AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

Market wrap **Dec. 08, 2021**

Investors cherish RBI's accommodative stance; interest rate sensitive stocks rally..

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	58,649.68	57,633.65	**1,016.03**	**1.76**	58,158.56	**58,702.65**	58,122.27
Nifty	17,469.75	17,176.70	**293.05**	**1.71**	17,315.25	**17,484.60**	17,308.95

1) Indian benchmark indices continued its rally on Tuesday after RBI's accommodative stance and keeping rates unchanged in its Monetary Policy which lifted investor sentiments.

2) The Sensex was up by 1,016.03 points or 1.76 percent to end at levels of 58,649.68. Among the Sensex 30 stocks, Bajaj Finance was up by 3.6 per cent, Bajaj Finserv moved up by 3 per cent. Maruti up by 3 per cent. SBI, ICICI Bank, Sun Pharma, Asian Paints, Bharti Airtel, Tata Steel, Infosys and HCL Technologies were the other major gainers.

3) The Nifty was up by 293.05 points to end at levels of 17,469.75.

4) The broader markets too were in green today. Both the BSE Midcap index and BSE Smallcap index were up by 1.4 percent and 1.5 percent respectively.

5) In terms of sectoral performance, the BSE Auto index was up by 2.3 percent. Energy, FMCG, Healthcare, IT, Bankex, Metal, Oil & Gas and Realty were up 1-2 per cent each.

Sectors and stocks

1) Shares of interest rate sensitive sectors such as financials including banks, housing finance companies (HFCs), real estate and automobiles were up today after the RBI kept interest rates unchanged for the ninth consecutive time on Wednesday.

2) Shares of Whirlpool of India hit a 52-week low of Rs. 1,820, down 10 per cent on the BSE in Wednesday's intra-day amid growth concerns. Since November 1, 2021, the stock has underperformed the market by falling 19 per cent after the company reported 39 per cent year-on-year (YoY) decline in its standalone net profit at Rs. 78.50 crore for the quarter ended September 2021 (Q2FY22). Whirlpool of India said the fall in net profit during the quarter was due to supply chain volatility, unprecedented cost and fuel inflation, which was partially mitigated by price increase and cost productivity actions. The management had said the quarter saw headwinds on the cost and supply chain side. Growth was impacted by a high base effect and should recover as the economy opens up.

3) Shares of FSN E-Commerce Ventures (Nykaa) continued to reel under the selling pressure, falling another 5 per cent in to Rs 2,040.60 on the BSE in Wednesday's early morning trades amid fears of selling by anchor investors, owing to the end of the lock-in period. The stock of fashion and cosmetics online retailer was trading lower for fifth straight day, falling 18 per cent in one week. A sharp decline in stock price of the company, has resulted in the market capitalisation of Nykaa fall below Rs. 1-trillion mark. FSN E-Commerce Ventures, more commonly known as Nykaa, is a consumer technology platform, delivering a content-led, lifestyle retail experience to consumers through its diverse portfolio of beauty, personal care & fashion products including their own brand products.

Key recent major developments..

1) Reserve Bank of India's (RBI) six-member Monetary Policy Committee (MPC) has maintained status quo on key rates in its bi-monthly policy statement for the ninth consecutive time, as announced by Governor Shaktikanta Das on Wednesday. The RBI continues to maintain its 'Accommodative' stance with five MPC members voting in favour of the same. The repo rate, has been kept unchanged at 4 percent whereas the reverse repo rate, remains the same at 3.35 percent. The Marginal Standing Facility (MSF) & Bank Rate also remain unchanged at 4.25 percent. Real GDP growth is projected at 17.2 percent for Q1 and at 7.8 percent for Q2 of 2022-23. RBI retains the gross

domestic product (GDP) growth target at 9.5% in FY22. RBI's Governor Shaktikanta Das said that cut in excise duty on petrol, diesel to bring down inflation rate on durable basis.

2) Fitch Ratings on Wednesday cut India's economic growth forecast to 8.4 per cent for the current fiscal year ending March 31, 2022, but raised GDP growth projection for the next financial year to 10.3 per cent. Fitch had in October forecast a GDP growth of 8.7 per cent in 2021-22 (April 2021 to March 2022) fiscal and 10 per cent in FY23. "We have cut our FY22 (financial year ending March 2022) GDP growth forecast, to 8.4 per cent (-0.3 pp). GDP growth momentum should peak in FY23, at 10.3 per cent (+0.2 pp), boosted by a consumer-led recovery and the easing of supply disruptions," Fitch said in its Global Economic Outlook.

