



AJCON GLOBAL
YOUR FRIENDLY FINANCIAL ADVISOR

Market wrap

Feb. 04, 2020

Indian equities bounce back strongly after falling significantly on Budget day; cement companies rally..

Indian equities witnessed smart recovery and recouped all its Budget day losses with the benchmark indices settling over 2 per cent higher. Brisk buying was witnessed across-the-board. Further, recovery in global markets too boosted investor sentiment. The fall on Saturday was a knee-jerk reaction as investors overreacted to certain announcements and were expecting big bang reforms. However, after certain clarifications by FM and as investors realised that the budget is not against the interest of street participants, the market picked up. The fall in oil prices also aided sentiment. Oil prices fell to the lowest in more than a year on Monday, dragged down by concern over demand in China after the coronavirus outbreak. Brent crude was down \$1.82 at \$54.80 a barrel by 11:33 a.m. EST (1633 GMT), the lowest since January last year. In addition, sentiments got uplifted from the manufacturing sector rising to an eight-year high in January. The widely-tracked IHS Markit India Manufacturing purchasing managers' index (PMI) rose from 52.7 in December to 55.3 in January, its highest level in just under eight years.

The S&P BSE Sensex today added 917 points or 2.30 per cent to end at 40,789 levels. Barring HUL and Bajaj Auto, rest 28 stocks in the 30-share Sensex index ended in the green. Titan - up over 7 per cent emerged as the biggest gainer on the index after it announced Q3 results. ITC, Bajaj Finance, and Tata Steel were the other major gainers on the index.

On the NSE, the broader Nifty50 index closed at 11,980 levels, up 272 points or 2.32 per cent. Volatility index India VIX declined 9 per cent to 14.33 levels. Sectorally, all the indices except media ended in the positive territory. The Nifty Media ended 0.9 per cent lower at 1,777.60 levels. In the broader market, the Nifty Midcap index gained over 1 per cent to 6,631 levels while the Nifty Small Cap index climbed 2 per cent to 2,978-mark.

Sectors and stocks

Shares of cement companies were trading higher for the second straight day on Tuesday on expectation of revival in demand going forward. While there were no specific announcements in the Budget pertaining to the cement industry, demand for the commodity will pick up due to announcements related to infrastructure, housing and rural development. Finance Minister Nirmala Sitharaman on Saturday announced increase in allocation of PMAY (Pradhan Mantri Awas Yojna) and also various other plans for the construction/infrastructure sector. The government also proposed extension of additional deduction of Rs. 1.5 lakh interest on loans for affordable housing loan and extension on the profits earned by developers of affordable housing project by a year to 31 March 2021. Among individual stocks, Shree Cement rallied 6 per cent to hit a record high of Rs. 24,660 on the BSE. The stock surpassed its previous high of Rs. 24,250, touched on January 13, 2020 in intra-day trade.

Shares of Bajaj Auto slipped 3 per cent to Rs. 3,176, on the BSE on Tuesday as investors booked profits after the company reported 22 per cent decline in domestic two-wheelers sales for January, 2020. The stock has fallen 4 per cent from intra-day high level of Rs. 3,313. Bajaj Auto said that it had dispatched 157,796 units of two-wheelers in January in the domestic market, against 203,358 units in the same month a year ago. Total two-wheeler sales, including exports, declined 5 per cent year on year (Y-o-Y) to 332,342 units. However, two-wheeler exports jumped 19 per cent at 174,546 units in the reporting month. Meanwhile, the company's total sales, comprising two-wheeler and commercial vehicles, dropped 3 per cent Y-o-Y to 394,473 units in January, 2020. In the past month, Bajaj Auto has outperformed the market by gaining 7 per cent, against 4 per cent decline in the S&P BSE Sensex and 2 per cent drop in the Auto sector index till Monday. Yesterday, the stock hit a 52-week high of Rs. 3,315 in intra-day trade.



AJCON GLOBAL
YOUR FRIENDLY FINANCIAL ADVISOR

Global markets

Global equities bounced back on Tuesday led by Chinese stocks which reversed the earlier downtrend due to outbreak of coronavirus amidst official efforts by Chinese Government to calm virus fears. MSCI's main world index rose 0.4 per cent, led by gains in South Korea and Australia, the biggest leap in commodity-focused

stocks in over three months. The Shanghai Composite closed up 1.3 per cent, while the blue-chip CSI300 rebounded 2.6 per cent after a near 8 per cent slide on Monday. Hong Kong's Hang Seng advanced 1.2 per cent.



Disclaimer

Ajcon Global Services Ltd. is a fully integrated investment banking, merchant banking, corporate advisory, stock broking, commodity and currency broking. Ajcon Global Services Ltd. 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 Ltd. 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 Ltd. 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 para, We and our affiliates, 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 Ltd. 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 Ltd. 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 Ltd. While we would endeavour to update the information herein on a reasonable basis, Ajcon Global Services Ltd. 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 Ltd. 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 Ltd. 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 Ltd. 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 Ltd. 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 Ltd. encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Ajcon Global Services Ltd. 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 Ltd. 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 Ltd. 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 Ltd. 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 Ltd. 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 Ltd. 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, 022-67160431 (D)

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