

Domestic bourses end flat; midcaps and smallcaps keep their head high..

- 1) Indian benchmark indices end flat on Thursday. Profit-booking in metals, PSBs, and select heavyweights like Bharti Airtel, Maruti Suzuki, Infosys, and HDFC Bank. However, there was upmove in Reliance Industries, ICICI Bank, HDFC, and HUL.
- 2) The S&P BSE Sensex was up by 5 points to end at levels of 55,949 while the Nifty was up by 2 points to end at 16,636.90.
- 3) The broader markets did witness some exuberance for the third consecutive day. The BSE MidCap index and the BSE SmallCap index were up by 0.3 per cent each.
- 4) In terms of sectoral performance, the metals pack bled the most, down 1.3 per cent, followed by the PSB Index (down 0.8 per cent). On the upside, the Nifty FMCG index was up by 0.58 per cent.

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	55,949.10	55,944.21	4.89	0.01	55,988.41	56,112.39	55,854.07
Nifty	16,636.90	16,634.65	2.25	0.01	16,627.95	16,683.70	16,603.40

Sectors and stocks

- 1) Shares of Thermax were up by 4 per cent at Rs. 1,418.55 on the BSE in intra-day trade on Thursday after Thermax Babcock and Wilcox Energy Solutions (TBWES), a wholly-owned subsidiary of the company, concluded a Rs. 293 crore order for a boiler package comprising 3 x Oil & Gas fired boilers on EPC basis for a refinery and petrochemical complex in western India. The scope of supply includes design, manufacture, installation, erection, commissioning and testing of the 3 x Oil & Gas fired boilers. Thermax said this turnkey project, based on EPC, encompasses civil, structural, mechanical, E&I controls work in a press release.
- 1) Shares of recently listed CarTrade Tech has witnessed a fall 11 per cent from its issue price of Rs. 1,618 per share. In the past three days, the stock has seen a fall of 8.7 per cent. CarTrade Tech is a multi-channel auto platform provider company. The company operates various brands such as CarWale, CarTrade, Shriram Automall, BikeWale, CarTradeExchange, Adroit Auto, and AutoBiz. The platform connects new and used automobile customers, vehicle dealers, vehicle OEMs, and other businesses to buy and sell different types of vehicles. The company offers a variety of solutions across automotive transactions for buying, selling, marketing, financing, and other activities. The Company had made a weak debut on the bourses as the company's shares ended at Rs 1,500, a 7 per cent discount to its issue price on the BSE on day of listing. However, the initial public offering (IPO) of the company had received a strong response from the investors, with the issue garnering 20.3 times subscription. The IPO was an offer-for-sale worth Rs 2,998 crore. The company had raised Rs 900 crore from anchor investors ahead of its issue.

Key recent major developments..

- 2) India could get the license for the bad bank very soon, Debashish Panda, the secretary of the Department of Financial Services said Wednesday. The registration of the debt management company is also under process, he added. The IBA had filed an application in June with the Registrar of the Companies at the Ministry of Corporate Affairs (MCA) to incorporate both the asset reconstruction company and its debt management Company.
- 3) Finance Minister Nirmala Sitharaman on August 25, 2021 addressed a press conference after her two-day visit to Mumbai. She interacted with top officials of the Confederation of Indian Industry (CII) and launched the EASE 4.0 Index - a reform agenda for 2021-22 for public sector banks (PSBs). She met heads of PSBs to review annual financial performance of the lenders. Finance Minister Nirmala Sitharaman said "Banks have been directed to



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interact regularly with Federation of Indian Exporters Organisation so the exporters don't have to shuttle between various bankers." She added "Lot of sunrise sectors require a lot of funding, need to facilitate that. Banks should take the benefit of technology. Have asked banks to look at the area of fintech." She said that "Banks have expressed concerns on CASA deposits piling up in eastern areas. Credit flow need to be better promoted in Eastern states of country. Credit flow is not happening in eastern states if country."

