

Domestic bourses bounceback as sanctions imposed on Russia till date do not pose a threat to crude oil prices; midcaps and smallcaps comeback strongly..

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	55,858.52	54,529.91	1328.61	2.44	55,321.72	56,183.70	55,299.28
Nifty	16,658.40	16,247.95	410.45	2.53	16,515.65	16,748.80	16,478.30

- 1) Indian benchmark indices witnessed a bounce back today as sanctions imposed on Russia till date by its western counterparts do not pose a threat to crude oil prices amidst ongoing Russia's attack on Ukraine. The Crude oil prices also witnessed some cooling off which supported today's rally. In addition, value buying was seen in beaten down stocks which were hammered significantly.
- 2) The Sensex witnessed a bounce back of 1328.61 points or 2.44 percent to end at levels of 55,858.52. Among the Sensex 30 stocks, Tata Steel, IndusInd Bank, Bajaj Finance, NTPC, Tech Mahindra, Axis Bank, Kotak Bank and TCS ending were the prominent gainers rallying in the range of 3.5-6.5 percent.
- 3) On the other hand, the Nifty was up by 410.45 points or 2.53 percent to end at levels of 16,658.40.
- 4) The broader markets too rebounded strongly. The BSE MidCap and the BSE SmallCap indices witnessed a rise of 4.07 per cent and 4.17 per cent, respectively.
- 5) In terms of sectoral performance, the Nifty Realty and PSB indices witnessed 5 per cent gain on the NSE. This was followed by the Nifty Private Bank index up b 4 per cent, Nifty Bank index up by 3.5 per cent, and the Nifty Pharma, Auto, and Financial Services indices up by 3 per cent each.
- 6) FIIs sold equities worth Rs. 4,470.70 crore on Friday. On the other hand, DIIs bought equities worth Rs. 4,318.24 crore. Month till date, FIIs have sold equities worth Rs. 41,771.60 Crore. On the other hand, DIIs have bought equities worth Rs. 37,941.25 crore.
- 7) For the week, the Sensex was down by 1,974.45 points or 3.41 percent to end at levels of 55,858.52. On the other hand, Nifty was down by 617.9 points or 3.57 percent to end at levels of 16,658.40.

Sectors and stocks

- 1) Shares of Fine Organic Industries hit a record high of Rs. 4,318.05, rallying 9.5 per cent on the BSE in Friday's intra-day trade. The stock of the specialty chemicals company surpassed its previous high of Rs 4,174.10 hit on February 4, 2022. In the past one week, the stock has rallied by 8 per cent. In the past six months, the stock has rallied by 52 per cent as against a 0.18 per cent rise in the benchmark index. Fine Organic Industries carries on business in India and abroad as manufacturers, processors, suppliers, distributors, dealers, importers, exporters of wide range of oleochemical-based additives used in foods, plastics, cosmetics, coatings and other specialty application in various industries.
- 2) Shares of Apollo Hospitals Enterprises rallied by 7 per cent to Rs. 4,681 on the National Stock Exchange (NSE) in Friday's intra-day trade after the exchange announced inclusion of the company in its benchmark Nifty50 index with effect from March 31, 2022. Apollo Hospitals Enterprises will replace state-owned oil marketing company Indian Oil Corporation (IOCL) in the index. Shares of IOCL were 3 per cent higher at Rs. 113.75, after rallying 8 per cent to Rs. 118.50 on the NSE in the intra-day trade. Shares of Apollo Hospitals Enterprises have corrected 21 per cent from their 52-week high level of Rs 5,935 on November 26, 2021. They had hit a 52-week low of Rs 2,787.50 on March 25, 2021. Despite today's rally, the stock has underperformed the market during the past 3 months by falling 18 per cent, as compared to 4.9 per cent decline in the Nifty50. However, in the past one year, the stock has rallied 51 per cent as against 10 per cent rise in the benchmark index.

Key recent major developments..

