

Key Benchmark indices across the globe

Index	Oct. 03, 2023	Prev. close	Change	% change	Open	High	Low
Nifty	19,528.75	19,638.30	109.55	0.56	19,622.40	19,623.20	19,479.65
Sensex	65,512.10	65,828.41	316.31	0.48	65,813.50	65,813.50	65,344.59
Nikkei 225	31,237.94	31,759.88	521.94	1.67	31,607.97	31,607.97	31,157.40
Kospi	2,465.07	2,462.97	2.10	0.09	2,447.99	2,469.72	2,445.51
Shanghai Composite	3,110.48	3,107.32	3.16	0.10	3,117.75	3,121.84	3,105.94
Dow Jones	33,028.82#	33,433.35	404.53	1.21	33,272.09	33,398.54	32,982.16
Nasdaq	13,064.31#	13,307.77	243.46	1.83	13,229.68	13,280.04	13,059.12
FTSE	7,470.16#	7,510.72	40.56	0.54	7,510.72	7,545.67	7,466.62
CAC	6,997.05#	7,068.16	71.11	1.02	7,031.59	7,075.49	6,989.77
DAX	15,085.21#	15,247.21	162.00	1.07	15,184.49	15,257.86	15,074.85

denotes Oct. 03, 2023 levels at the time of writing this report

Key macroeconomic indicators

Index	Oct. 03, 2023	Prev. close
Brent Crude Oil (\$ per barrel)	91.34#	90.71
Gold (\$ per ounce)	1,826.38#	1,827.40
Indian Rupee against US\$	83.21	83.05
India 10 year bond yield (%)	7.24	7.21
US 10 year G-sec (%)	4.74#	4.68

denotes Oct. 03, 2023 levels at the time of writing this report

FII & DII activity

	Oct. 03, 2023
FII activity (Rs. in Crore)	2,034.14
DII activity (Rs. in Crore)	1,361.02

Indian equities remain under pressure led by weak global cues; PSU Banks stocks rally..

- 1) On Tuesday, the Indian benchmark indices ended in the negative terrain led by rise in US bond yields, domestic dollar yields and dollar index. Higher crude oil prices too have affected investor sentiments. The Nifty opened on a negative note and touched an intraday low of 19,479.65. Finally, the Nifty ended the day down by 109.55 points or 0.56 percent to end at levels of 19,528.75. On the other hand, the Sensex ended the day down by 316.31 points or 0.48 percent to end the day at levels of 65,512.10.
- 2) Among the Nifty 50 stocks, the major gainers were Bajaj Finance, Larsen & Toubro, Titan Company, Bajaj Finserv, Adani Ports & Special Economic Zone up in the range of 0.79 percent to 2.0 percent. On the other hand, the major losers were ONGC, Eicher Motors, Maruti Suzuki India, Hindalco Industries, Dr. Reddy's Laboratories down in the range of 2.31 percent to 3.78 percent.
- 3) However, the broader markets were upbeat on Tuesday. The Nifty Midcap 100 index was up by 0.18 percent and the Nifty Smallcap 100 index was up by 0.53 percent.

- 4) In terms of the sectoral indices performance, the major gainers were Nifty PSU Bank index up by 2.38 percent, Nifty Media index up by 1.0 percent, Nifty Consumer Durables index up by 0.63 percent, Nifty Realty index up by 0.46 percent.
- 5) On Tuesday, FIIs have net sold equities worth Rs. 2,034.14 Crore. On the other hand, DIIs net bought equities worth Rs. 1,361.02 Crore. In the month of September 2023, FIIs had net sold equities worth Rs. 26,692.16 Crore and DIIs had net bought equities worth Rs. 20,312.65 Crore.

Sectors & Stocks

- 1) Shares of Ujjivan Small Finance Bank Limited ended up by 9.06 percent to Rs. 59 at the NSE on Tuesday. The Company's Managing Director in the Company's Q1FY24 analyst concall had said "Despite Q1 generally being a slow quarter, our performance has been robust, building on the strong base of financial year '23. Our Pre-Provision Operating Profit and PAT have reached new highs of INR458 crores and INR324 crores respectively, which is 52% and 60% higher than Q1 of the last year respectively. Even against Q4 FY '23 it is 12% and 5% higher respectively. Our return on assets at 3.8% is again something that puts us ahead of our peers and that has been the trend for the last few quarters. Some of it is due to lower credit costs, but even our PPOP ROA at 5.4% is quite remarkable. We posted a return on equity of 30%, which also means that the business is self-funding itself, leading to an improvement in CRAR from 25.8% to 26.7%. He further added "We dispersed INR5,284 crores up 22% year-on-year, while the demand continues to be there, disbursement for microbanking was sequentially low due to Q1 being historically a weak quarter. We expect the disbursement to pick up again by the second half of the fiscal year. We acquired about 2.6 lakh new customers this quarter in microbanking. As our new branches move towards maturity, we will see more traction in micro-banking especially in the new customer acquisition."
- 2) Shares of Mahanagar Gas Limited (MGL) ended up by 7.51 percent to Rs. 1,106.10 at the NSE on Tuesday. MGL continues to create CGD infrastructure, its business segment in the licensed area. In Q1FY24, 41,580 domestic households were connected and the Company has established connectivity for nearly 2.2 million households. The Company has also laid 77 kilometers of steel and PE pipelines whereby making the aggregate length of 6,612 kilometers. The Company has 312 stations operating as on 30th June, 2023. The Company also added 76 industrial and commercial customers in Q1FY24 and as on 30th June, 2023, the Company had 4,589 industrial and commercial customers.

