

**Bears take charge; FIIs remain net sellers..**

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
<b>Sensex</b>	57,788.03	58,117.09	<b>329.06</b>	<b>0.57</b>	58,122	<b>58,218.25</b>	57,671.61
<b>Nifty</b>	17,221.40	17,324.90	<b>103.50</b>	<b>0.60</b>	17,323.65	<b>17,351.20</b>	17,192.20

- 1) Indian benchmark indices ended in red today led by FII selling. FIIs sold equities worth Rs. 3,407.04 Crore on 15th Dec. 2021. Month till date, FIIs have sold equities worth Rs. 23,148.85 Crore against selling of Rs. 39,901.92 Crore in November 2021.
- 2) The Sensex was down by 329.06 points or 0.57 percent to end at levels of 57,788.03. Among the Sensex 30 stocks, Bajaj Finance and Bajaj Finserv were the major losers among the Sensex 30 stocks, down 3 per cent and 2.6 per cent, respectively. ITC fell by 2 percent after the company yesterday conducted its first-ever institutional investors and analyst meet. PowerGrid Corporation, TCS, Tata Steel, Titan, HCL Technologies, HDFC, Dr.Reddy's, Infosys and ICICI Bank were the other losers. On the other hand, Sun Pharma was up by 2.8 per cent. Mahindra & Mahindra, Kotak Bank and Maruti were the other gainers.
- 3) The Nifty was down by 103.50 points or 0.60 percent to end at levels of 17,221.40.
- 4) The broader markets too were under pressure today. The BSE Midcap index fell by 0.7 percent while the BSE Smallcap index was down by 0.4 percent.

**Sectors and stocks**

- 1) Shares of Larsen & Toubro (L&T) moved higher by nearly 2 per cent to Rs 1,898 on the BSE in Wednesday's intra-day trade after the company announced that its water & effluent treatment business received large contracts (ranging between Rs 2,500 and Rs 5,000 crore) from the State Water & Sanitation Mission (SWSM), Uttar Pradesh. The stock had hit a record high of Rs 1,983 on November 15, 2021. "The Water & Effluent Treatment Business of L&T Construction has secured a repeat order from the State Water & Sanitation Mission (SWSM), Uttar Pradesh to implement rural water supply projects providing Functional House Tap Connections (FHTC) under the Jal Jeevan Mission," L&T said in exchange filing. Over the past six months, the market price of L&T has rallied 25 per cent, as compared to a 10 per cent rise in the Sensex. In past one year, it surged 52 per cent, against 25 per cent gain in the benchmark index.
- 2) Shares of TVS Motor Company rallied by 7.3 per cent to Rs. 708.50 on the BSE in Wednesday's intra-day trade on the back of heavy volumes in an otherwise weak market on positive outlook. The stock of the two-wheeler maker had hit a 52-week high of Rs. 793.45 on November 9, 2021. Besides, it had touched a record high of Rs. 795 on January 2, 2018. In the past three months, the stock has outperformed the market by rallying nearly 30 per cent after the company reported highest-ever revenue, and earnings before interest, tax, depreciation and amortization (ebitda) for the quarter ended September 2021 (Q2FY22). In comparison, the S&P BSE Sensex was down 1.5 per cent during the same period.

Last week, TVS Motor had announced the launch of its premium Apache RR 310 and 125 cc scooters TVS NTORQ in the Philippines market, boosting its product portfolio. Further, the company had last month signed a Memorandum of Understanding (MOU) with the Government of Tamil Nadu for investment in Future Technologies and Electric Vehicle (EV). Under the MOU, TVS Motor Company will invest Rs. 1,200 Crore in Future Technologies and EV in the next four years. The investment will be mainly for the design, development and manufacturing of new products and capacity expansion in the EV space. TVS Motor board approved the incorporation of a subsidiary to undertake the electric mobility business. It will invest Rs.10bn on product development and capacity expansion. EV launches are targeted at segments such as premium scooters, high-performance sporty motorcycles, commuter space, delivery market and 3Ws.

