

Indian benchmark indices end in green; realty and healthcare stocks rally..

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	57,420.24	57,124.31	295.93	0.52	56,948.33	57,512.01	56,543.08
Nifty	17,086.25	17,003.75	82.50	0.49	17,149.50	17,155.60	16,909.60

- 1) Indian benchmark indices ended in green after being under pressure on Friday.
- 2) The Sensex was up by 295.93 points or 0.52 percent to end at levels of 57,420.24. Among the Sensex 30 stocks, Tech Mahindra was the top gainer up by 3.4 percent followed by Dr. Reddy's up by 2 percent. PowerGrid Corporation, Kotak Bank, ICICI Bank, Sun Pharma, Mahindra & Mahindra, HDFC and HDFC Bank were the other major gainers. On the other hand, Asian Paints and IndusInd Bank ended marginally in red.
- 3) Nifty was up by 82.50 points or 0.49 percent to end at levels of 17,086.25.
- 4) The broader markets too ended in positive terrain today. The BSE Midcap index was up by 0.3 percent while the BSE Smallcap index was up by 0.5 percent.
- 5) In terms of sectoral performance, the BSE Healthcare index was up by 1.3 per cent. Most sectoral indices ended with gains in the range of 0.3-0.5 per cent each.

Sectors and stocks

- 1) Adhesives and sealants company HP Adhesives has made a decent market debut, with its shares listed at Rs. 319, a 16 per cent premium over its issue price of Rs. 274 per share on the BSE. The stock opened at Rs 315, 15 per cent higher against its issue price on the National Stock Exchange (NSE).
- 2) Shares of Tech Mahindra hit a new high of Rs 1,789.05, up 4 per cent on Monday on the BSE, on expectation of strong December 2021 quarter earnings. In the past one week, the stock of information technology (IT) consulting & software company has rallied 12 per cent, when compared with a 2.8 per cent rise in the S&P BSE Sensex. Thus far in the calendar year 2021 (CY21), Tech Mahindra has zoomed 84 per cent, as against a 20 per cent gain in the benchmark index.
- 3) Shares of GMR Infrastructure rallied by 12 per cent to Rs. 47.95 on the BSE in Monday's intra-day trade after the GMR Group signed shareholders agreement with Indonesia's Angkasa Pura II for the development of Medan Airport on December 23. The company engaged in airport services business had made announcement on Friday after market hours. The stock was trading at its highest level since December 2010.
- 4) Shares of Kabra Extrusion Technik hit a new all-time high of Rs. 412.70, as the stock rallied by 16 per cent on the BSE in Monday's intra-day trade after the company announced capital expenditure (capex) plan of up to Rs 100 crore for expansion of battery division. The company's board also approved a proposal to raise up to Rs. 301 crore for the expansion of its future technologies brand Battrixx. The stock of Kabra Extrusion has outperformed the market by surging 65 per cent, as compared to a 5 per cent decline in the S&P BSE Sensex, in past three months. In the last six months, the stock has zoomed 115 per cent, as against a 8 per cent rise in the benchmark index. Of the Rs 301 crore, Rs. 101 crore will be raised initially through issuance of warrants to promoters and foreign investors while Rs 200 crore will be mopped up through financial institutions for the working capital, the company said in a release. Battrixx, part of Kabra Extrusion Technik, provides advanced lithium-ion battery packs with smart battery management systems to power the growth of India's transition to green energy storage and electric mobility. The promoters and other investors have shown the confidence to infuse more capital in Battrixx, which will be used to further the growth of the brand in the Electric Mobility sector. The company aims to reach 2 GWh capacity over the next 12-18 months.

These funds will enable Battrixx to enhance its annual production capacity in phases from existing 100,000 battery packs to 700,000 by end of FY24 to meet the growing demand in electric vehicles industry and other energy storage applications. The Board of the company has also approved to raise necessary additional working capital upto Rs 200 crore from financial institutes, Kabra Extrusion said in regulatory filing.

Key recent major developments..

