

**Key Benchmark indices across the globe**

Index	Dec. 08, 2022	Dec. 07, 2022	Change	% change	Open	High	Low
<b>Nifty</b>	18,609.35	18,560.50	<b>48.85</b>	<b>0.26</b>	18,570.85	18,625.00	18,536.95
<b>Sensex</b>	62,570.68	62,410.68	<b>160.00</b>	<b>0.26</b>	62,504.04	62,633.56	62,320.18
<b>Shanghai Composite</b>	3,197.35	3,199.62	<b>2.27</b>	<b>0.07</b>	3,196.02	3,206.72	3,187.26
<b>Nikkei 225</b>	27,574.43	27,686.40	<b>111.97</b>	<b>0.40</b>	27,622.30	27,643.64	27,415.66
<b>Kospi</b>	2,371.08	2,382.81	<b>11.73</b>	<b>0.49</b>	2,386.90	2,387.95	2,357.20
<b>Straits Times</b>	3,236.08	3,225.45	<b>10.63</b>	<b>0.33</b>	3,225.95	3,246.18	3,225.95
<b>Hang Seng</b>	19,450.23	18,814.82	<b>635.41</b>	<b>3.38</b>	18,965.05	19,521.60	18,965.05
<b>Nasdaq</b>	11,081.96#	10,958.55	<b>123.41</b>	<b>1.13</b>	11,011.33	11,115.35	10,939.47
<b>Dow Jones</b>	33,800.47#	33,597.92	<b>202.55</b>	<b>0.60</b>	33,695.77	33,899.17	33,685.00
<b>FTSE</b>	7,479.54#	7,489.19	<b>9.65</b>	<b>0.13</b>	7,489.19	7,507.98	7,469.12
<b>CAC</b>	6,654.78#	6,660.59	<b>5.81</b>	<b>0.09</b>	6,677.00	6,679.57	6,629.36
<b>DAX</b>	14,269.97#	14,261.19	<b>8.78</b>	<b>0.06</b>	14,277.75	14,298.81	14,196.77

#Dec. 08, 2022 levels at the time of writing this report

**Key macroeconomic indicators**

Index	Dec.08, 2022	Dec.07, 2022
<b>Brent Crude Oil (\$ per barrel)</b>	77.5	77.2
<b>Gold (\$ per ounce)</b>	1,783	1,775
<b>Indian Rupee against US\$</b>	82.43	82.48
<b>Dollar index</b>	105.3	105.1
<b>10 year G-sec (7.262032)</b>	7.29%	7.27%
<b>US 10 year G-sec</b>	3.44%	3.42%

**FII & DII activity**

Index	Dec. 08, 2022	Dec. 07, 2022
<b>FII activity (Rs. in Crore)</b>	<b>1,131.67</b>	<b>1,241.87</b>
<b>DII activity (Rs. in Crore)</b>	<b>772.29</b>	<b>388.85</b>

**PSU Banks witness a stellar run led by rerating and strong performance in Q2FY23 result; domestic bourses end in green..**

- 1) On Thursday, Indian benchmark indices ended in green. The Nifty had witnessed a positive opening and later touched an intraday high of 18,625. Finally, the Nifty ended the day up by 48.85 points or 0.26 percent to end at levels of 18,609.35. On the other hand, the Sensex ended the day up by 160.00 points or 0.26 percent to end the day at levels of 62,570.68.
- 2) Among the Nifty 50 stocks, the major gainers were Axis Bank, IndusInd Bank, Eicher Motors, Larsen & Toubro, Hindalco up in the range of 1.64 percent to 2.77 percent. On the other hand, the major losers were Sun Pharma, Divis Lab, Power Grid, HDFC Life, Tata Consultancy Services down in the range of 0.76 percent to 3.76 percent.
- 3) The broader markets too were under pressure today. The Nifty Midcap 100 index was up by 0.61 percent and the Nifty Smallcap 100 index was up by 0.33 percent respectively.
- 4) In terms of sectoral indices performance, the major gainers were Nifty PSU Bank index up by 3.81 percent, Nifty Private Bank index up by 1.17 percent, Nifty Bank index up by 1.16 percent, Nifty Financial Services index up by 0.8 percent. On the other hand, the major losers were Nifty Pharma index down by 1.10 percent, Nifty Healthcare index

down by 1.05 percent, Nifty Realty index down by 0.78 percent, Nifty Consumer Durables index down by 0.27 percent.

- 5) On Thursday, FIIs net sold equities worth Rs. 1,131.67 Crore. On the other hand, DIIs net bought equities worth Rs. 772.29 Crore. Month till date, FIIs have net sold equities worth Rs. 5,499.13 Crore and DIIs net bought equities worth Rs. 6,587.77 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 continued its rally and ended up by 15.28 percent to Rs. 32.45 at the NSE on Thursday. In the last 2 days, the stock has rallied by 22.3 percent. 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 Bank of India ended up by 8.67 percent to Rs. 100.90 at the NSE on Thursday. In Q2FY23, the Bank witnessed robust performance on all fronts. We were delighted to see the Bank exceeding our expectations and performing strongly. After many years, the Bank had witnessed this kind of performance in Q2FY23 result. The Bank expects pick up in corporate credit growth which will augur well for its overall credit growth guidance of 12 percent on conservative basis. The Bank's Corporate book is also holding up well with significant exposure to the Companies having ratings A& above. The treasury performance is also good considering the macroeconomic headwinds and rising bond yields scenario.

The Bank's digital journey is on track and is expected to be full fledged with digital capabilities, retail part by March, 2023 and complete execution by September, 2023. The Bank had given the following guidance for FY23: Credit growth: 12 percent, NIM: More than 3%, Gross NPA ratio: to be lower than 8%, Credit cost below 1%.

- 3) Shares of Punjab & Sind Bank ended up by 9.90 percent to Rs. 31.65 at the NSE on Thursday. In Q2FY23, the Bank has witnessed good growth in its Operating profit led by jump in NII and Non - Interest Income. In addition, the Cost/Income ratio has also improved but it is still higher as compared to other PSU Banks.

The Bank's asset quality is also improving which was seen in this quarter as well. The Bank is well capitalised for strong credit growth ahead, provided the proactive policies are put in place in this regard. The Bank does not have exposure to big accounts and is SMA2 is very small at Rs. 288 Crore as on Q2FY23 which safeguards it from slippages.

We are however of the opinion that considering its low base and looking at great opportunities available in Indian Economy, the bank needs to accelerate its Credit growth going even beyond the growth in the system and tighten its belt to take the benefit of these opportunities as has been done by all other Public Sector Banks. The past legacies should be handled separately and should not be allowed to come in the way of its future growth.



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

- 1) At the time of writing this report, SGX Nifty trend indicates a positive opening for the Indian benchmark indices on Friday. The recent fall in crude oil prices will aid investor sentiments as it will augur well for the Indian economy. Investors will also cheer Gujarat elections result. Volatility is expected as investors will keep an eye on US inflation numbers and US Fed's reaction towards it in US Fed's meet.
- 2) After a strong rally in the PSU Banks led by re-rating, some 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.
- 3) Street participants will continue to watch rupee movement against the US Dollar, 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.
- 4) Globally, at the time of writing this report, US benchmark indices were trading in the positive terrain 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.



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