The Company's Managing Director, Mr. Ashu Shinghal in Q1FY24 analyst concall had said "With APM gas prices now capped at \$6.50 per MMBTU for 2 years, it is providing a very good stability in our gas cost. Further, MGL has also participated in e-tendering process of HPHT gas, which has come through initially IGX and later on through direct bidding. And we have secured long-term gas supplies which has resulted in optimizing gas sourcing portfolio and significantly reducing our reliability on high-priced imported RLNG. Earlier we used to take a lot of spot RLNG, now it has come down substantially."

In Q1FY24, MGL has signed 2 Memorandum of Understandings, one for the compressed biogas with BMC and the other is for the setting up of LNG dispensing stations across various places. For CBG plant, MGL has entered in MOU with BMC; that is Brihanmumbai Municipal Corporation, for setting up around 1,000 tons per day of CBG plant in Mumbai.

- 3) Shares of Union Bank of India ended up by 5.27 percent to Rs. 111.90 at the NSE on Tuesday. The Bank had witnessed good improvement on majority of the fronts in Q1FY24 result both on QoQ and YoY basis. The future credit growth target seems to be very conservative & the bank should achieve more than the given target. We were enthused by the Bank's Management guidance of Gross NPA of below 6 percent expected to be led by strong recoveries in FY24. The Bank is adequately provided for which is evident from its high PCR of 90.86 percent, well cushioned for unanticipated slippages and major initiatives taken under digital banking provide confidence.

With regards to CASA ratio of 34.60 percent, we believe that there is a scope for improvement to take it to the level of some of the peer banks. The digital push should help achieving higher CASA ratio. Going forward, the Bank's management expects much better results led by both RAM segment and corporate credit growth backed with good recoveries. The bank's recovery efforts are commendable. The Bank's treasury is also performing well & the portfolio is well cushioned to take care of any eventuality on rate front.

Key recent developments

- 1) India's services exports climbed 8.4% year-on-year to \$28.72 billion in August, while imports fell 0.8% to \$15.10 billion, provisional data by the Reserve Bank of India (RBI) showed on Tuesday. Data released by the government last month showed services exports were \$26.39 billion in August, while imports were \$13.86 billion. The RBI's numbers are provisional, but further updated, and final figures are usually published quarterly as part of the country's overall balance-of-payments data. (Source: Reuters)
- 2) India continues to show resilience against the backdrop of a challenging global environment, according to World Bank's latest India Development Update (IDU). The IDU, the Bank's flagship half yearly report on the Indian economy, observes that despite significant global challenges, India was one of the fastest-growing major economies in FY22/23 at 7.2%. India's growth rate was the second highest among G20 countries and almost twice the average for emerging market economies. This resilience was underpinned by robust domestic demand, strong public infrastructure investment and a strengthening financial sector. Bank credit growth increased to 15.8% in the first quarter of FY23/24 compared with 13.3% in the first quarter of FY22/23.

The IDU expects that global headwinds will continue to persist and intensify due to high global interest rates, geopolitical tensions, and sluggish global demand. As a result, global economic growth is also set to slow down over the medium term against a background of these combined factors. In this context, the World Bank forecasts India's GDP growth for FY23/24 to be at 6.3%. The expected moderation is mainly due to challenging external conditions and waning pent-up demand. However, service sector activity is expected to remain strong with growth of 7.4% and investment growth is also projected to remain robust at 8.9%. (Source: The World Bank)

Ajcon Global's view on Indian equities in the near term

- 1) Indian equities ended in the negative terrain on Tuesday led by weak global cues like rising US bond yields and dollar index. High crude oil prices too have affected investor sentiments. Domestic bond yields also witnessed upmove. After the recent fall, we expect stock specific action to continue in the midcaps and smallcaps space. Positive demand outlook led by ongoing festive season would keep bulls in the hunt. Investors will continue to watch global bond yields as it will dictate treasury performance of Banks, rupee movement against the US Dollar, crude oil price movement and economic activity in China after the recent trade data.
- 2) Domestically, we suggest investors to remain stock specific and be wary of valuations of companies getting out of comfort zone especially in smallcaps. At the moment, companies in the sectors like Auto, Auto ancillaries, Banking, NBFCs, Consumer Durables, Capital Goods, Defence, Engineering, Real Estate, select companies in the Infrastructure space, Railways can be considered. We have faith in the India story and believe that the domestic economy is strongly placed as compared to the global peers which will attract investors. Domestically, the economy is doing well which is evident from the recent GST collection data, increase in investment led spending and other indicators like passenger air traffic, hotel occupancy, power consumption, auto sales, coal production data etc. Encouraging Q1FY24 results suggest that economy is doing well. Results announced by PSU Banks, NBFCs announced indicated good times for Banking and Financial Services sector. Private Banks too had reported good Q1FY24 performance.



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