

### Indian benchmark indices end in red; midcaps and smallcaps outperform..

- 1) The Sensex made a high of 60,421 in early morning session but finally ended 109 points lower at levels of 60,029.
- 2) On the other hand, Nifty rallied and hit a high of 18,012. However, the gains were reversed and index dropped to a low of 17,848. The Nifty 50 index finally ended down by 41 points to end at levels of 17,889.
- 3) Among the Sensex 30 stocks, Tata Steel was down 3.5 per cent at Rs. 1,319 was the top loser among the Sensex 30 stocks. Tech Mahindra, HCL Technologies, IndusInd Bank, Reliance, Dr.Reddy's, PowerGrid Corporation, Nestle India and Asian Paints were down 1-2 per cent each. On the other hand, Maruti, NTPC, Titan, SBI and Larsen & Toubro were up 1-2 per cent each.
- 4) In terms of sectoral performance, the BSE Realty index rallied by 3.6 per cent. The Auto and Consumer Durables indices were up by over a per cent each. On the flip side, the Metal index fell by 1.7 per cent, and the Energy index was down 1.1 per cent.
- 5) The broader markets outperformed the key benchmark indices. The BSE Midcap index was up 0.6 per cent at 25,869, and the Smallcap index rallied by 1.1 per cent to 28,607. The overall market breadth was also fairly positive, with 1,952 advancing shares as against 1,301 declining stocks on the BSE.

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
<b>Sensex</b>	60,029.06	60,138.46	<b>109.40</b>	<b>0.18</b>	60,360.61	60,421	59,881.75
<b>Nifty</b>	17,888.95	17,929.65	<b>40.70</b>	<b>0.23</b>	17,970.90	18,012.25	17,847.60

### Sectors and stocks

- 1) Shares of Tata Motors were up 5 per cent at Rs. 509.95 on the BSE in Tuesday's intra-day trade after the company's wholly owned subsidiary - Jaguar Land Rover UK reported good operational performance in July-September quarter (Q2FY22). The management said JLR expects to see gradual recovery starting in the second half (October-March) of FY22. JLR expects the earnings before interest tax (EBIT) margin and free cash flow (before restructuring costs) to turn positive in the second half of Fiscal 2022. "While supply remains constrained, JLR will continue to take mitigating actions, including prioritising the production of higher margin vehicles for the available supply of semiconductors and closely managing costs to bring down the break-even point for the business," the company said.
- 2) Allcargo Logistics hit the 20 per cent upper circuit at Rs. 328.95, also its fresh life-time high, after the company's reported 355 per cent year-on-year (YoY) jump in consolidated net profit at Rs. 264 crore in September quarter (Q2FY22). In Q2FY22, the company's revenue from operations more-than-doubled to Rs 4,978 crore from Rs 2,337 crore in the corresponding quarter of previous fiscal. Earnings before interest, tax, depreciation and amortization (ebitda) margins improved 36 basis points to 7.29 per cent from 6.93 per cent. The record performance has been delivered by exceptional leadership of the management team across businesses. The international supply chain business (MTO segment) witnessed sustained growth on the back of volume growth and expansion in market share in favorable market conditions, Allcargo Logistics said. Transformation continues to drive sales acceleration and digital initiatives include data projects, automation, ECU EDI, ECU click and other apps to improve customer experience and service delivery. ECU360 is now a mature digital platform with front end deployed on cloud, the company said. The management expects the tail winds from liner business to sustain. The industry went through pain with low rates over several years and has now turned around post consolidation and do not see freight rates going back to earlier levels in near future, the management said.

- 3) Shares of Bayer CropScience hit a 52-week low of Rs. 4,677.85, down 7 per cent on the BSE in Tuesday's intra-day trade after the company reported 31 per cent year-on-year (YoY) decline in net profit at Rs. 154.10 crore for the September quarter (Q2FY22). The agrochemicals company had posted net profit of Rs. 224.6 crore in Q1FY21. The previous 52-week low of the stock was of Rs 4,928.25 touched on March 25, 2021. In Q2FY22, the company's revenue from operations decreased 1.2 per cent YoY to Rs. 1,365 crore from Rs 1,382 crore in a year ago quarter. The management said overall profitability was impacted by a challenging season for the company's corn seeds portfolio and pressure on margins in crop protection business. The Kharif Corn season witnessed a drop in acreages owing to lower relative profitability of corn for the grower versus other crops, as well as some weather-related events leading to higher seeds returns in the second quarter, the management said. Crop protection business was impacted by higher material & logistics costs and product mix, partially offset by product price increases. Given unseasonal rains and subsequent slowing of liquidation in late September, the company consciously reduced its channel placements.

Meanwhile, to commemorate Bayer's presence in India for 125 years, the board has declared a special dividend of Rs 125 per equity share of Rs 10 each for the financial year 2021-22. The record date for the purpose of determining the entitlement for payment of special dividend is fixed as November 13, 2021.

Bayer is a global enterprise with core competencies in the life science fields of health care and nutrition. Its products and services are designed to help people and the planet thrive by supporting efforts to master the major challenges presented by a growing and aging global population.