- 1) Domestically, in a key development, the Union Cabinet on Saturday approved a proposal to allow foreign direct investment (FDI) up to 20 per cent in Life Insurance Corporation through the automatic route. The decision is expected to open doors for foreign investors who are keen to participate in the upcoming initial public offering (IPO) of LIC scheduled for next month, considered to be India's largest public offering.
- 3) Finance Minister Nirmala Sitharaman on Friday said "India's development is going to be challenged by the newer challenges emanating in the world. Peace is being threatened and after the Second World War, (a) war of this significance, this impact, on the globe probably is not felt,". She said human welfare needs a conducive environment without any disruptions or disturbances to make the post-pandemic economic recovery sustainable. Earlier, Finance Minister Nirmala Sitharaman on Tuesday had said the Russia-Ukraine crisis and the ensuing jump in global crude prices are a challenge to financial stability in India. The two issues were discussed at the meeting of Financial Stability Development Council (FSDC), which comprises all the financial sector regulators, Sitharaman told reporters. "It is difficult to say how it (crude prices) will go. Even today, in the FSDC, when we were looking at the challenges which are posed for the financial stability, crude was one of the things. International worrisome situations where we actually voiced that we want a diplomatic solution for the situation that is developing in Ukraine... all these are headwinds, Sitharaman, who is on a two-day visit to the financial capital, said.
- 4) Globally, Russia doesn't really need diplomatic ties with the West after it imposed sanctions on Moscow over what he called Russia's military operation in Ukraine, former president and top security official Dmitry Medvedev said on Saturday. (Reuters)
- 5) As per a media report, Russia is willing to hold talks with Ukraine after the Russian President Vladimir Putin spoke to his Chinese counterpart Xi Jinping on Friday.
- 6) Globally, as per a statement released by The White House, The United States, along with Allies and partners, has imposed severe and immediate economic costs on Russia in response to Putin's war of choice against Ukraine. The Financials sanctions targeted all ten of Russia's largest financial institutions, including the imposition of full blocking and correspondent and payable-through account sanctions, and debt and equity restrictions, on institutions holding nearly 80 percent of Russian banking sector assets. The unprecedented export control measures will cut off more than half of Russia's high-tech imports, restricting Russia's access to vital technological inputs, atrophying its industrial base, and undercutting Russia's strategic ambitions to exert influence on the world stage. The impact of these measures will be significantly magnified due to historical multilateral cooperation with a wide range of Allies and partners who are mirroring our actions, inhibiting Putin's ambition to diversify Russia's brittle, one-dimensional economy.
- 7) Before attack on Ukraine by Russia, the tensions between the two countries has already resulted in sanctions imposed on Russia by its western counterparts and a significant jump in crude oil prices which will have a severe impact on global inflation. Brent crude oil price had touched \$105 a barrel mark for the first time since September 2014 on the back of war between Russia and Ukraine. Natural gas prices in Europe were up by 25 percent.
- 8) UK Prime Minister Boris Johnson on Tuesday said Britain would sanction five Russian banks and three high net worth individuals including Gennady Timchenko after Russian President Vladimir Putin recognised two breakaway regions of east Ukraine. "Today, the UK is sanctioning the following five Russian banks: Rossiya, IS Bank, General Bank, Promsvyazbank and the Black Sea Bank, and we're sanctioning three very high net worth individuals," Johnson told parliament.
- 9) UN Secretary-General Antonio Guterres on Monday voiced great concern over Russia's decision to recognise Donetsk and Luhansk regions of Ukraine as independent, saying Moscow's decision is a violation of the territorial integrity and sovereignty of Ukraine and inconsistent with the principles of the Charter of the United Nations. Earlier, in a lengthy televised address, Russian President Putin recognised two breakaway regions Donetsk and Luhansk in eastern Ukraine as independent entities and described Ukraine as an integral part of Russia's history and said eastern Ukraine was ancient Russian lands.
- 10) With the muted impact of the third wave of the pandemic on economic activity, the Indian economy may undergo an economic reset by end of the year, clocking 9 per cent growth in 2021-22 (FY22) and around 8 per cent in 2022-23 (FY23), the finance ministry said on Wednesday. "The Budget has targeted a nominal gross domestic product (GDP) growth rate of 11.1 per cent in FY23, with a GDP deflator of 3-3.5 per cent. The implied real growth component of around 8 per cent is close to the forecast in the Economic Survey of FY22, as well as 7.8 per cent projected by the monetary policy committee (MPC) of the Reserve Bank of India in its meeting of February,"

