

Indian equities were buoyant; falling crude oil prices and positive developments with regards to peace talks between Russia and Ukraine amidst ongoing turmoil supports rally..

Index	Today's Close	Prev. close	Change	% change	Open	High	Low
Sensex	57,943.65	57,593.49	350.16	0.61	57,814.76	58,001.53	57,639.35
Nifty	17,325.30	17,222.00	103.30	0.60	17,297.20	17,343.65	17,235.70

- 1) Indian benchmark indices ended in green led by fall in crude oil prices and positive developments with regards to peace between Russia and Ukraine. Brent crude fell by \$6.51, or 5.8%, to \$105.97 a barrel and U.S. West Texas Intermediate (WTI) crude was down \$6.41, or 6%, at \$99.55. Both benchmarks had declined by 7 percent on Monday.
- 2) The Sensex was up by 350.16 points or 0.61 percent to end at levels of 57,943.65. On the other hand, the Nifty was up by 103.30 points or 0.60 percent to end at levels of 17,325.30.
- 3) In terms of sectoral performance, the Nifty Pharma index was up by 1.5 per cent and the Nifty Financial Services was up by 1 per cent. On the other hand, the Nifty Media index fell by over 1 per cent and the Nifty PSU Bank index slipped by 0.7 per cent.
- 4) The broader markets were upbeat today. The BSE MidCap index was up by 0.66 percent while the BSE SmallCap index was up by 0.63 percent.

Sectors and stocks

- 1) Shares of Adani Power closed up by 13.99 per cent to end at levels of 173.55. The stock has touched a fresh 52-week high of Rs. 181.40 per share on the NSE on Tuesday. The shares were upbeat for six consecutive sessions, after the company approved an amalgamation scheme for the merger of its six wholly-owned subsidiaries with itself.
- 2) Shares of fertilizer companies were upbeat today led by supply shortages owing to war between Russia and Ukraine. Shares of GNFC, Zuari Agro, GSFC, National Fertilizers and RCF were up in the range of 2-13 per cent. On the other hand, shares of Madras Fertilizers were locked at the 20 per cent upper circuit.

Key recent major developments..

- 1) Globally, Russia's military said on Tuesday it would "fundamentally" cut back operations near Ukraine's capital and a northern city, as talks brought a possible deal to end a grinding and brutal war into view. Deputy Defense Minister Alexander Fomin said the move was meant to increase trust in the talks after several rounds of failed negotiations to halt the conflict that has devolved into a bloody campaign of attrition. Fomin said Moscow had decided to "fundamentally ... cut back military activity in the direction of Kyiv and Chernihiv" to "increase mutual trust and create conditions for further negotiations." That appeared to be a goodwill gesture, but also comes as Russia's troops have become bogged down and struggled to make major advances on the ground recently in the face of stiff Ukrainian resistance, thwarting Russian President Vladimir Putin's aim of a quick military victory.
- 2) Britain wants to see a full withdrawal of Russian forces from Ukraine and will judge tentative steps towards a possible peace deal by actions rather than words, Prime Minister Boris Johnson's spokesman said on Tuesday. Asked if Johnson was encouraged by Russia's promise to scale down military operations around Kyiv and northern Ukraine as a confidence-building step, Johnson's spokesman said "we will judge Putin and his regime by his actions, not by his words".
- 3) Most of the Asian peer indices ended in the positive terrain with Japan's Nikkei and Hong Kong's Hang Seng moving up by 1 per cent each, South Korea's Kospi was up by 0.4 per cent. On the other hand, China's CSI300 fell by 0.35

per cent. Both European and US equities started on a positive note on signs of progress in Russia-Ukraine peace talks.

