

Indian equities come under pressure led by fall in IT, Oil & Gas stocks; all eyes on the US Fed meet..

Index	Sep. 14, 2022	Sep.13, 2022	Change	% change	Open	High	Low
Nifty	18,003.75	18,070.05	66.30	0.37	17,771.15	18,091.55	17,771.15
Sensex	60,346.97	60,571.08	224.11	0.37	59,417.12	60,649.04	59,417.12

- 1) On Wednesday, Indian benchmark indices ended in red led by high US CPI data which had affected investor sentiments across the globe. The Nifty had witnessed big gap down opening and touched a intraday low of 17,771.15. Finally, the Nifty erased the big early losses and ended the day down by 66.30 points or 0.37 percent to end at levels of 18,003.75. The Sensex ended the day down by 224.11 points or 0.37 percent to end the day at levels of 60,346.97.
- 2) Among the Nifty 50 stocks, the major losers were Infosys, Tata Consultancy Services, Tech Mahindra, HCL Technologies, Larsen & Toubro down in the range of 1.71 percent to 4.53 percent. On the other hand, the prominent gainers were IndusInd Bank, NTPC, State Bank of India, Power Grid, Kotak Mahindra Bank up in the range of 1.59 percent to 4.23 percent.
- 3) The broader markets too were under pressure on Wednesday. The Nifty Midcap 100 index was down by 0.33 percent and Nifty Smallcap 100 index was down by 0.07 percent respectively. In terms of sectoral indices performance, the major losers were Nifty IT index down by 3.36 percent, Nifty Oil & Gas index down by 0.87 percent, Nifty Realty index down by 0.69 percent. On the other hand, the major gainers were Nifty PSU Bank index up by 1.74 percent, Nifty Metal index up by 1.58 percent, Nifty Private Bank index up by 1.50 percent.
- 4) On Wednesday, FIIs turned net sellers and net sold equities worth Rs. 1,397.51 Crore. On the other hand, DIIs net bought equities worth Rs. 187.58 Crore. Month till date, FIIs have net bought equities worth Rs. 6,446.68 Crore and DIIs net sold equities worth Rs. 2,041.07 Crore.

In the month of August 2022, FIIs have net bought equities worth Rs. 22,025.62 Crore and DIIs net sold equities worth Rs. 7,068.63 Crore.

Sectors and stocks

- 1) Shares of JK Lakshmi Cement (JKLC) ended up by 12.22 percent to Rs. 632.50 at the NSE on Wednesday. Earlier, the Company's press release said " JKLC records a very satisfactory growth in its net sales by about 26% to Rs. 1551 crore in April-June 2022 from Rs. 1231.51 crore in the corresponding quarter April-June 2021. Despite considerable pressure from the cost, mainly because of unabated increase in global fuel cost, Company could achieve marginal increase in the operating profit at Rs. 217 crore in April-June 2022 from about Rs. 216 crore in April-June 2021. This could be achieved by improved operational efficiencies, increased volume, optimizing product mix and higher sales of premium products.
- 2) Shares of Mahindra Logistics closed up by 10.52 percent to Rs. 543.50 at the NSE on Wednesday. Mahindra Logistics Limited (MLL) is an integrated third-party logistics (3PL) service provider, specializing in supply chain management and enterprise mobility. MLL serves over 400+ corporate customers across various industries like Automobile, Engineering, Consumer Goods and E-commerce. The Company pursues an "asset-light" business model, providing customised and technology enabled solutions that span across the supply chain and people mobility services. Recently, the Company had unveiled 1 lakh sq. ft. of warehouse designed with a sustainable warehousing architecture including multi-client capabilities, renewable energy, resource conservation and green cover. This state-of-art warehouse will be an important part of MLL's pan-India network of multi-user facilities that

support customers inbound to manufacturing and fulfilment operations. The facility will support ecommerce, consumer, and manufacturing & engineering industries. The built-to-suit (BTS) facility is designed in line with MLL's sustainability standards, including usage of recycled construction material, liquid discharge management, renewable energy and waste management requirements and state-of-the-art automation. The facility has onsite solar power generation capabilities to cater to the entire energy requirements and is equipped for solar charging for cargo vehicles and personal mobility.

