

Indian benchmark indices ended in green; sugar stocks rally..

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	58,807.13	58,649.68	157.45	0.27	58,831.41	58,889.96	58,340.85
Nifty	17,516.85	17,469.75	47.10	0.27	17,524.40	17,543.25	17,379.60

- 1) Indian benchmark indices ended in green. Investor sentiments have turned positive after RBI's accommodative stance and keeping rates unchanged in its Monetary Policy. In addition, easing concerns of Omicron variant has improved sentiments to some extent.
- 2) The Sensex was up by 157.45 points or 0.27 percent to end at levels of 58,807.13. Among the Sensex 30 stocks, Larsen & Toubro was up by 3 per cent. Asian Paints, Reliance Industries, Mahindra & Mahindra and Bajaj Finance were the other major gainers.
- 3) The Nifty was up by 47.10 points or 0.27 percent to end at levels of 17,516.85.
- 4) The broader markets too were in green today. Both the BSE Midcap index and BSE Smallcap index were up by 0.4 percent and 0.8 percent respectively.
- 5) In terms of sectoral performance, the BSE Capital Goods index was up by 2 percent. The FMCG and Energy indices were up by 1.5 per cent each. The Telecom and Oil & Gas indices also jumped a per cent each. The Bankex, however, was down 0.5 per cent.

Sectors and stocks

- 1) Shares of sugar companies were in focus with most the frontline stocks trading higher by up to 10 per cent on the BSE in Thursday's intra-day trade on expectation of the domestic as well as global sugar prices to remain firm at least for next one year, due to lower inventories. Balrampur Chini Mills, Dalmia Bharat Sugar and Industries, Triveni Engineering, EID Parry, Shree Renuka Sugars, Uttam Sugar Mills, Avadh Sugar, Dhampur Sugar and Dwarikesh Sugar were up in the range of 2 per cent to 10 per cent on the BSE. However, most of the sugar company's shares were down by up to 20 per cent from their respective 52-week highs level.
- 2) Shares of cigarettes to fast moving consumer goods (FMCG) major ITC closed up by 4.65 per cent to Rs 235.40 on the BSE after the company said it will hold its 'Institutional Investors and Financial Analysts Day' on Tuesday, 14th December, 2021 from 10.30 a.m. The stock was trading higher for the third straight trading day, and has rallied 8 per cent during the period, after a 18 per cent decline from its 52-week high level of Rs 265.30 touched on October 18, 2021. "The company will hold its 'Institutional Investors and Financial Analysts Day' on Tuesday, 14th December, 2021 from 10.30 a.m. (1ST). The details of the event which will be held virtually are enclosed. The said details will also be hosted on the Company's corporate website www.itcportal.com," ITC said in exchange filing today. The presentation(s) made at the aforesaid event will be submitted to the Stock Exchanges and hosted on the company's website in due course, it added. Last month, ITC had forayed into the breakfast segment with ready-to-cook and ready-to-mix offerings via its 'Aashirvaad' brand. Aashirvaad is ITC's largest brand in the FMCG segment with a consumer spend of over Rs 6,000 crore. While the brand started with packaged atta, it has moved into organic pulses, salts, dairy products, premium flour and spices as well.
- 3) Vodafone Idea hit a fresh 52-week high in trades today. The stock was up 15.7 per cent at Rs. 16.50 after the telecom company had reportedly managed to raise funds for repayment of interest to bondholders as per the due date.
- 4) Shares of KPR Mill were up 6 per cent to Rs. 562.40, hitting a record high on the BSE in Thursday's intra-day trade, on expectation of strong earnings growth. The stock of the company engaged in textiles and sugar business was trading higher for the fourth straight day, having rallied 11 per cent during the period. It surpassed its previous high

of Rs 548.40 hit on November 9, 2021. In the past 11 trading days, KPR Mill market price has rallied by 16 per cent after the company announced successful commissioning of its new 42 million garments production capacity at Chengapally, Tirupur district, Tamil Nadu on November 21, 2021. With this, the total Garment manufacturing capacity has increased to 157 million garments per annum, KPR Mill said. "Strategic plans have always been driving the growth of KPR and we hope that this expansion shall position us to meet the growing market opportunities and strengthen the bright prospects of KPR," the company had said. For the first half (April-September) of the financial year 2021-22 (H1FY22), KPR Mill posted 137 per cent year on year (YoY) jump in its consolidated net profit at Rs. 410 crore on the back of healthy operational performance. Revenue during the period grew 44.5 per cent YoY at Rs. 2,166 crore. EBITDA margin also improved 730 basis point to 29 per cent from 21.7 per cent in H1FY21.

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) Activity in India's dominant services sector continued to grow at a robust pace last month supported by a strong recovery in domestic 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) Most of the Asian peer indices ended in green. Shanghai Composite and Hang seng were up by 0.98 percent and 1.08 percent respectively. Kospi rallied by 0.93 per cent while Taiwan Weighted was up by 0.46 per cent.
- 2) The European markets started on a subdued note. US benchmark index - Nasdaq was up by 0.64 percent.
- 3) Globally, investors will keep an eye on US inflation data.

Ajcon Global's observations and view

- 1) Indian equities ended in green today led by positive global cues and concerns over Omicron variant easing.
- 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) 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.



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