AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

**Market wrap** **March 30, 2022**

**Investors cheer de-escalation talks between Russia and Ukraine; financial services, banking and auto stocks rally..**

| Index | Today's Close | Prev. close | Change | % change | Open | High | Low |
|---|---|---|---|---|---|---|---|
| **Sensex** | 58,683.99 | 57,943.65 | **740.34** | **1.28** | 58,362.85 | **58,727.78** | 58,176.00 |
| **Nifty** | 17,498.25 | 17,325.30 | **172.95** | **1.00** | 17,468.15 | **17,522.50** | 17,387.20 |

1) Indian equities were upbeat led by de-escalation talks between Russia and Ukraine and fall in crude oil prices.

2) The Sensex was up by 740.34 points or 1.28 percent to end at levels of 58,683.99. On the other hand, the Nifty was up by 172.95 points or 1.00 percent to end at levels of 17,498.25.

3) In terms of sectoral performance, the Nifty Financial Services index was up by 1.96 per cent, Nifty Bank index was up by 1.36 percent and Nifty Auto index was up by 1.21 percent. On the other hand, Nifty metal index fell by 2.17 percent and Nifty Pharma index slipping by 0.19 percent.

4) The broader markets were upbeat today. The BSE MidCap index was up by 0.78 percent while the BSE SmallCap index was up by 1.09 percent.

**Sectors and stocks**

1) Shares of Tata Coffee (TCL) ended up by 9.32 percent and Tata Consumer Products (TCPL) closed up by 3.05 per cent at the NSE on Wednesday after TCPL on Tuesday announced reorganization of India and overseas business to simplify, align and synergize its business.

2) Shares of Raymond hit a 52-week high of Rs. 855.50 in Wednesday's intra-day trade and finally ended up by 11.23 percent to Rs. 837.70. The stock of company surpassed its previous high of Rs. 818.25 touched on January 27, 2022.

**Key recent major developments..**

1) Ratings agency India Ratings and Research (Ind-Ra) on Wednesday revised India's FY23 forecast downwards to 7-7.2 per cent. Accordingly, the ratings agency believes that its 'FY23 Economic Outlook' released in January 2022 is unlikely to hold in view of the global geo-political situation arising out of the Russia-Ukraine conflict. "Since the duration of Russia-Ukraine conflict continues to be uncertain, Ind-Ra has created two scenarios with respect to the FY23 economic outlook basis certain assumptions." According to Ind-Ra, in scenario-one, crude oil price is assumed to be elevated for three months, and in scenario-two, the assumption is for six months, both with a half cost pass-through into the domestic economy.

   "Ind-Ra expects GDP to grow 7.2 per cent YoY in 'Scenario 1' and 7 per cent YoY in 'Scenario 2' in FY23, compared to its earlier forecast of 7.6 per cent." "However, the size of the Indian economy in FY23 will still be 10.6 per cent and 10.8 per cent lower than the FY23 GDP trend value in 'Scenario 1 and Scenario 2', respectively."

2) 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.

3) 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.

4) 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,".

5) 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.

6) 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.

7) 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.

8) Earlier, US and the EU had 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 de-escalation talks between Russia and Ukraine and fall in crude oil prices. However, there are headwinds like lockdown in the city of Shanghai in China to curb COVID-19 cases which is affecting crude oil consumption 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.

2) 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.

3) 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 careful in selection of stocks.

4) 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.

5) 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.

6) Before the significant correction led by war between Russia and Ukraine in Ukraine, 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, 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). In addition, factors like good growth in merchandise exports, RBI's dovish 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 have supported the bulls.

**Disclaimer**

Ajcon Global Services Limited is a fully integrated investment banking, merchant banking, corporate advisory, stock broking, commodity and currency broking. Ajcon Global Services Limited research analysts responsible for the preparation of the research report may interact with trading desk personnel, sales personnel and other parties for gathering, applying and interpreting information.

Ajcon Global Services Limited is a SEBI registered Research Analyst entity bearing registration Number INH000001170 under SEBI (Research Analysts) Regulations, 2014.

Individuals employed as research analyst by Ajcon Global Services Limited or their associates are not allowed to deal or trade in securities that the research analyst recommends within thirty days before and within five days after the publication of a research report as prescribed under SEBI Research Analyst Regulations.

Subject to the restrictions mentioned in above paragraph, We and our affliates, officers, directors, employees and their relative may: (a) from time to time, have long or short positions acting as a principal in, and buy or sell the securities or derivatives thereof, of Company mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage.

Ajcon Global Services Limited or its associates may have commercial transactions with the Company mentioned in the research report with respect to advisory services.

The information and opinions in this report have been prepared by Ajcon Global Services Limited and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Ajcon Global Services Limited While we would endeavour to update the information herein on a reasonable basis, Ajcon Global Services Limited is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Ajcon Global Services Limited from doing so. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Ajcon Global Services Limited will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Ajcon Global Services Limited accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Ajcon Global Services Limited or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

Ajcon Global Services Limited encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Ajcon Global Services Limited or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Ajcon Global Services Limited nor Research Analysts have any material conflict of interest at the time of publication of this report.

It is confirmed that Akash Jain – MBA (Financial Markets) or any other Research Analysts of this report has not received any compensation from the company mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Ajcon Global Services Limited or its subsidiaries collectively or Directors including their relatives, Research Analysts, do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

It is confirmed that Akash Jain – MBA (Financial Markets) research analyst or any other Research Analysts of Ajcon Global do not serve as an officer, director or employee of the companies mentioned in the report.

Ajcon Global Services Limited may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor Ajcon Global Services Limited have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on Ajcon Global Services Limited by any Regulatory Authority impacting Equity Research Analysis activities.

**Analyst Certification**

I, Akash Jain MBA (Financial Markets), research analyst, author and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. I also certify that no part of compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view (s) in this report.

**For research related queries contact:**

Mr. Akash Jain – Vice President (Research) at, research@ajcon.net, akash@ajcon.net

CIN:L74140MH1986PLC041941

SEBI registration Number: INH000001170 as per SEBI (Research Analysts) Regulations, 2014.

**Website:** www.ajcononline.com

**Registered and Corporate office**
408 - (4th Floor), Express Zone, "A" Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel's, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062

AKASH AJAY JAIN

Digitally signed by AKASH AJAY JAIN
DN: c=IN, o=Personal, 2.5.4.20=b226ee7c5ed3d1a9b0882e3a6df517cd0afe94a43222207631a6f495c5b8eb24, postalCode=400055, st=MAHARASHTRA, serialNumber=2175639688e828dc21788bcf87dda9f4e184adfc49b352c194a519495cc1ffd3, cn=AKASH AJAY JAIN, l=MUMBAI, pseudonym=ebf7c9d498e64a22b52ca30490ebe8f6, email=AKASH_JAIN1984@HOTMAIL.COM
Date: 2022.03.30 21:43:08 +05'30'