- 4) U.S. consumer confidence edged higher in March from a year-low reading a month earlier, with Americans' assessment of current economic conditions improving on the back of a healthy job market, offsetting concerns over inflation that have further darkened their outlook.
- 5) Earlier, Moody's Analytics said "The rising caseload of Covid-19 in China is causing local, if temporary, disruptions to some manufacturing locations and transport corridors. China's technology center, Shenzhen, suffered brief shutdowns of manufacturing plants and port facilities last week,".
- 6) Earlier, S&P Global Ratings said in a note said "The Reserve Bank of India (RBI) would be compelled to signal a neutral policy stance in the Monetary Policy Committee's review meeting in April as average consumer inflation is likely to stay firm at 5.4 per cent in FY23." The RBI will likely raise the repo rate by at least 50-75 basis points through fiscal year 2023, and by another 50 basis points in fiscal 2024, the ratings agency said. The rise in inflation will make RBI signal a neutral stance in its April review meeting, followed by a normalization of the policy-rate corridor (the gap between the repo and reverse repo rate). This will involve an increase of the reverse-repo rate, S&P said. Meanwhile, Moody's Analytics said if the US Federal Reserve accelerates its path to policy normalisation, the RBI may have little choice but to commence policy tightening as inflation remains elevated.
- 7) Domestically, the central board of the Reserve Bank of India (RBI) met on last Friday and discussed several issues including the fallout of the Russian invasion of Ukraine on the Indian economy. "The Board in its meeting reviewed the various areas of operation of the Bank and the current economic situation, global and domestic challenges including the overall impact of current global geopolitical crises," the central bank said in a statement.
- 8) India's foreign exchange (forex) reserves fell by \$2.59 billion in the week ended March 18, recording a sharp drop for the second consecutive week as the Reserve Bank of India (RBI) heavily sold dollars to prevent slide in the value of rupee. According to the RBI's weekly statistical supplement, the country's forex reserves slumped by \$2.597 billion to \$619.678 billion during the week ended March 18. The value of gold reserves as well as foreign currency assets declined sharply. This is the second consecutive week of a sharp drop in the country's forex reserves.
- 9) The US and the EU have announced their cooperation on liquified natural gas to reduce Europe's dependence on Russian energy. Under the agreement, US will provide the European Union with extra gas, equivalent to around 10 percent of the gas it currently gets from Russia, by the end of the year. The bloc has already said it will cut Russian gas use in response to Russia's invasion of Ukraine. Russia currently supplies about 40 percent of the EU's gas needs. The new deal will involve the US and other countries supplying an extra 15 billion cubic metres of gas on top of last year's 22 billion cubic metres. The new total will represent around 24 percent of the gas currently imported from Russia.
- 3) Group of Seven leaders (G7 nations) have announced they are restricting the Russian Central Bank's use of gold in transactions. Russia holds roughly \$130 billion in gold reserves, and the Bank of Russia announced Feb 28 that it would resume the purchase of gold on the domestic precious metals market. White House officials said Thursday the move will further blunt Russia's ability to use its international reserves to prop up Russia's economy and fund its war against Ukraine. The G-7 and the European Union also announced a new effort to share information and coordinate responses to prevent Russia from evading the impact of sanctions that western nations have levied since the Feb 24 invasion.
- 4) Earlier, The Federal Reserve raised interest rates by 0.25 percent for the first time since 2018 as the US economy is facing high inflation amidst the impact of the war in Ukraine and the coronavirus crisis. The rate hike was in line with street expectations.

Ajcon Global's observations and view..

- 1) Indian benchmark indices ended in positive terrain today led by fall in crude oil prices. Sentiments have improved led by positive developments between Russia and Ukraine for peace amidst ongoing turmoil.
- 2) However, there are headwinds like increase in COVID-19 cases in China which has led to lockdown in Shanghai and hawkish stance of global central banks. Investors will keep a watch on upcoming Monthly auto sales numbers amidst high crude oil prices leading to higher fuel costs and global shortage of semiconductors.
- 3) It is advisable for investors to look out for stock specific opportunities considering growth outlook and management pedigree amidst the ongoing crisis. History has proved that after any crisis, equities recover strongly and give stellar returns.

- 4) It would be advisable to avoid companies having exposure to Russia, Ukraine and Eastern European countries for the time being. Additionally, companies dependent on crude oil and crude oil derivatives will face margin pressure. Supply chain disruptions would also pose a challenge for companies and hence investors need to be careful in selection of stocks.
- 5) Always remember, steep corrections and crash in a structural bull market will keep markets healthy. Structurally, Indian economy is 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) There is a strong line up of IPOs and focus would be on LIC IPO considering its scale. As per media reports earlier, Finance Minister Nirmala Sitharaman's interview suggested that the FM may consider another look at the timing of Life Insurance Corporation of India IPO amidst Russia's invasion of Ukraine which has rattled financial markets. 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.
- 7) Before the significant correction earlier, 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, strong Q3FY22 earnings season and management commentary and good spike in retail participation from Tier II and Tier III cities as people have become more financial literate in COVID-19 crisis. Domestically, 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.



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