Commenting on this, Mr. Rampraveen Swaminathan, Managing Director and CEO of Mahindra Logistics, said, "The new facility extends our focus on providing customers a pan-India network of world class warehousing infrastructure. Our focus remains on providing integrated, customized solutions for inbound and fulfilment for which a robust warehousing network is key. This launch is part of our plan to expand into Tier 2 cities with larger, world class facilities. This new facility is a benchmark in terms of sustainability and a step forward towards our vision to be carbon neutral by 2040," he added.

- 3) Shares of Kalyan Jewellers closed up by 10.59 percent to Rs. 92.40 at the NSE on Wednesday. Headquartered in Thrissur in the state of Kerala, Kalyan Jewellers is one the largest jewellery retailers in India with a presence in the Middle East. The company has enjoyed a long-standing presence in the Indian market for nearly three decades and has set industry benchmarks in quality, transparency, pricing and innovation. The Company offers an array of traditional and contemporary jewellery designs in gold, diamonds and precious stones catering to the distinct needs of its customers. The Company's retail expansion continued in the recently concluded quarter, with the launch of four new showrooms - three in non-South markets in India, and one in the Middle East. As of June 30, 2022, Kalyan Jewellers' store network across India and the Middle East stood at 158.

Commenting on Q1FY23 performance, Mr. Ramesh Kalyanaraman, Executive Director, Kalyan Jewellers India Limited said, "The recently concluded quarter has been a positive one for Kalyan Jewellers, having witnessed robust momentum in both footfalls and revenue across India and Middle East markets. Revenue momentum in the current quarter has remained encouraging, thus far, and we are keenly looking forward to the upcoming festive season." "The Company launched its first franchised showroom in Q1 of this year. We have built a meaningful pipeline of additional franchise showrooms on the back of very encouraging responses from potential franchise partners, and we are on track with our expansion plans for the current financial year. We believe the successful launch of the first set of franchised showrooms will give us the confidence to further enhance the pace of expansion through this significantly more capital efficient and return accretive path," he added.

Key recent major developments..

- 1) India's wholesale inflation fell to 12.41 percent in August, data released by the Ministry of Commerce & Industry showed. The wholesale price index (WPI) had jumped to 13.93 per cent during the month of July, while the WPI for June was revised to 16.23 per cent from 15.18 per cent, the data showed. The WPI in August 2021 was 11.64 per cent. However, this is the 17th consecutive month since April 2021 that the WPI inflation has remained in double-digits, primarily driven by rising energy and food prices. "Inflation in August, 2022 is primarily contributed by rise in prices of mineral oils, food articles, crude petroleum & natural gas, basic metals, chemicals & chemical products, electricity, food products etc. as compared to the corresponding month of the previous year," the government release said.
- 2) Domestically, India's exports rose marginally by 1.62 per cent to \$33.92 billion, while trade deficit more than doubled to \$27.98 billion in August due to increased crude oil imports, commerce ministry data said on Wednesday. The revised data showed that imports rose by 37.28 per cent to \$61.9 billion in August this year. The preliminary data released by the ministry on September 3 had shown a 1.15 per cent decline in exports to \$33 billion in August.

