

Bears take charge led by FPI selling and valuation concerns; selling witnessed across the board..

| Index | Today's Close | Prev. close | Change | % change | Open | High | Low |
|---------------|---------------|-------------|----------------|-------------|-----------|------------------|-----------|
| Sensex | 58,465.89 | 59,636.01 | 1170.12 | 1.96 | 59,710.48 | 59,778.37 | 58,011.92 |
| Nifty | 17,416.55 | 17,764.80 | 348.25 | 1.96 | 17,796.25 | 17,805.25 | 17,280.45 |

- 1) It was a black Monday today as the benchmark indices were under tremendous pressure. The Sensex declined by whopping 1170.12 points and ended at levels of 58,465.89. The NSE Nifty was down by 348.25 points or 1.96 percent to end at levels of 17,416.55.
- 2) Among the Sensex 30 stocks, index heavy weight Reliance Industries Limited declined by 4.4 percent. Bajaj Finance was the major loser, down almost 6 per cent, Bajaj Finserv fell by 5 per cent. NTPC, Titan, SBI, Bajaj Auto and Maruti were the other major losers among the Sensex 30 stocks, down 3-4 per cent each.
- 3) On the other hand, Bharti Airtel was up by 4 per cent. Asian Paints and PowerGrid Corporation were the only other gainers.
- 4) The broader markets were also under significant pressure. The BSE Midcap index was down by 2.5 percent while the Smallcap index was down by 2.9 per cent each.
- 5) In terms of sectoral performance, BSE Realty and Energy indices declined by around 4 per cent each. The Bankex, Healthcare, Auto, Consumer Durables and Oil & Gas indices fell by over 2 per cent each.

Sectors and stocks

- 1) Reliance Industries fell by 4.4 per cent lower to end at Rs. 2,365, after the Company called-off its plans to hive-off 20 per cent stake in its oil to chemicals business to Saudi-based Aramco. The stock has declined 14 per cent from its all-time high of Rs. 2,750.
- 2) The recently listed IPOs - One 97 Communications (Paytm), Fino Payments Bank, SJS Enterprises were under tremendous pressure.
- 3) Shares of Bharti Airtel hit a new high of Rs 756, up 6 per cent on the BSE in Monday's intra-day trade, after the Company increased its tariffs for telecom subscribers for a range of services effective November 26. The decision, the company said, was for a "financially healthy business model". The company hiked prepaid tariff by 20-25 per cent and data top-up plans by 20-21 per cent. "Bharti Airtel has always maintained that the mobile Average Revenue Per User (ARPU) needs to be at Rs. 200 and ultimately at Rs. 300, so as to provide a reasonable return on capital that allows for a financially healthy business model," the company said in a statement.

Key recent major developments..

- 1) The foreign institutional investors (FIIs) were net sellers of equities worth Rs. 3,930.62 on last Thursday, thus taking the total net selling to nearly Rs. 10,000 crore so far this month in the cash segment. This is following Rs. 25,572 crore worth selling in October. Since the start of this fiscal year, FIIs have net sold shares to the tune of Rs. 75,500 crore.
- 2) The inflows through systematic investment plans or SIPs in the mutual fund industry reached close to Rs. 67,000 crore in the first seven months of the ongoing fiscal. This comes following an inflow of Rs. 96,080 crore through the route in 2020-21, data with the Association of Mutual Funds in India (Amfi) showed.
- 3) The government has raised the goods and services tax (GST) on finished goods such as garments, textiles, and footwear from 5% to 12% with effect from January 2022. The Central Board of Indirect Taxes and Customs (CBIC) announced this on November 18. From January 2022, the GST rate on fabrics will be raised to 12 percent from 5

percent, and the GST rate on garments of any value has been raised to 12 percent, compared to the previous rate of 5 percent on items priced up to Rs. 1,000. Textiles (including woven fabrics, synthetic yarn, pile fabrics, blankets, tents, accessories such as tablecloths or serviettes, rugs and tapestries) have also seen their rates raised from 5% to 12%, while footwear of any value has seen its rate raised from 5% (up to Rs 1,000/pair) to 12%.