3) The Omicron variant has been reported in 57 nations and the number of patients needing hospitalisation is likely to rise as it spreads, the World Health Organization said on Wednesday. The WHO, in its weekly epidemiological report, said more data was needed to assess the severity of disease caused by the Omicron variant and whether its mutations might reduce protection from vaccine-derived immunity. "Even if the severity is equal or potentially even lower than for Delta variant, it is expected that hospitalisations will increase if more people become infected and that there will be a time lag between an increase in the incidence of cases and an increase in the incidence of deaths," it said.

4) The coronavirus Omicron variant is likely to reinforce a downgrade of the International Monetary Fund's (IMF) outlook on the global economy, IMF Managing Director Kristalina Georgieva said on Friday. "Let's be very frank: A new variant that may spread very rapidly can dent confidence and in that sense, we are likely to see some downgrades of our October projections for global growth," Georgieva said at a live-streamed discussion on the global economy. Georgieva said that even before the emergence of the Omicron variant, the IMF had already been concerned about a loss in the momentum of global growth due to the negative impacts of the Delta variant. "The Delta variant proved to be a disruption that caused some additional delays in production" of goods in the United States and China, the leading engines for world growth, she said.

5) Activity in India's dominant services sector continued to grow at a robust pace last month supported by a strong recovery in dmestic demand, a private survey showed, but elevated price pressures remained a major concern. The Services Purchasing Managers' Index, compiled by IHS Markit, eased to 58.1 in November from 58.4 in October, but last month's rate of growth was the second-best in over a decade and well above the 50-mark separating growth from contraction for a fourth straight month.

4) India's Goods and services tax (GST) collections hit Rs. 1.31 trillion in November, the second-highest in a month since the country introduced this indirect tax system in 2017. The highest monthly collection, at close to Rs. 1.40 trillion, had come in April this year.GST revenues in November were 25 per cent higher than those in the same month last year and 27 per cent more than the corresponding month in the pre-Covid year 2019-20. The collections were also 1.1 per cent higher than the Rs. 1.30 trillion collected in October this year. A finance ministry statement said the GST collection in November was second only to that in April 2021, which had got a push from year-end revenues. It was also higher than last month’s collection, which had included the impact of returns required to be filed quarterly, it said. "This is very much in line with the trend in economic recovery," it said. Official data released on Tuesday showed that the economy grew 8.4 per cent during the second quarter of the current financial year. It also surpassed the corresponding pre-covid period of 2019-20 by a tad 0.3 per cent. In the previous quarter, economic growth had declined 9.2 per cent compared to the pre-covid period, even as it rose 20.1 per cent year-on-year.

5) IHS Markit Purchasing Managers' Index (PMI) survey fostered confidence on the manufacturing front as the index rallied up to a ten-month high in November due to high domestic demand. PMI rose to 57.6 in November from 55.9 in the previous month, the highest figure since January this year. Moreover, the headline figure was well above its long-run average of 53.6. In the PMI lexicon, a figure above 50 points to growth, while the one below this mark denotes contraction.

6) India’s GDP (gross domestic product) growth rate for the second-quarter for the financial year 2021-22 came in at 8.4%, as against a contraction of 7.4% in the corresponding period of the previous fiscal year, government data showed on Tuesday. Economic recovery strengthened in the July-September quarter, helped by a pick-up in consumer spending, though the spread of the Omicron coronavirus variant raises fears for the future. "GDP at Constant (2011-12) Prices in Q2 2021-22 is estimated at Rs 35.73 lakh crore, as against Rs 32.97 lakh crore in Q2 2020-21, showing a growth of 8.4 percent as compared to 7.4 percent contraction in Q2 2020-21. Quarterly GVA at Basic Prices at Constant (2011-12) Prices in Q2 2021-22 is estimated at Rs 32.89 lakh crore, as against Rs 30.32 lakh crore in Q2 2020-21, showing a growth of 8.5 percent," said Ministry of Statistics & Programme Implementation.

7) The fiscal deficit for 2020-21 was 9.3 per cent of the Gross Domestic Product (GDP), better than 9.5 per cent projected in the revised estimates in the Budget in February. The central government's fiscal deficit at end-October worked out to be 36.3 per cent of the annual budget target for 2021-22 due to an improvement in the revenue collection, according to official data released on Tuesday. Fiscal deficit or the gap between expenditure and revenue was 119.7 per cent of the budget estimate of 2020-21 during the corresponding period last year. In actual terms, the deficit was Rs. 5,47,026 crore at end-October, 2021 against the annual estimate of Rs. 15.06 trillion, while total expenditure was Rs. 18.27 trillion, said the data released by the Controller General of Accounts (CGA).

Global markets

1) Asian peer indices ended in green. Shanghai Composite and Japan's Nikkei were up by 1.2 percent and 1.4 percent respectively. Kospi rallied by 0.30 per cent. while Taiwan Weighted was up by 0.2 per cent. Hang Seng was flat today.

