measures failed to have the desired effect on soaring prices as inflation moved up sharply to 8.1%.

One bright spot amidst the turmoil for investors is a good rainfall forecast for the year, quelling fears of a food shortage in the coming year and possibly easing inflationary pressure.

### **About Stock Market Diaries**

The companies present in the Boston Analytics Stock Universe (filtered out of the entire Indian stock universe) are sorted according to the values of fundamental variables in a descending order. The fundamental variables under consideration are market capitalization, price-to-book value, and three-month momentum. Stocks are then grouped into ventiles to form portfolios. For example, the top 5% percent companies based on the values of a fundamental variable would form the top most portfolio (Portfolio #1), while the bottom 5% of stocks are called Portfolio #20. Portfolios are formed on the basis of each fundamental variable. They are tracked for a one-year investment period (from June 1 to May 31) and are reconstituted for each investment period based on fundamental variables. The portfolios are not rebalanced during the investment period to avoid transaction and operational costs.

Stock Market Diaries are produced by a team led by Sam Thomas Ph.D., director of research, Boston Analytics. Stock Market Diaries are available for purchase from Boston Analytics. For more information, including access to the monthly Stock Market Diaries reports, visit [http://www.bostonanalytics.com/India\\_Watch/India\\_Watch.htm](http://www.bostonanalytics.com/India_Watch/India_Watch.htm).

### **About Boston Analytics**

Boston Analytics provides its corporate, consulting and financial clients the current, accurate and actionable research and analysis—so they can be the first to uncover and exploit opportunities. The firm's work powers knowledge processes and enables effective decisions at all levels of its clients' businesses. Boston Analytics brings together leading analytical minds worldwide, delivers robust offerings of knowledge services and works as a genuine partner.

Boston Analytics delivers enterprise-wide knowledge advantage by providing fully customized knowledge services as well as flexible, preconfigured knowledge products and repositories. All knowledge services and products are tailored to meet the specific needs of corporations, consulting companies and financial services firms.

Boston Analytics is headquartered at Boston with offices in New York, London, and Mumbai.

More information can be found at [www.bostonanalytics.com](http://www.bostonanalytics.com)

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