- 4) Prime Minister Narendra Modi on November 19 announced that the government would repeal the Farm Laws enacted by Parliament in September 2020. Although they were passed in Parliament, the laws were not implemented due to the protests in states like Punjab and Haryana at the Delhi borders.
- 5) The Department of Investment and Public Asset Management (DIPAM) has invited bids to sell six assets of Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL) through its new asset monetisation portal. "Non core asset monetisation commences with the first set of six properties of BSNL/ MTNL bid out on the MSTC portal," DIPAM Secretary Tuhin Kanta Pandey tweeted. The government is planning to sell land parcels worth over Rs 600 crore in the first phase through the new online bidding platform. This will be the first sale of assets through the new e-bidding platform developed by state-run MSTC. created for monetisation by the NITI Aayog. The idea is to put idle land parcels of state-owned entities to use, and realise their value. The effort is on the lines of the National Monetisation Pipeline (NMP) -where the government aims to monetise underutilised assets, but would only include non-core assets. Unlike the NMP, in case of PSUs' land sale, the ownership of assets will be transferred. Sale of non-core assets such as land parcels or real estate of over Rs. 100 crore is being managed by DIPAM, and is similar to the pipeline of core assets.
- 6) Vehicle registration in October including all segments fell 5.33 per cent year-on-year. The fall was a sharper 26.63 per cent when compared to October 2019, Federation of Automobile Dealers Association said in a statement on Thursday. A total of 1,364,526 units were retailed during the month compared to 1,441,299 units in October 2020. The fall in the YoY sales widens the gap with the October 19 volumes when 1,860,098 units were sold. Alluding to the 42-day festive period (October 7 to November 17), the dealer body said, it was the worst festive season for the automobile market in a decade with overall retail sales dropping by 20 per cent YoY and 20.82 per cent compared to 2019. "We have witnessed the worst festive season in the last decade. Semiconductor shortage which was already a full blown crisis showed its true colours when in spite of an above healthy demand, we could not cater to customer's needs," said Vinkesh Gulati, president, Federation of Automobile Dealers Association (FADA). While SUVs and luxury cars saw a huge shortage, demand for the entry level cars was subdued as customers in this segment are wary of spending and are prioritizing saving for emergencies.
- 7) Merchandise exports grew for the eleventh straight month to \$35.65 billion, up 43 per cent on year during October, as external demand continued to remain robust. Preliminary data released by the commerce and industry ministry showed the growth was driven by higher demand for items, primarily engineering goods, petroleum products, gems and jewellery as well as organic and inorganic chemicals, among other items. Compared with the pre-Covid level of October 2019, the growth in the value of goods exported was up nearly 36 per cent. Exports have been on an upward trajectory for close to a year now, with the value of exports hovering around \$30 billion over the last eight months, amid gradual recovery in key Western markets.

Global markets

- 1) Globally, there are concerns over rising COVID-19 cases in Europe, US, surge in crude oil prices and increasing US bond yields. Germany warned on Friday it may need to move to a full lockdown after Austria said it would reimpose strict measures to tackle rising infections.
- 2) Crude oil fell to seven-week lows on Monday on concerns about excess supply after Japan said it was weighing releasing oil reserves and over demand from a worsening COVID-19 situation in Europe. Japanese Prime Minister Fumio Kishida signalled on Saturday he was ready to help counter soaring oil prices following a request from the United States to release oil from its emergency stockpile.
- 3) Today, the European markets started on a positive note despite fresh Covid related restrictions announced in select countries. Asian peer indices too ended on a positive note.
- 4) Last week on Thursday, China's Evergrande Group said its unit will sell its entire share stake in HengTen Network Holdings for HK\$2.13 billion (\$273.47 million). Evergrande, the world's most indebted developer, has been stumbling from deadline to deadline in recent weeks as it grapples with more than \$300 billion in liabilities, \$19 billion of which are international market bonds.

- 5) Earlier, investors took confidence from the discussion between US president Joe Biden and his Chinese counterpart Xi Jinping. In a virtual meeting, Biden urged Xi not to allow competition between the two economic powers and closely linked trading partners to escalate into a conflict.

Ajcon Global's observations and view

- 1) Indian equities were under turmoil today led by across the board selling led by weak global cues, valuation concerns and intense FPI selling.
- 2) Before the correction started, the sentiments were strong led by good Q2FY22 earnings season and management commentary, good economic activity witnessed in the festive season of Navratri and Diwali, good manufacturing PMI data, strong October 2021 GST collections, 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 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, rising crude oil prices, increasing US Bond yields may act as headwinds. In addition, RBI measures to gradually reduce liquidity can remain an overhang.
- 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, 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 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.
- 5) With Q2FY22 earnings season behind us, investors will track global cues like inflation data across the globe, US treasury yields, COVID-19 cases especially in Europe and US, crude oil price, developments in China.



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

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