

Key Benchmark indices across the globe

Index	Dec. 07, 2022	Dec. 06, 2022	Change	% change	Open	High	Low
Nifty	18,560.50	18,642.75	82.25	0.44	18,638.85	18,668.30	18,528.40
Sensex	62,410.68	62,626.36	215.68	0.34	62,615.52	62,759.97	62,316.65
Shanghai Composite	3,199.62	3,212.53	12.91	0.40	3,204.94	3,226.08	3,188.67
Nikkei 225	27,686.40	27,885.87	199.47	0.72	27,670.29	27,786.25	27,646.78
Kospi	2,382.81	2,393.16	10.35	0.43	2,385.87	2,394.88	2,377.98
Straits Times	3,225.45	3,252.37	26.92	0.83	3,239.22	3,252.25	3,225.45
Hang Seng	18,814.82	19,441.18	626.36	3.22	19,380.80	19,737.31	18,799.81
Nasdaq	11,006.78#	11,014.89	8.11	0.07	10,963.95	11,039.81	10,962.88
Dow Jones	33,551.59#	33,596.34	44.75	0.13	33,556.40	33,675.48	33,504.45
FTSE	7,536.19#	7,521.39	14.80	0.20	7,521.39	7,567.23	7,498.81
CAC	6,679.83#	6,687.79	7.96	0.12	6,687.34	6,694.66	6,642.44
DAX	14,306.70#	14,343.19	36.49	0.25	14,304.95	14,372.35	14,243.74

#Dec. 07, 2022 levels at the time of writing this report

Key macroeconomic indicators

Index	Dec.07, 2022	Dec.06, 2022
Brent Crude Oil (\$ per barrel)	78.7	79.4
Gold (\$ per ounce)	1,775	1,772
Indian Rupee against US\$	82.48	82.61
Dollar index	105.4	105.6
10 year G-sec (7.262032)	7.27%	7.25%
US 10 year G-sec	3.53%	3.53%

FII & DII activity

Index	Dec. 07, 2022	Dec. 06, 2022
FII activity (Rs. in Crore)	1,241.87	635.35
DII activity (Rs. in Crore)	388.85	558.67

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

- At the time of writing this report, SGX Nifty trend indicates a positive opening for the Indian benchmark indices on Thursday. The recent fall in crude oil prices will also lift investor sentiments as it will augur well for the Indian economy. Domestically, all eyes would be on Gujarat Elections outcome.
- Street participants will continue to watch rupee movement against the US Dollar, U.S. Initial Jobless Claims, economic activity in China after relaxation in COVID-19 led lockdown in two major cities of China, global bond yields, crude oil price movement, developments related to ongoing war between Russia and Ukraine and its financial implications on the western world.
- After a strong rally in the PSU Banks and Railway companies stocks, profit booking is expected. At the moment, sectors like Auto and auto ancillaries, Banking, NBFCs, Capital Goods, select companies in the infrastructure space and new age business segment can be considered.
- Globally, at the time of writing this report, US benchmark indices and majority of European benchmark indices were trading in the negative terrain.

- 5) We reiterate that the domestic economy is strongly placed as compared to the global peers which will attract investors. Majority of the Companies have delivered good set of Q2FY23 results considering global concerns. Indian economy is performing strongly as indicated by good manufacturing and services PMI data, robust GST collections, strong direct tax collections, and good economic activity amidst macroeconomic challenges. We suggest investors to be stock specific and consider companies from the midcaps and smallcaps space.

The day gone by..

- 1) On Wednesday, Indian benchmark indices were under pressure led by RBI's hike of repo rate by 35 bps and lowering of its GDP growth forecast. The Nifty had witnessed a subdued opening and later and touched an intraday high of 18,668.30. Finally, the Nifty gave up all the gains and ended the day down by 82.25 points or 0.44 percent to end at levels of 18,560.50. On the other hand, the Sensex ended the day down by 215.68 points or 0.34 percent to end the day at levels of 62,410.68.
- 2) Among the Nifty 50 stocks, the major gainers were Hindustan Unilever, BPCL, Asian Paints, Larsen & Toubro, Axis Bank up in the range of 0.92 percent to 1.98 percent. On the other hand, the major losers were SBI Life, NTPC, Bajaj Finserv, Tata Motors, Bajaj Auto down in the range of 1.62 percent to 2.03 percent.
- 3) The broader markets too were under pressure today. The Nifty Midcap 100 index was down by 0.58 percent and the Nifty Smallcap 100 index was down by 0.59 percent respectively.
- 4) In terms of sectoral indices performance, the major gainers were Nifty FMCG index up by 0.96 percent and Nifty PSU Bank index up by 0.26 percent. On the other hand, the major losers were Nifty Media index down by 1.45 percent, Nifty Metal index down by 0.88 percent, Nifty IT index down by 0.84 percent, Nifty Auto index down by 0.80 percent.
- 5) On Wednesday, FIIs net sold equities worth Rs. 1,241.87 Crore. On the other hand, DIIs net bought equities worth Rs. 388.85 Crore. Month till date, FIIs have net sold equities worth Rs. 4,367.46 Crore and DIIs net bought equities worth Rs. 5,815.48 Crore. In the month of November 2022, FIIs have net bought equities worth Rs. 22,546.34 Crore and DIIs net sold equities worth Rs. 6,301.32 Crore.

