

Indian equities remain under pressure; stock specific action witnessed..

| Index | Today's Close | Prev. close | Change | % change | Open | High | Low |
|---------------|---------------|-------------|---------------|-------------|-----------|------------------|-----------|
| Sensex | 58,117.09 | 58,283.42 | 166.33 | 0.29 | 58,059.76 | 58,322.42 | 57,803.87 |
| Nifty | 17,324.90 | 17,511.30 | 43.35 | 0.25 | 17,283.20 | 17,376.20 | 17,225.80 |

- 1) Indian benchmark indices ended in red today led selling in index heavyweights and Financials.
- 2) The Sensex was down by 166.33 points or 0.29 percent to end at levels of 58,117.09. Among the Sensex 30 stocks, ITC was the top loser as it fell by around 3 per cent. Bajaj Finance, Kotak Bank, Bharti Airtel, Reliance Industries and Bajaj Finserv were the other prominent losers, down 1-2 per cent each. On the other hand, PowerGrid Corporation was up by around 4 per cent. Axis Bank, Nestle India, Dr.Reddy's and IndusInd Bank were the other notable gainers.
- 3) The Nifty was down by 43.35 points or 0.25 percent to end at levels of 17,324.90.
- 4) The broader markets ended on a mixed note. The BSE Midcap index fell by 0.4 percent while the BSE Smallcap index ended flat.

Sectors and stocks

- 1) Shares of Lupin ended with a gain of nearly 7 per cent after the drug-maker announced that it has received the Establishment Inspection Report (EIR) from United States Food and Drug Administration (US FDA) for its Goa manufacturing facility. The US drug regulator had inspected the facility in September 2021.
- 2) Shares Greenlam Industries hit a new high of Rs. 1,799.45, up 7 per cent on the BSE in Tuesday's intra-day trade, after its board approved the sub-division/split of face value of equity shares of the company having face value of Rs. 5 each to Re. 1 each. The company also announced entry into plywood and particle board business and to set up its third laminate plant. In the past one week, the stock has rallied by 22 per cent, as compared to a 2-per cent rise in the S&P BSE Sensex. Further, in the past one year, it has more-than-doubled or has risen 118 per cent, as against a 26-per cent gain in the benchmark index. The company, among the world's top 3 laminate manufacturer, announced prominent plans for a fast-tracked expansion. It aims to invest Rs. 950 Crore over a period of 2-3 years, towards setting up of third laminate plant and foray into plywood and particle board business. "Witnessing a spiral demand in the wood panel segment, the company has taken the next leap and decided to expand its portfolio by venturing into two adjacent categories - plywood and particle board and also setting up third laminate plant. This expansion will position Greenlam from a decorative surfacing company to a leading integrated wood panel player," the company said. It further said the investments in third Laminate plant and Particle Board will be done under Greenlam South Limited, a 100 per cent subsidiary of Greenlam Industries Limited based at Naidupeta, in Andhra Pradesh. The dedicated Plywood manufacturing facility will come under the newly acquired subsidiary HG Industries Limited based at Tindivanam, Tamil Nadu, having a capacity of 18.9 mn sqm. per annum with a capex of Rs 125 crore, it added.

Key recent major developments..

- 1) India's retail inflation in the month of November marginally rose to 4.91 percent, accelerating towards the upper limit of Reserve Bank of India's target range as fruit and vegetable prices climbed, the government data showed on Monday. The Consumer Price Index (CPI) based retail inflation was 4.48 percent in October 2021 and 6.93 percent in November 2020. As per the data released by the National Statistical Office (NSO), food inflation was at 1.87 percent in November this year compared to 0.85 percent in the preceding month. Retail fuel prices rose 13.35 percent in November year-on-year compared to 14.35 percent in the previous month, the data showed.
- 2) The Index of Industrial Production (IIP) witnessed a growth of 3.2 percent in October 2021, compared to the corresponding period previous year, as per the data released by the government on December 10. The IIP

growth rate has marginally slowed down as compared to September 2021, when a 3.3 percent surge was recorded as per the revised estimates. In October, a high production was recorded by the manufacturing and electricity sectors. In terms of use-based classification, the indices stood strong for intermediate goods and infrastructure/construction goods. "For the month of October 2021, the quick estimates of IIP with base 2011-12 stands at 133.7. The indices of industrial production for the mining, manufacturing and electricity sectors for the month of October 2021 stand at 109.7, 134.7 and 167.3, respectively," the Ministry of Statistics & Programme Implementation said in a statement. The indices stood at 128.5 for primary goods, 90.3 for capital goods, 143.7 for intermediate goods and 151.8 for infrastructure/construction goods during the month, the ministry said.

- 3) Passenger vehicle sales in the country declined by 19 percent in November as the shortage of semiconductors continued to impact vehicle production and subsequent deliveries to dealers, auto industry body SIAM said on Friday. Passenger vehicle (PV) dispatches to dealers last month stood at 2,15,626 units, down 19 per cent from 2,64,898 units in November 2020. Similarly, total two-wheeler sales declined sharply by 34 per cent to 10,50,616 units in November, from 16,00,379 units in the year-ago period. Motorcycle dispatches dropped to 6,99,949 units in November, as compared to 10,26,705 units in the same month last year. Scooter dispatches stood at 3,06,899 units last month, as against 5,02,561 units in the same period last year. Total three-wheeler dispatches stood at 22,471 units, down 7 per cent from 24,071 units in November 2020. Total automobile sales across categories dropped to 12,88,759 units last month, as against 18,89,348 units in the year-ago period. "Industry continues to face headwinds due to global semiconductor shortage. In the festive season, industry was hoping to make up for the lost ground, but the sales in the month of November 2021, were the lowest in seven years for passenger vehicles, the lowest in 11 years for two-wheelers and the lowest in 19 years for three-wheelers," Society of Indian Automobile Manufacturers (SIAM) Director General Rajesh Menon said in a statement.
- 4) 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.
- 5) Earlier, Fitch Ratings 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.
- 6) 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.

Global markets

- 1) Most Asian peer indices ended in red today. Shanghai Composite and Nikkei 225 were down by 0.53 percent and 0.73 percent respectively. Kospi fell by 0.46 per cent while Taiwan Weighted fell by 0.95 per cent.
- 2) The European markets started on a subdued note on concerns over COVID-19 variant Omicron as first death due to this variant was reported in UK. US benchmark index - Nasdaq was down by 1.25 percent.
- 3) US consumer prices rose last month at the fastest annual pace in nearly 40 years as the consumer price index increased 6.8 percent in November 2021 from November 2020, according to Labor Department data released Friday. Fast increase in inflation and persistent inflation will erode the value of money which pressurise the Federal Reserve to tighten policy. The widely followed inflation gauge rose 0.8% from October, exceeding forecasts and extending a trend of sizable increases that began earlier this year.

Ajcon Global's observations and view

- 1) Indian equities ended in red today led by selling in index heavyweights and financials.
- 2) Before last few days correction, 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 of 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 Finance Minister Nirmala Sitharaman's pre-budget consultations for Budget 2022-23 with different stakeholder groups starting from December 15, 2021, 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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