## Global markets

- 1) Globally, most of the Asian equity indices ended in a negative terrain. European equities started on a mixed note. Globally, there are concerns like US-China tensions, increase in COVID-19 cases in China, Russia, UK and European countries. Rising crude oil prices and increasing US bond yields would also affect investor sentiments.
- 2) China's economy hit its slowest pace of growth in a year in the third quarter, hurt by power shortages, supply chain bottlenecks and major wobbles in the property market and raising pressure on policymakers to do more to prop up the faltering recovery. Data released on Monday showed gross domestic product (GDP) grew 4.9% in July-September from a earlier, the weakest clip since the third quarter of 2020 and missing forecasts. The world's second-largest economy is facing several major challenges, including the China Evergrande Group debt crisis, ongoing supply chain delays and a critical electricity crunch, which sent factory output to its weakest since early 2020, when heavy COVID-19 curbs were in place. "The domestic economic recovery is still unstable and uneven," said National Bureau of Statistics (NBS) spokesperson Fu Linghui at a briefing in Beijing on Monday.
- 3) China is facing power crisis which is triggering blackouts for households and forcing factories to cut production, threatening to slow the country's vast economy and place even more strain on global supply chains. Earlier, Factory-gate price inflation in China remained high in August, rising to the highest level in 13 years, data released on Thursday showed. The producer price index (PPI), which reflects the prices that factories charge wholesalers for their products, rose by 9.5 per cent in August from a year earlier, from a gain of 9 per cent in July, the National Bureau of Statistics (NBS) said.
- 4) Inflation in the euro area accelerated more than expected to the highest level in 13 years. Consumer prices rose 3.4 percent in September, compared with an estimate for a 3.3 percent gain, according to figures released by Eurostat on Friday. A measure stripping out volatile components such as food and energy climbed to 1.9 percent, a rate not seen since 2008. Price growth is driven mainly by effects related to the pandemic and the reopening of economies after long stretches of virus shutdowns. The European Central Bank expects a peak only later this year, before a slowdown in 2022.

## Key recent major domestic developments..

- 1) Gross Goods and Services Tax (GST) revenue collections in October witnessed a rise of 23.7 per cent year-on-year to Rs. 1,30,127 crore. This is the second-highest revenue collection under GST ever since its rollout in July 2017, coming on the back of a pickup in economic activity and several compliance measures taken by tax authorities to curb evasion. GST collections at Rs 1,41,384 crore in April this year, accounting for year-end sales, are the highest collections so far in the indirect tax regime. The Finance Ministry said that this growth in collections is "very much in line with the trend in economic recovery". "The GST revenues for October have been the second-highest ever since the introduction of GST, second only to that in April 2021, which related to year-end revenues. This is very much in line with the trend in economic recovery. This is also evident from the trend in the e-way bills generated

every month since the second wave. The revenues would have still been higher if the sales of cars and other products had not been affected on account of disruption in supply of semiconductors," it said.

- 2) India Manufacturing Purchasing Managers' Index (PMI) was in expansion territory, at 55.9 in October, for the fourth month in a row. Moreover, rising from 53.7 in September, the latest figure pointed to the strongest improvement in overall operating conditions since February.
- 3) Earlier, The Union cabinet on last Thursday cleared the PM Gati Shakti - National Master Plan for multi-modal connectivity to economic zones. "The PM GatiShakti NMP is intended to break Departmental Silos and bring in more holistic and integrated planning and execution of projects with a view to address the issues of Multi Modal connectivity and last mile connectivity," the cabinet said in a statement. "This will help in bringing down the logistics cost. This will translate into enormous economic gains to consumers, farmers, youth as well as those engaged in businesses," it added. Prime Minister Narendra Modi had on October 13 launched the PM Gati Shakti National Master Plan for multi-modal connectivity to expedite and bring infrastructure development on a common path. The Rs 100 lakh-crore Gati Shakti plan envisages a centralised portal comprising all existing and planned infrastructure initiatives of as many as 16 central ministries and departments for integrated planning and coordinated implementation of infra connectivity projects.
- 4) Domestic air passenger traffic witnessed a growth of 5.45 percent in September on month on month basis with the easing of lockdown restrictions following the decline in Covid-19 cases. The total passenger load in September stood at 70.66 lakh compared to 67.01 lakh in August, 50.07 lakh in July and 31.13 lakh in June. The passenger traffic in September 2021 was 79 percent higher when compared to the same month in the past year, the aviation sector regulator said. In September last year, the number of passengers carried by domestic airlines stood at 39.43 lakhs. Domestic airlines were allowed to operate at 60 percent capacity utilization in September 2020 compared to the 85 percent capacity utilization allowed in September 2021.
- 5) Passenger vehicle wholesales in India witnessed a decline of 41 per cent year-on year in September as automobile manufacturers struggled to produce adequate units owing to semiconductor shortage, auto industry body SIAM said on Thursday. Passenger vehicle sales last month stood at 1,60,070 units as compared with 2,72,027 units in the year-ago period. As per the latest data by Society of Indian Automobile Manufacturers (SIAM), two-wheeler dispatches to dealers also witnessed a dip of 17 per cent at 15,28,472 units, compared to 18,49,546 in September 2020. Motorcycle dispatches declined 22 per cent last month to 9,48,161 units as against 12,24,117 in the year-ago period. Scooter sales were also down 7 per cent at 5,17,239 units from 5,56,205 units a year ago. Vehicle sales across categories last month declined year-on-year by 20 per cent to 17,17,728 units from 21,40,549 units. Indian automobile industry continues to face new challenges. While on one hand, we are seeing a revival in vehicle demand, on the other hand, shortage of semiconductor chips is causing a major concern for the industry. Many members have curtailed their production plans," SIAM President Kenichi Ayukawa said. Coupled with the festive season demand, this has led to long waiting time for the customers on popular models of some segments, he added. "High raw material prices also continue to be a challenge. The industry is taking all possible measures to mitigate the impact of such supply chain issues and optimise production," Ayukawa noted.
- 6) India's retail inflation eased again in September, falling to a five-month low led by moderating food prices that offset a surge in the cost of crude oil and fuel, government data showed on Tuesday. Consumer price inflation fell sharply to 4.35% in September from 5.3% in August. This marks the third consecutive month within the Reserve Bank of India's (RBI) tolerance band of 2%-6%. The Consumer Price Index-based (CPI) inflation was at 7.27% in September 2020.