the finance ministry said in its latest monthly economic review. The report said the unchanged repo and reverse repo rate, along with the MPC's accommodative stance, prioritise growth during these uncertain times and reinforce the investment orientation of the Budget.

Ajcon Global's observations and view

- 1) Indian equities witnessed a strong comeback as sanctions imposed on Russia till date do not pose a threat to crude oil prices. A day before, Russia's attack on Ukraine had created havoc in capital markets across the globe. The war has directly impacted crude oil prices which has rattled investors sentiments across the globe. We believe volatility would remain and investors will keenly track developments related to it. We believe investors can gradually enter in quality stocks on pessimism in staggered manner as any positive development can lead to reversal of crude oil prices.
- 2) Apart from war between Russia and Ukraine, there are strong headwinds like high crude oil prices and fears of US Fed hiking interest rates, fears of liquidity tightening and hawkish stance of global central banks amidst spike in global inflation and strong FII selling.
- 3) Before the significant correction, the domestic sentiments were upbeat as in third wave of COVID-19 led by Omicron variant did not have a major impact on the economy. In addition, factors like good growth in merchandise exports, RBI's accommodative stance in its Monetary Policy, good GDP data, robust GST collections, PLI incentives in various sectors, strong vaccination drive, faster than expected economic recovery in Unlock phase, expectations of strong Q3FY22 earnings season, good Q2FY22 earnings season and management commentary, good economic activity witnessed in the festive season of Navratri, Diwali, Christmas, New Year 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 and focus would be on LIC IPO considering its scale. We suggest investors to be careful about the forthcoming IPOs and understand the fundamentals based on risk reward profile. No doubt, IPOs of sectors in limelight like E-Commerce, Insurance, companies engaged in Digital space, 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 need to be careful with expensive IPOs whose valuations are beyond logic. The carnage witnessed in some of the recently listed companies makes a case for investors to be more cautious.
- 5) It is advisable for investors to look out for stock specific opportunities considering growth outlook and management pedigree. Always remember, steep corrections and crash in a structural bull market will keep markets healthy. Structurally, Indian equities are poised to do well after major reforms like thrust on digital economy after demonetisation, implementation of GST, RERA, Insolvency and Bankruptcy Code, reforms in power, one of its kind Union Budget announced last year which focused on investment led spending to drive growth with impetus on Privatisation, thrust on Aatmanirbhar Bharat resulting into Production Linked Incentive (PLI) schemes for various sectors, reforms in Direct Taxes, thrust on renewables sector, Ethanol blending, scrapping policy etc. India today has emerged as a potential destination for investment.
- 6) Positive factors like dovish stance of RBI in its Monetary policy, growth-oriented Union Budget presented by the Finance Minister (we believe the Budget is growth oriented with significant focus on capex. Emphasis is laid on Agriculture, MSMEs, Housing, Digital ecosystem, Defence, Electric Vehicles and Solar Power) and strong GST collections will support bulls. With Q3FY22 earnings season coming to an end, investors will now keenly track global cues like global inflation data, outcome of US Federal Reserve policy and crude oil price movement. The results of assembly elections in Uttar Pradesh, Punjab, Uttarakhand, Goa and Manipur will also play in investors mind. Going ahead investors will keep an eye on upcoming monthly auto sales numbers, manufacturing PMI data and quarterly GDP data.



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