

Indian equities remain upbeat; telecom stocks rally..

| Index | Today's Close | Prev. close | Change | % change | Open | High | Low |
|---------------|---------------|-------------|---------------|-------------|-----------|------------------|-----------|
| Sensex | 57,897.48 | 57,420.24 | 477.24 | 0.83 | 57,751.21 | 57,952.48 | 57,650.29 |
| Nifty | 17,233.25 | 17,086.25 | 147.00 | 0.86 | 17,177.60 | 17,250.25 | 17,161.15 |

- 1) Indian benchmark indices were upbeat on Tuesday.
- 2) The Sensex was up by 477.24 points or 0.83 percent to end at levels of 57,897.48. Among the Sensex 30 stocks, Asian Paints and Sun Pharma were the major gainers up by around 3 percent. Mahindra & Mahindra, Titan, NTPC and UltraTech Cement also rallied more than 2 per cent each. Larsen & Toubro, HCL Technologies, Tech Mahindra, Reliance Industries, Infosys, ITC and Wipro were the other prominent gainers.
- 3) Nifty was up by 147 points or 0.86 percent to end at levels of 17,233.25.
- 4) The broader markets too ended in positive terrain today. The BSE Midcap index was up by 1 percent while the BSE Smallcap index was up by 1.5 percent.
- 5) In terms of sectoral performance, the BSE Energy, IT, Telecom, Auto, Capital Goods, Consumer Durables, Oil & Gas and Power were up over a per cent each.

Sectors and stocks

- 1) Supriya Lifescience (SLL) has made a strong market debut, with its shares listing at Rs. 425, a 55 per cent premium over its issue price of Rs. 274 per share on the BSE. The stock has opened at Rs. 421, a 54 per cent higher against its issue price on the National Stock Exchange (NSE). SLL is one of the key Indian manufacturers and suppliers of active pharmaceuticals ingredients (APIs) had garnered investors' interest on the back of strong financials and attractive valuations. The IPO had received a strong response, which was subscribed 71.51 times on back of robust subscription of individual investors. Retail investors bid 56 times the reserved portion, and non-institutional investors' portion was subscribed 161 times, whereas qualified institutional investors bid for 31.83 times. We had recommended "SUBSCRIBE" to the issue.
- 2) Shares of telecom stocks were upbeat today as MTNL and TTML locked at their respective 10 per cent and 5 per cent upper circuit limits. OnMobile Global, GTL Infra and ITI were the other major gainers. Among the frontline telecom shares, Vodafone Idea was up 2 per cent, and Bharti Airtel too was up marginally after Department of Telecommunications announced that commercial 5G services will be rolled out in 13 Indian cities in India, including the metropolises, in 2022. According to the DoT release, 5G services could initially be launched in Delhi, Gurugram, Mumbai, Pune, Chennai, Kolkata, Bengaluru, Hyderabad, Chandigarh, Lucknow, Ahmedabad, Gandhinagar, and Jamnagar. Telecom service providers have asked the government keep 5G spectrum prices affordable to enable maximum industry participation. Meanwhile, the Telecom Regulatory Authority of India (Trai) has also released a consultation paper to seek industry feedback on various issues related to spectrum auction, such as pricing, valuation, and rollout obligation.
- 3) Shares of BSE rallied by 10 per cent to Rs. 2,028 on the National Stock Exchange (NSE) in Tuesday's intra-day trade, after the company announced that its board will meet on February 8, 2022 to consider a bonus issue. "A meeting of the board of directors is scheduled to be held on Tuesday, February 8, 2022 to inter alia, consider and approve the unaudited financial results (standalone and consolidated) of the Company for the quarter and nine months ended December 31, 2021," BSE said in exchange filing on Monday after market hours. The board of directors shall, inter-alia, also consider, the proposal for issue of bonus shares at the aforesaid meeting, subject to requisite approvals, the company said. the past one month, the stock of BSE has outperformed the market by rallying 30 per cent, against 1.1 per cent rise in the Nifty50 index. In three months, it has rallied 55 per cent, as

compared to 3 per cent decline in the benchmark index. In the past six six months, BSE stock has rallied by 113 per cent and has jumped by 219 per cent in the past one year.

Key recent major developments..

- 1) FIIs bought equities worth Rs. 207.31 Crore on 28th Dec. 2021 which is a good sign after being net sellers for quite some time. Month till date, FIIs have sold equities worth Rs. 34,107.43 Crore against selling of Rs. 39,901.92 Crore in November 2021.
- 2) India has approved Merck's Covid-19 pill and two more vaccines for emergency use as the country is witnessing possible spike in coronavirus cases due to the rapidly spreading Omicron variant. Molnupiravir will be manufactured in India by 13 companies for restricted use under emergency situation for treatment of adult patients with Covid-19, said Health Minister Mansukh Mandaviya on Tuesday. Merck's anti-viral pill molnupiravir was authorised by the United States last week for certain high-risk adult patients and has been shown to reduce hospitalisations and deaths by around 30 per cent in a clinical trial.
- 3) Delhi Chief Minister Arvind Kejriwal on Tuesday declared a 'yellow alert' led by spike in COVID-19 cases following the emergence of Omicron variant. As a result schools, colleges, cinemas and gyms will remain closed, shops dealing in non-essential items will open on odd-even basis, and metro trains and buses will run with 50 per cent of seating capacity in the city. In accordance with 'Level-1' alert under the graded response action plan (GRAP), there would be night curfew between 10 pm and 5 am and private offices will function with physical attendance of 50 per cent of the staff, barring essential categories. Marriages and funerals will be allowed attendance of 20 people while all other types of gathering related to social, political, cultural, religious and festival events will be prohibited under the 'yellow alert' that came into force with immediate effect. Shops of non-essential goods and services in markets and malls can open based on odd-even formula from 10 AM to 8 PM. Restaurants will be permitted with 50 per cent of capacity from 8 am to 10 pm while bars can also operate with the same capacity, but from 12 noon to 10 pm. The new restrictions follow the national capital's biggest single-day spike in infections in over six months on Monday when 331 new cases were reported with a positivity rate of 0.67 per cent.
- 4) 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.
- 5) 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.
- 6) Union Transport Minister Nitin Gadkari said on December 27 that he has advised automobile manufacturers in India to start making Flex Fuel Vehicles (FFV) and Flex Fuel Strong Hybrid Electric Vehicles (FFV-SHEV) in compliance with BS-6 Norms in a time-bound manner within a period of six months. This move, he said, will drastically reduce greenhouse gas emissions from vehicles on a well-to-wheel basis and added that by drastically reducing greenhouse gas emissions from vehicles, this move will help India comply with its commitment made at COP26 to reduce the total projected carbon emissions by one billion tonnes by 2030.
- 7) 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.
- 8) 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.

- 9) 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.

Global markets

- 1) Asian peer indices were upbeat today. European and US equities too started on a good note.
- 2) Globally, there are concerns over Omicron in European countries and US. Lockdowns have been too imposed in various European countries.
- 3) 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.
- 4) 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.
- 5) 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 were buoyant 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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