As per the data released by the National Statistical Office (NSO), the inflation in food basket eased to 0.68% in September 2021, significantly down from 3.11% in the preceding month. The Reserve Bank of India (RBI), which mainly factors in CPI-based inflation while arriving at its bi-monthly monetary policy, has been tasked by the government to keep it at 4%, with a tolerance band of 2% on either side.

- 7) The International Monetary Fund (IMF) has retained its projection for India's economic growth in the current financial year at 9.5 per cent, even as it has moderately scaled down its forecast for the world economy during 2021 by 10 basis points to 5.9 per cent in view of worsening Covid dynamics and supply disruptions. In its World Economic Outlook (WEO), the IMF has maintained India's gross domestic product (GDP) estimates for next financial year at 8.5 per cent, unchanged from its July projections. The WEO, titled 'Recovery During a Pandemic Health Concerns, Supply Disruptions, and Price Pressures', has forecast world economic growth at 4.9 per cent for 2022, the same as earlier.

Meanwhile, the IMF has cut its China GDP growth projections for 2021 and 2022 by 10 basis points each – to eight and 5.6 per cent, respectively. With this, India will again get the tag of the fastest-growing large economy in the world, both in FY22 and FY23. In 2020, China's was the only major economy that had registered growth. While it had grown 2.3 per cent last year, India's had contracted by 7.3 per cent.

#### **Ajcon Global's observations and view**

- 1) Indian benchmark indices ended in red today. However, the broader markets were upbeat today. The sentiments got uplifted by good manufacturing PMI data and strong October 2021 GST collections. However, recent RBI measures to gradually reduce liquidity can remain an overhang.
- 2) Overall, The sentiments have been strong led by good start to Q2FY22 earnings season, good IIP data and IMF's forecast of India's GDP growth at 9.5 per cent in 2021 and at 8.5 per cent in 2022. RBI's dovish stance good, faster economic recovery witnessed, strong demand outlook in the ongoing festive season. However, rising crude oil prices, increasing US Bond yields may act as headwinds. Bulls will have an edge led by strong vaccination drive, good economic activity, Production Linked Incentive Schemes announced in various sectors, good GST collection in September 2021. The big bang reforms in Telecom sector has already uplifted investor sentiments for telecom related companies. In addition to liquidity provided by FPIs in equities, there is good spike in retail participation from Tier II and Tier III cities as people have become more financial literate in COVID-19 crisis. In addition, the country has geared up and taking all the measures to prepare itself in case of a third COVID-19 wave.
- 3) Going ahead, investors will continue take cues from the ongoing Q2FY22 earnings season and management commentary, ongoing economic activity in the festive season of Diwali, eye on COVID-19 cases especially in the Metros and vaccination drive, movement in crude oil prices and metals. Globally, investors will keep a watch on US Treasury yields and developments in China.
- 4) There is a strong line up of IPOs which reminds of IPO pipeline in the month of August 2021. We suggest investors to be careful about the forthcoming IPOs and understand the fundamentals before riding the boom based on risk reward profile. Subdued listing of IPOs in August 2021 suggested irrational exuberance earlier. However, IPOs of sectors in limelight like E-Commerce, Digital, Speciality chemicals, Companies business model suited to new age, companies having business model which caters to the demands of Electric Vehicles would always gain maximum attention. However, investors have to be careful with expensive IPOs.
- 5) It is advisable to stay away from companies which have ran ahead of fundamentals and valued beyond logic. It would be prudent to stay with quality names at decent valuations and not get carried away. It is advisable for investors to look out for stock specific opportunities at decent valuations considering growth outlook and management pedigree. Always remember, corrections in a bull market will keep markets healthy.



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