2) The European markets started on mixed note. However, US benchmark index - Nasdaq was under pressure down by 0.03 percent.

Ajcon Global's observations and view

1) Indian equities continued its buoyancy on RBI's accommodative and keeping rates unchanged. Rally was witnessed in interest rate sensitive stocks.

2) The sentiments were upbeat led by RBI's accommodative stance in its Monetary Policy, recent fall in crude oil prices, good GDP data, robust GST collections, strong manufacturing PMI, good Q2FY22 earnings season and management commentary, good economic activity witnessed in the festive season of Navratri and Diwali and good spike in retail participation from Tier II and Tier III cities as people have become more financial literate in COVID-19 crisis. However, RBI measures to gradually reduce liquidity can remain an overhang. In addition, there are headwinds like global inflation, valuation concerns and strengthening US dollar.

3) There is a strong line up of IPOs. We suggest investors to be careful about the forthcoming IPOs and understand the fundamentals before riding the boom based on risk reward profile. However, IPOs of sectors in limelight like E-Commerce, Insurance, 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.

4) The discovery of new COVID-19 variant - Omicron is a matter of concern. 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 in uncertain times. It is advisable for investors to stick to defensives for some time and also look out for stock specific opportunities considering growth outlook and management pedigree. Always remember, corrections in a bull market will keep markets healthy.

5) Investors will track global cues like COVID-19 cases led by the Omicron variant across the globe, global inflation data, oil price movement and developments in China.

Disclaimer

Ajcon Global Services Limited is a fully integrated investment banking, merchant banking, corporate advisory, stock broking, commodity and currency broking. Ajcon Global Services Limited research analysts responsible for the preparation of the research report may interact with trading desk personnel, sales personnel and other parties for gathering, applying and interpreting information.

Ajcon Global Services Limited is a SEBI registered Research Analyst entity bearing registration Number INH000001170 under SEBI (Research Analysts) Regulations, 2014.

Individuals employed as research analyst by Ajcon Global Services Limited or their associates are not allowed to deal or trade in securities that the research analyst recommends within thirty days before and within five days after the publication of a research report as prescribed under SEBI Research Analyst Regulations.

Subject to the restrictions mentioned in above paragraph, We and our affiliates, officers, directors, employees and their relative may: (a) from time to time, have long or short positions acting as a principal in, and buy or sell the securities or derivatives thereof, of Company mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage.

Ajcon Global Services Limited or its associates may have commercial transactions with the Company mentioned in the research report with respect to advisory services.

The information and opinions in this report have been prepared by Ajcon Global Services Limited and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Ajcon Global Services Limited While we would endeavour to update the information herein on a reasonable basis, Ajcon Global Services Limited is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Ajcon Global Services Limited from doing so. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Ajcon Global Services Limited will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Ajcon Global Services Limited accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Ajcon Global Services Limited or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

Ajcon Global Services Limited encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Ajcon Global Services Limited or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Ajcon Global Services Limited nor Research Analysts have any material conflict of interest at the time of publication of this report.

It is confirmed that Akash Jain – MBA (Financial Markets) or any other Research Analysts of this report has not received any compensation from the company mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Ajcon Global Services Limited or its subsidiaries collectively or Directors including their relatives, Research Analysts, do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

It is confirmed that Akash Jain – MBA (Financial Markets) research analyst or any other Research Analysts of Ajcon Global do not serve as an officer, director or employee of the companies mentioned in the report.

Ajcon Global Services Limited may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor Ajcon Global Services Limited have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on Ajcon Global Services Limited by any Regulatory Authority impacting Equity Research Analysis activities.

Analyst Certification

I, Akash Jain MBA (Financial Markets), research analyst, author and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. I also certify that no part of compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view (s) in this report.

For research related queries contact:

Mr. Akash Jain – Vice President (Research) at, research@ajcon.net, akash@ajcon.net

CIN:L74140MH1986PLC041941

SEBI registration Number: INH000001170 as per SEBI (Research Analysts) Regulations, 2014.

Website: www.ajcononline.com

Registered and Corporate office
408 - (4th Floor), Express Zone, "A" Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel's, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062

AKASH
AJAY JAIN

Digitally signed by AKASH AJAY JAIN
DN: c=IN, o=Personal, 2.5.4.20=b226ee7c5ed3d1a9b0882e3a6df517cd0afe94a43222207631a6f495c5b8eb24, postalCode=400055, st=MAHARASHTRA, serialNumber=2175639688e828dc21788bcf87dda9f4e184adfc49b352c194a519495cc1ffd3, cn=AKASH AJAY JAIN, l=MUMBAI, pseudonym=ebf7c9d498e64a22b52ca30490ebe8f6, email=AKASH_JAIN1984@HOTMAIL.COM
Date: 2021.12.08 20:46:47 +05'30'