- 4) Earlier on Monday, Finance Minister Nirmala Sitharaman announced a pipeline of assets that the Centre is looking to monetise to the tune of Rs. six trillion over four years ending financial year 2024-25. This would constitute 14 per cent of the union government's outlay under the National Infrastructure Pipeline. It covers 20 asset classes spread over 12 line ministries and departments. The top three sectors by value are roads, railways and power. Announcing the plan, Sitharaman said, "the asset monetisation programme is aimed at tapping private sector investment for new infrastructure creation. This is necessary for creating employment opportunities, enabling high economic growth and seamlessly integrating the rural and semi-urban areas for overall public welfare."
- 5) The world's first DNA plasmid vaccine, indigenously developed ZyCoV-D, the Cadila Healthcare (Zybus Cadila) three dose vaccine for Covid-19 received the emergency use authorisation from the Drugs Controller General of India (DCGI) for use in adolescents 12 years old and above. This makes it India's first Covid-19 vaccine to be available for this age group. The vaccine has many other firsts. For one it is based on DNA plasmid technology, secondly it will be administered using needle-free injection system (NFIS), and thirdly it remains stable in room temperatures for three months. This is also a three-dose vaccine given on day zero, day-28 and day-56.
- 6) Last week, Finance Minister Nirmala Sitharaman said that she expects inflation to remain in the prescribed range during the current fiscal. The RBI has been mandated to keep inflation at 4 per cent, with tolerance level of 2 per cent on either side. She expressed confidence that the revenue would be buoyant in the coming months. Both Goods and Services Tax (GST) and direct taxes have improved in the past few months, the minister said. On the demand pick up, she said there is enough liquidity in the market and credit growth is expected to pick up in the coming festive season.
- 7) According to the data released by the Ministry of Commerce and Industry, India exported goods worth US\$35.43 billion in July 2021, the highest first time ever in a month, due to recovery in key global markets and robust demand, Outbound shipments grew by nearly 50 per cent over July 2020, which can be partly attributed to a favourable base. As compared to pre-Covid level, the growth was 35 per cent from July 2019. Merchandise exports and imports had plummeted in the first few months of 2020-21, with the imposition of lockdown measures to curb the spread of Covid-19. On a sequential basis, outbound shipments grew at their fastest this fiscal year, witnessing an 9-per cent jump. The growth was led by higher demand for engineering goods, gems and jewelry, textiles and apparels, chemicals and electronic goods.
- 8) India's industrial production grew 13.6 per cent in June from the year-ago period due to the low-base effect, data released by the Ministry of Statistics and Programme Implementation showed. The impact of a low-base declined in June as compared to the last two months. In April and May, growth was 134.6 per cent and 28.6 per cent, respectively, thereby portraying an exaggerated picture of industrial activity. Factory output, measured by Index of Industrial Production (IIP), has been growing sharply since March due to a favourable base effect as industrial activity came to a virtual halt a year ago following the nationwide lockdown. In June 2020, IIP contracted 16.6 per cent. On a sequential basis, IIP grew 5.7 per cent from May, in line with the opening up of the economy, with states gradually easing restrictions after region-wise lockdown during the second wave in April-May. However, it still remained below April's level, indicating that the pace of recovery is slow.
- 9) Around 50.07 lakh domestic passengers travelled by air in July, 61 per cent higher than the 31.13 lakh who travelled in June, the country's aviation regulator said on Friday. According to the Directorate General of Civil Aviation (DGCA), 21.15 lakh people and 57.25 lakh had travelled within the country by air in May and April, respectively. The sudden drop in domestic air traffic in May was due to the second wave of the Covid-19 pandemic that had badly hit the country and its aviation sector.
- 10) Finance Minister Nirmala Sitharaman earlier assured India Inc that the government is ready to do everything required to revive and support economic growth. There are indicators which suggest that the economy is buoyant and recovery is taking place post lifting of COVID-19 restrictions by states, she said while addressing the CII Annual Meeting 2021. She further said foreign direct investment has seen a growth of 37 per cent so far this fiscal, while forex reserves increased to \$620 billion as of July. She also exhorted the industry to come forward and invest in the economy. Indian economy has not reached the level where Reserve Bank of India can begin pulling back liquidity as Asia's third largest economy is still recovering from the shock of two major waves of coronavirus, Finance Minister Nirmala Sitharaman said on Thursday.

- 11) India's retail inflation eased to a three-month low in July, back within the Reserve Bank's tolerance level (2 per cent-6 per cent) after staying above the upper band for two straight months, government data released on Thursday showed. The consumer price index (CPI) based inflation cooled to 5.59 per cent in the last month from 6.26 per cent in June. Food inflation fell substantially to 3.96 per cent in July from 5.15 per cent in June.
- 12) The RBI in latest monetary policy review has kept the rates and stance unchanged and pledged to remain accommodative in the near future, while raising its inflation forecast to 5.7 per cent during 2021-22. RBI projected 5.9 per cent in the second quarter, 5.3 per cent in third, and 5.8 per cent in the fourth quarter of the fiscal, with risks broadly balanced. CPI inflation for Q1FY23 is projected at 5.1 per cent. Meanwhile, Industrial output for the month of June rose 13.6 per cent, in a sign that the low base effect of the last year is waning.

