

### Financials drag down Indian benchmark indices; Auto stocks rally..

Domestic bourses wiped off their morning gains to settle in the negative terrain amidst volatility. Financial stocks such as ICICI Bank, HDFC Bank, and HDFC contributed the most to the indices' losses. However, buying in auto and IT counters gave the much-needed support to the market.

At the index level, the S&P BSE Sensex declined by 81 points or 0.26 per cent to 31,561.22 levels. Of 30 constituents, 16 declined and 14 advanced. ICICI Bank (down over 5 per cent) ended as the top loser on the index while Hero MotoCorp (up over 6 per cent) emerged as the top gainer on the index. Nifty declined by 12 points or 0.13 per cent to settle at 9,239.20.

In the broader market, midcaps, however, outperformed the market as the S&P BSE MidCap index gained 0.65 per cent to 11,498.01 levels. The S&P BSE SmallCap index, on the other hand, ended 0.10 per cent down at 10,628 levels.

### Crude oil

Crude oil prices declined by more than 1 per cent as concern owing to concerns of persistent glut and economic gloom caused by COVID-19 pandemic.

### Sectors and stocks

Shares of Reliance Industries (RIL) gained 3.4 per cent to Rs. 1,615 during the day after the company fixed Thursday (May 14) as the record date for determining shareholders eligible to apply for its rights issue of Rs. 53,125 crore. The stock ended nearly 1 per cent higher at Rs. 1,576.75 apiece. The stock was trading close to its record high of Rs. 1,618, touched on December 20, 2019. RIL had, on April 30, announced fundraising of Rs. 53,125 crore by the way of a 1:15 rights issue, the first such issue by RIL in nearly three decades. One share will be offered for every 15 shares held at Rs. 1,257, a 14 per cent discount to the closing price for April 30. In the past three trading days, RIL's stock has rallied 10 per cent after the company announced that US-based private equity firm Vista Equity will invest Rs. 11,367 crore into Jio Platforms, a wholly-owned subsidiary of the company. Jio Platforms has now raised Rs. 60,596.37 crore from leading technology investors in less than three weeks. This is a third major equity deal for Jio Platforms in three weeks — it previously sold a 9.9 per cent stake to Facebook for Rs. 43,534 crore, and then 1.5 per cent to Silver Lake for Rs 5,655 crore. With past three days' rally, RIL has recovered 84 per cent from its 52-week low of Rs. 876, touched in intra-day deal on March 23, 2020.

Sectorally, auto stocks rallied the most with the Nifty Auto index ending over 4 per cent higher at 5,680 levels. On the flip side, Nifty Bank slipped over 2 per cent to 18,950.50 points and Nifty Private Bank index settled at 10,379.25, down over 2 per cent.

VIP Industries rallied by 10 per cent to Rs. 234.80 during the day on the BSE after ace investor Rakesh Jhunjhunwala acquired additional 285,000 shares of the company during the January-March 2020 quarter (Q4FY20). The stock ended at Rs. 223.80, up over 5 per cent.

Shares of Hero MotoCorp ended up by over 6 per cent to Rs. 2085.85 on the BSE after the country's largest two-wheeler maker Hero on Sunday said it has resumed operations across 1,500 touch-points, including authorised dealerships, across the country. These outlets contribute to around 30 per cent of the Company's total domestic retail sales.

Shares of Indian Railway Catering and Tourism Corporation (IRCTC) were locked in the upper circuit band of 5 per cent at Rs. 1,302.85 apiece on the BSE after Ministry of Railways announced that the Indian Railways will gradually restart passenger train operations from May 12, initially with 15 pairs of trains.

### Global markets

European equities rallied on Monday as countries globally relaxed lockdowns. E-Mini futures for the S&P 500 opened softer but bounced as the Asia day wore on and were last up 0.1 per cent.

MSCI's broadest index of Asia-Pacific shares outside Japan firmed 0.86 per cent. World shares, measured by the MSCI world equity index which tracks shares in 49 countries, ticked 0.1 per cent higher - it has now risen 16 per cent from its March lows.

### Ajcon Global's view

We believe the markets would remain volatile. There are talks in media that an economic package would come soon which can give temporary fillip to Indian equities as tremendous losses are suffered by the industry and businesses during the current lockdown. We recommend value buying only in high quality stocks gradually at every decline for building a long term portfolio.



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