During April-August 2022-23, exports registered a growth of 17.68 per cent to \$193.51 billion. Imports during the five-month period of this fiscal grew by 45.74 per cent to \$318 billion. Trade deficit widened to \$124.52 billion in April-August this fiscal as against \$53.78 billion in the same period last year. The deficit in August last year was \$11.71 billion. Crude oil imports in August this year increased by 87.44 per cent to \$17.7 billion. However, gold imports dipped by about 47 per cent to \$3.57 billion, the data showed. (Source: Press Trust of India)

- 3) The head of the World Health Organization said Wednesday that the number of coronavirus deaths worldwide last week was the lowest reported in the pandemic since March 2020, marking what could be a turning point in the years-long global outbreak. At a press briefing in Geneva, WHO Director-General Tedros Adhanom Ghebreyesus said the world has never been in a better position to stop COVID-19. We are not there yet, but the end is in sight,

he said, comparing the effort to that made by a marathon runner nearing the finish line. Now is the worst time to stop running, he said. Now is the time to run harder and make sure we cross the line and reap all the rewards of our hard work.

In its weekly report on the pandemic, the U.N. health agency said deaths fell by 22% in the past week, at just over 11,000 reported worldwide. There were 3.1 million new cases, a drop of 28%, continuing a weeks-long decline in the disease in every part of the world. Still, the WHO warned that relaxed COVID testing and surveillance in many countries means that many cases are going unnoticed. The agency issued a set of policy briefs for governments to strengthen their efforts against the coronavirus ahead of the expected winter surge of COVID-19, warning that new variants could yet undo the progress made to date. "If we don't take this opportunity now, we run the risk of more variants, more deaths, more disruption, and more uncertainty," Tedros said. (Source: Associated Press)

Ajcon Global's observations and view..

1) Short term view:

- a) On Wednesday, Indian benchmark indices came under pressure led by sell off in global markets due to high US CPI data. However, rally was seen in Banking sector especially in PSU banks.
- b) Considering, too many macro economic variables at the moment and global developments, volatility will continue to stay. Sell on rise and buy on dips strategy is suggested for investors.
- c) Domestically, the reduced WPI inflation data will bring some relief. However, it is still in double digits. The recent subdued IIP numbers and higher CPI inflation data would play on investors mind. The CPI inflation has remained above the RBI's comfort level of 6 percent.
- d) Going ahead, investors will keenly watch out for the developments from the US Fed meet. Street participants will keep an eye on developments in US and European countries especially due to ongoing war between Russia and Ukraine and its financial implications on the western world, crude oil price movement, rupee movement against the US Dollar and bond yields.
- e) There are headwinds like fresh concerns of rate hike by US Fed after jump in US CPI data and good US employment report. Earlier, ECB had hiked interest rates to control inflation and further rate hikes is now a possibility. In addition, higher gas prices in Europe and slowdown in China has also affected sentiments. However, we believe, the domestic economy is doing well and is strongly placed as compared to the global peers which will attract investors.
- f) Domestically, good GST collections in August 2022, strong manufacturing and services PMI data, improved demand outlook in ongoing festive season, will improve sentiments amidst global macroeconomic concerns. We suggest investors to buy on declines and look for opportunities in the midcaps and smallcaps space. At the moment sectors like Banking, NBFCs, Auto and auto ancillaries, select companies in the new age business segment can be considered.

2) Long term view:

- a) At the moment, there are too many macroeconomic concerns which are dictating market trend. However, in the longer term we believe the domestic economy is structurally is well placed as against the global peers.
- b) The Country witnessed record COVID-19 vaccination which helped the country unlock itself from COVID-19 restrictions and helped the economy revive at a fast pace after being affected from the COVID-19 pandemic. The Government's thrust on continuous reforms has made the India story strong. Earlier, India has witnessed good reforms like Demonetisation, implementation of GST, RERA, Insolvency and Bankruptcy Code, India emerging as digital economy with thrust on UPI payments, reforms in power sector, thrust on Aatmanirbhar Bharat resulting into Production Linked Incentive (PLI) schemes for various sectors, reforms in Direct Taxes, thrust on infrastructure and renewables sector, Ethanol blending, scrapping policy etc. The Government's focus on investment led spending and impetus on Privatisation is evident from one of its kind Union Budget announced last year.



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