Global markets

- 1) Most of the Asian indices ended in green except for Hang Seng. However, European equities witnessed a subdued start. There are concerns about the rampant spread COVID-19 Delta variant and tapering monetary stimulus in US which would remain an overhang.
- 2) Globally, investors are eyeing Fed Reserve's Jackson Hole Economic Symposium on Friday for clarity on asset tapering. Earlier, the US Federal Reserve suggested tapering of the Fed's stimulus plan by late 2021. Tensions in Afghanistan and its side effects can also hamper investor sentiments.
- 3) The US economy recovery was faster than expected in the second quarter, lifting the level of gross domestic product above its pre-pandemic peak, as massive fiscal stimulus and vaccinations against COVID-19 boosted spending. Gross domestic product increased at a 6.6% annualized rate, the Commerce Department said on Thursday in its second estimate of GDP growth for the April-June quarter. That was revised up from the 6.5% pace of expansion reported in July. Consumer spending, which accounts for more than two-thirds of the US economy, also got a lift from vaccinations, which fueled demand for services like air travel, hotel accommodation, dining out as well as entertainment. But momentum appears to have slowed early in the third quarter amid a resurgence new COVID-19 infections driven by the Delta variant of the coronavirus.
- 4) US consumer price inflation stood at 5.4% YoY in July, taking so. UK GDP grew by 4.8% QoQ in Q2 as activity and demand rebounded with the easing of covid restrictions. Eurozone inflation in July rose to 2.2% YoY above European Central Bank's target.
- 5) PMI survey data suggested that business activity in the euro zone grew strongly in August - although fears that new coronavirus strains may lead to renewed restrictions limited the optimism.
- 6) Japan's economy rebounded more than expected in the second quarter after slumping in the first three months of this year, data showed, a sign consumption and capital expenditure were recovering from the Coronavirus (Covid-19) pandemic's initial hit. The world's third-largest economy grew an annualised 1.3% in April-June after a revised 3.7% slump in the first quarter, preliminary gross domestic product (GDP) data showed on Monday, beating a median market forecast for a 0.7% gain.
- 7) Earlier, Goldman Sachs Group Inc. downgraded its economic growth forecast for China as measures to contain the fast-expanding Covid-19 resurgence curb spending. The economists cut their projection for quarter-on-quarter growth of gross domestic product in the third quarter and also lowered their full-year GDP growth forecast to 8.3% from 8.6%.

Ajcon Global's observations and view

- 1) Volatility continued on Thursday and domestic bourses end flat. Profit booking was witnessed in PSBs, metals and index heavyweights like Bharti Airtel, Maruti and Infosys. Midcaps and smallcaps witnessed buying.
- 2) The contest between bulls and bears is going to remain strong. However, bulls will have an edge owing to factors like good Q1FY22 earnings season so far with most of the Companies reporting good performance, strong management commentary in Q1FY22 by majority of the Companies, growth in Industrial production and ease in retail inflation expansion in Services PMI in July on a monthly basis, better than expected China's economic data, positive US employment data and other positive US economic indicators, rally in commodities, economic activity picking up at fast pace after unlock in major states, significant decline of COVID-19 cases in the second wave with decent vaccination drive are supporting sentiments. In addition, the country gearing up and taking all the measures to prepare itself for likely third COVID-19 wave. In addition to liquidity provided by FPIs in equities, there is good



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spike in retail participation from Tier II and Tier III cities as people have become more financial literate in COVID-19 crisis.

- 3) India has given the covid antidote to 60.38 crores beneficiaries in the nationwide vaccination. Investors are also hopeful that vaccine shortages will be resolved in some months as vaccine manufacturers' ramp up supplies. The entry of new vaccines is also expected to ease the supply crunch.
- 4) We expect markets to remain choppy for some time with negative bias. We suggest investors to be careful about the forthcoming IPOs too and understand the fundamentals before riding the boom.
- 5) It is advisable for investors to look out for stock specific opportunities. We believe intermediate corrections will keep markets healthy. With Monthly Auto sales numbers and RBI's Monetary policy out, investors will track global cues especially on spread of COVID-19 variants and key developments in China, movement in crude oil prices and metals, vaccination drive and economic activity and COVID-19 cases in India. We suggest looking at fundamentally strong midcaps and small caps backed by good management after a good fall.



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