- 1) FIIs sold equities worth Rs. 1,038.25 Crore on 27th Dec. 2021. Month till date, FIIs have sold equities worth Rs. 34,314.74 Crore against selling of Rs. 39,901.92 Crore in November 2021.
- 2) Oil prices were mixed on Monday, with Brent edging up while U.S. crude futures slipped after airlines called off thousands of flights in the United States over Christmas holidays amid surging COVID-19 infections.
- 3) The Union Home Ministry on December 27, 2021 issued guidelines for COVID-19 vaccination of children aged 15-18 years and for the administration of booster dose to healthcare, frontline workers, and senior citizens with co-morbidity. "For those Health Care Workers (HCWs) & Frontline Workers (FLWs) who have received two doses, another dose of COVID-19 vaccine would be provided from January 10," the ministry said in its guidelines. "The prioritization & sequencing of this precaution dose would be based on the completion of 9 months from the date of administration of 2nd dose reads the guidelines," it said. Based on doctor's advice, all persons aged 60 years and above with comorbidities who have received two doses of Covid vaccine will be provided with a precaution dose from January 10, 2022
- 4) The Centre earlier has advised states and UTs to not let their guard down and maintain their preparedness for fighting Covid in view of the new variant Omicron. Union Health Secretary Rajesh Bhushan reviewed the public health preparedness of the states for fighting Covid and the Omicron variant along with progress of vaccination with Health Secretaries of states and UTs. He highlighted the trajectory of Covid and brought attention to emerging evidence on the Omicron variant of Covid driving the growing number of cases worldwide.
- 5) Property sale registrations in Mumbai (MCGM region) crossed the 100,000 mark for the first time in a decade, compared to the earlier decade-high at 80,746 units in 2018. Mumbai recorded property sale registrations of 7,582 units in November, an 18% decline year-on-year compared to the corresponding month last year, when the stamp duty rate was reduced to 2%. Sequentially, property registrations fell by 12%. In October 2021, the city had recorded a decadal best October month property sale registration, at 8,576 units.
- 6) Earlier, the Union Cabinet 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.

- 7) 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.

- 8) 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.

- 9) 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.

Global markets

- 1) Asian peer indices, however, ended in red. European equities were trading in green. There are concerns over Omicron in European countries and lockdowns have been too imposed in various European countries.
- 2) China is redoubling efforts to control new virus outbreaks with a lockdown of the 13 million residents of the northern city of Xi'an following a spike in COVID-19 cases. The measure comes just weeks before the country hosts the Winter Olympics in Beijing, roughly 1,000 kilometers (6210 miles) to the west. There was no word on whether the virus was the newly surging omicron variant or the delta variant. China has recorded just seven omicron cases four in the southern manufacturing center of Guangzhou, two in the southern city of Changsha and one in the northern port of Tianjin.
- 3) Last week, The Bank of England (BoE) on Thursday became the first major central bank to raise interest rates since the Covid-19 pandemic era set in. The central bank resorted to rate hike owing to rising inflation led by high energy costs, labor shortages and other factors. The BoE had earlier maintained that price pressures were transitory and likely to pass in the next few months. Earlier, The Federal Reserve said it would end its pandemic-era bond purchases in March and pave the way for three quarter-percentage-point interest rate hikes by the end of 2022 as the economy nears full employment and the U.S. central bank copes with a surge of inflation. "The economy no longer needs increasing amounts of policy support," Fed Chair Jerome Powell said in a news conference in which he contrasted the near-depression conditions at the onset of the coronavirus pandemic in 2020 with today's environment of rising prices and wages and rapid improvement in the job market. The pace of inflation is uncomfortably high, he said after the end of the Fed's latest two-day policy meeting, and "in my view, we are making rapid progress toward maximum employment," a combination of circumstances that has now convinced all Fed officials, even the most dovish, that it is time to exit more fully the pandemic policies put in place two years ago.
- 4) 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 benchmark indices ended in green today despite fears of increasing COVID-19 cases domestically and few states have also announced night curfew.
- 2) There are concerns like increasing COVID-19 cases led by Omicron variant. Globally, some European countries are already under lockdown ahead of New Year. In addition, hawkish stance of global central banks have already dented sentiments. In addition, there are headwinds like global inflation, valuation concerns and strengthening of US dollar.
- 3) Before the significant 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.

- 4) 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.
- 5) 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. Investors will continue to track key expectations of different stakeholder groups from upcoming Budget 2022-23, 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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