Sectors & Stocks

- 1) Shares of Central Bank of India ended up by 7.02 percent to Rs. 28.20 at the NSE on Wednesday. The Bank had witnessed good overall performance in Q2FY23. The strong Management team has looked confident and assured of achieving higher credit growth in future. We are happy to see that the Bank has really transformed itself in the PCA regime and exited the PCA framework with flying colours. We believe the C/D ratio of just 57.64% has big scope to improve after coming out from RBI's Prompt Corrective Action framework. The Bank is having Pan India presence and is a trusted name over the years. The Bank boasts of a very strong CASA ratio of 50.99 percent which is second to Bank of Maharashtra in PSU Banking industry and makes good money by selling the priority lending certificates. We believe, with the strong brand image and customer base, the Bank is poised for good growth in Corporate and Retail advances. We like the fact that the Bank's Treasury operations were also managed well in Q2FY23 and as per bank's ED Shri Vivek Wahi, the bank will continue to do well on treasury front in coming quarters. The Bank is also not growing its book in Non-SLR. Shri. M. V. Rao – Managing Director and CEO of the Bank in the interaction with the Analysts in the Bank's Q2FY23 concall conducted earlier had given the following guidance for FY23 a) Deposit growth: 8 - 10%, b) Advances growth: 13 - 15%, c) RAM: Corporate Credit Ratio: 65:35 (+/-5%), d) NIM: More than 3 percent, e) CASA: More than 50%, f) Gross NPA: Below 9%, g) Net NPA: Below 2.75%, h) PCR: 88-90%, i) Return on Assets: 0.35 - 0.40%, j) Cost to Income ratio: Less than 50%.
- 2) Shares of RCF ended up by 5.85 percent to Rs. 135.70 at the NSE on Wednesday. Under 'Atmanirbhar Bharat', the Company has restarted Phosphoric Acid Plant at Trombay. The Company has achieved the highest ever sale of AN Melt Plant. Setting up new AN Melt Plant, NPK Fertilizers Plant & Concentrated Nitric Acid Plant have been proposed. Sale of high volume products like Ammonia, AN(Melt) & DNA will facilitate improvement in turnover as well as profitability.
- 3) Shares of Siemens ended up by 5.19 percent to Rs. 2,907.10 at the NSE on Wednesday. Siemens Limited has emerged as the lowest bidder (L1) for the 9000 HP Electric Locomotives project in Dahod, Gujarat, India.

Key recent major developments..

- 1) Reserve Bank of India (RBI) on Wednesday hiked the repo rate by 35 basis points to 6.25 per cent . The MPC also lowered its growth forecast to 6.8 per cent from 7 per cent for the current financial year. The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth. These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

The RBI's Governor - Shri. Shaktikanta Das said "As regards the stance of monetary policy, the MPC took a holistic view of the policy rate and liquidity conditions relative to inflation. Adjusted for inflation, the policy rate still remains accommodative. Over the next 12 months, inflation is expected to remain higher than the 4 per cent target. System liquidity remains in surplus with an average daily absorption under the liquidity adjustment facility (LAF) of Rs. 1.6 lakh crore in November 2022. Since then, it has gone up to Rs. 2.6 lakh crore as on 5th December. The overall monetary and liquidity conditions remain accommodative and hence, the MPC decided to remain focused on withdrawal of accommodation.

He further added "Going ahead, investment activity will get support from government capex. A pick-up in the share of fixed assets in total assets of manufacturing companies was visible in H11. According to our surveys, consumer confidence has improved further. Manufacturing and infrastructure sector firms are optimistic about the business outlook. Services sector firms also expect activity to expand. In an interconnected world, we cannot remain entirely decoupled from adverse spillovers from the global slowdown and its negative impact on our net exports and overall economic activity. The biggest risks to the outlook continue to be the headwinds emanating from protracted geopolitical tensions, global slowdown and tightening of global financial conditions. Taking all these factors into consideration, real GDP growth for 2022-23 is projected at 6.8 per cent, with Q3 at 4.4 per cent and Q4 at 4.2 per cent. The risks are evenly balanced. Real GDP growth is projected at 7.1 per cent for Q1:2023-24 and at 5.9 per cent for Q2. Even after this revision in our growth projection for 2022-23, India will still be among the fastest growing major economies in the world."



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