- 3) Shares of One97 Communications, the parent company of digital payments major Paytm, fell by 13 per cent to Rs. 1,297.70 on the BSE in Wednesday's intra-day trade as the mandatory one-month lock-in period for anchor investors expired today, December 15, 2021. The stock was trading close to its record low of Rs. 1,271.25 touched November 22, 2021. India's leading digital ecosystem for consumers and merchants had made stock market debut on November 18, 2021. It was down 40 per cent from its issue price of Rs 2,150 per share. The stock hit a record high of Rs 1,961.05 on November 18, but had failed to touch its issue price since post listing. Paytm had raised Rs. 8,235 Crore from anchor investors as part of its initial public offering (IPO) of Rs 18,300 Crore. The company had allotted 38.30 million equity shares to anchor investors at Rs. 2,150 per share. Top sovereign wealth funds and financial investors such as Singapore's GIC, Canada's CPPIB, BlackRock, Alkeon Capital, Abu Dhabi Investment Authority were among those that allotted shares in the fintech major's parent One97 Communications' anchor portion.
- 4) Shares of Bajaj Finance were under s pressure for the third straight trading session. The stock fell by 3 per cent to Rs 6,860 on the BSE in Wednesday's intra-day trade, falling as much as 8 per cent in past three days on growth concerns. The stock has corrected 14 per cent from its record high level of Rs. 8,020 touched on October 10, 2021 in the last three trading sessions. The stock had hit a low of Rs. 6,678 on November 29, 2021.

#### **Key recent major developments..**

- 1) The Union Cabinet on Wednesday approved a production linked incentive (PLI) scheme for semiconductor and display board production in the country, I&B Minister Anurag Thakur said. The scheme envisages investment of Rs. 76,000 Crore in semiconductor production over the next 5-6 years, he said.

The programme aims to provide attractive incentive support to companies/consortia that are engaged in Silicon Semiconductor Fabs, Display Fabs, Compound Semiconductors/Silicon Photonics/Sensors (including MEMS) Fabs, Semiconductor Packaging (ATMP / OSAT), Semiconductor Design. The programme will usher in a new era in electronics manufacturing by providing a globally competitive incentive package to companies in semiconductors and display manufacturing as well as design, said government while adding that semiconductors and displays are the foundation of modern electronics driving the next phase of digital transformation under Industry 4.0.

- 2) MedPlus Health Services IPO was subscribed 44.82 times on the final day of the offer. The retail portion was subscribed 4.65 times; QIBs 90.48 times and NIIs 78.82 times.
- 3) The Indian economy "continues to forge ahead, emerging out of shackles of pandemic," but the rise of the Omicron variant has emerged as the biggest risk factor, said the state of the economy report released with the December bulletin of the Reserve Bank of India (RBI) on Wednesday. The Indian economy bounced back strongly in the second quarter, as the gross domestic product (GDP) surpassed its pre-pandemic levels, and inflation broadly remained under the 6 per cent range, the upper band of the tolerance range of the RBI. The RBI's medium-term target is to keep retail inflation at 4 per cent. In November, the retail inflation came at 4.91 per cent, but wholesale price index (WPI), which it no longer targets, came at a 12 year high of 14.23 per cent.

"A host of incoming high frequency indicators are looking upbeat and consumer confidence is gradually returning. Aggregate demand conditions point to sustained recovery, albeit, with some signs of sequential moderation," the report said.

- 4) Wholesale inflation, based on the Wholesale Price Index (WPI), in November rose 14.23 per cent from 12.54 per cent a month ago, mainly on rise in food prices, especially of vegetables, and minerals and petroleum products, Commerce & Industry Ministry data showed on Tuesday. This is the highest level of wholesale inflation in the 2011-12 series and eighth consecutive month in which it has stayed at a double-digit level. The wide gap between WPI and CPI inflation reflects the price pressures on the inputs side, which are expected to pass through to the retail level in the coming months. The WPI grew 12.54 per cent during October, while the WPI for September was revised to 11.80 per cent from 10.66 per cent. The WPI inflation rate in November 2020 was at 2.29 per cent. Both core and manufacturing inflation stayed over 11 per cent for the fifth straight month at wholesale level.
- 5) 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.

- 6) 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.
- 7) 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.
- 8) 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.
- 9) 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 on a mixed note today. The European markets too were trading on a mixed note. However, US benchmark index - Nasdaq was down by 0.45 percent.
- 2) 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 continue to be in red led by FII selling and pressure in select Blue chips.
- 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 continue to track Finance Minister Nirmala Sitharaman's pre-budget consultations for Budget 2022-23 with different stakeholder groups which has begun from today, 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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