

Indian benchmark indices end in red amidst significant volatility; all eyes on RBI's Monetary policy..

Index	Sep. 27, 2022	Sep.26, 2022	Change	% change	Open	High	Low
Nifty	17,007.40	17,016.30	8.90	0.05	17,110.90	17,176.45	16,942.35
Sensex	57,107.52	57,145.22	37.70	0.07	57,376.52	57,704.57	56,950.52

- 1) On Tuesday, Indian benchmark indices witnessed significant volatility and ended the day in red. The Nifty had witnessed a gap up opening and touched an intraday high of 17,176.45. However, later during the day, the Nifty erased all the gains and touched an intraday low of 16,942.35 and finally ended the day down by 8.90 points or 0.05 percent to end at levels of 17,007.40. The Sensex ended the day down by 37.70 points or 0.07 percent to end the day at levels of 57,107.52.

Among the Nifty 50 stocks, the major losers were Hero Motocorp, Adani Ports, Titan, Tata Steel, SBI Life down in the range of 1.41 percent to 2.88 percent. On the other hand, the major gainers were Cipla, Tata Consumer Products, Shree Cement, Power Grid, IndusInd Bank up in the range of 2.11 percent to 3.41 percent.

- 2) The broader markets ended in green. The Nifty Midcap 100 index was up by 0.16 percent and on the other hand Nifty Smallcap 100 index was up by 0.25 percent. In terms of sectoral indices performance, the major losers were Nifty Metal index down by 0.86 percent, Nifty Financial Services index was down by 0.80 percent, Nifty Bank index down by 0.67 percent, Nifty Auto index down by 0.51 percent. On the other hand, the major gainers were Nifty Pharma index up by 0.98 percent, Nifty IT index up by 0.97 percent, Nifty FMCG index up by 0.64 percent, Nifty Media index up by 0.35 percent.
- 3) On Tuesday, FIIs net sold equities worth Rs. 2,823.96 Crore. On the other hand, DIIs net bought equities worth Rs. 3,504.76 Crore. Month till date, FIIs have net sold equities worth Rs. 10,371.08 Crore and DIIs net bought equities worth Rs. 5,168.40 Crore. In the month of August 2022, FIIs have net bought equities worth Rs. 22,025.62 Crore and DIIs net sold equities worth Rs. 7,068.63 Crore.

Sectors and stocks

- 1) Shares of Kalyan Jewellers ended up by 8.24 percent to Rs. 96.60 at the NSE on Tuesday. Headquartered in Thrissur in the state of Kerala, Kalyan Jewellers is one of the largest jewellery retailers in India with a presence in the Middle East. The company has enjoyed a long-standing presence in the Indian market for nearly three decades and has set industry benchmarks in quality, transparency, pricing and innovation. The Company offers an array of traditional and contemporary jewellery designs in gold, diamonds and precious stones catering to the distinct needs of its customers. The Company's retail expansion continued in the recently concluded quarter, with the launch of four new showrooms - three in non-South markets in India, and one in the Middle East. As of June 30, 2022, Kalyan Jewellers' store network across India and the Middle East stood at 158.

Commenting on Q1FY23 performance, Mr. Ramesh Kalyanaraman, Executive Director, Kalyan Jewellers India Limited said, "The recently concluded quarter has been a positive one for Kalyan Jewellers, having witnessed robust momentum in both footfalls and revenue across India and Middle East markets. Revenue momentum in the current quarter has remained encouraging, thus far, and we are keenly looking forward to the upcoming festive season." "The Company launched its first franchised showroom in Q1 of this year. We have built a meaningful pipeline of additional franchise showrooms on the back of very encouraging responses from potential franchise partners, and we are on track with our expansion plans for the current financial year. We believe the successful launch of the first set of franchised showrooms will give us the confidence to further enhance the pace of expansion through this significantly more capital efficient and return accretive path," he added.

- 2) Shares of City Gas Distribution companies were upbeat today. Shares of Indraprastha Gas closed up by 7.02 percent to Rs. 423.60 at the NSE on Tuesday. Shares of Mahanagar Gas ended the day up by 7.44 percent to Rs. 857.50 at the NSE. On the other hand, the shares of Gujarat Gas rallied by 5.81 percent to Rs. 515.50 at the NSE. The stocks have rallied from their recent bottom when there were concerns of high input gas cost which would affect their margins. The CGD companies have rallied after the Government made further amendments to the existing guidelines for allocation /supply of domestic natural gas to CGD entities for CNG(transport) and PNG (domestic) segment.
- 3) The Great Eastern Shipping Company ended the day up by 7.04 percent to Rs. 525 at the NSE on Tuesday. Commenting on the Company's Q1FY23 performance, Mr. Bharat K Sheth - Deputy Chairman & Managing Director of the Company said "All four of our shipping sectors did well in Q1, some better than others. Having a large part of our fleet in the spot market helped us take advantage of the market strength. Strong cash flows from the business, coupled with an increase in asset values, resulted in a significant increase in Net Asset Value for the quarter. A long period of underinvestment in energy seems to have caught up with the oil market, boosting demand for rigs and vessels. It is possible that we are past the worst of the offshore market. We must recognize that recessionary pressures are building up, the impact of which is difficult to assess."

Key recent major developments..

- 1) The net direct tax collection has increased 23 per cent to Rs 7.04 lakh crore so far this fiscal, the income tax department said on Tuesday. Central Board of Direct Taxes (CBDT) Chairman Nitin Gupta said the income and corporate tax collections were at a record high of Rs. 14.09 lakh crore in 2021-22. "The momentum of the last fiscal continues in this fiscal with net direct tax collection of Rs 7.04 lakh crore so far, which is a growth of 23 per cent over the same period last fiscal," Gupta said. "The momentum of the last fiscal continues in this fiscal with net direct tax collection of Rs 7.04 lakh crore so far, which is a growth of 23 per cent over the same period last fiscal," Gupta said. At the Finance Minister's Award ceremony for CBDT officers, Gupta said the I-T e-filing portal has stabilised, and it has facilitated 5.83 crore tax return filing as of July 31. A record 72 lakh returns were filed on the portal on a single day. (Source: Press Trust of India)
- 2) The Indian rupee snapped a four-day losing streak on Tuesday as the dollar eased and oil prices tumbled, but a report stating local bonds may not be considered for listing on a major global index this year capped gains. The partially convertible rupee ended up just 0.05 per cent at 81.58 per dollar, having touched a session high of 81.31. The currency had hit a record low of 81.6525 on Monday after declining for four straight days. (Source: Reuters)
- 3) A series of unusual leaks on two natural gas pipelines running from Russia under the Baltic Sea to Germany triggered concerns about possible sabotage Tuesday, overshadowing the inauguration of a long-awaited pipeline in Poland that will bring Norwegian gas to Europe in efforts to bolster energy independence from Moscow. Danish Prime Minister Mette Frederiksen said she "cannot rule out" sabotage after three leaks were detected over the past day on Nord Stream 1 and 2. The pipelines are not bringing gas to Europe as an energy standoff over Russia's war in Ukraine halted flows or never allowed them to begin. However, gas still fills the lines. Frederiksen joined Poland's President Andrzej Duda and Prime Minister Mateusz Morawiecki in opening a valve of a yellow pipe belonging to the Baltic Pipe, a new system that will bring Norway's gas across Denmark and the Baltic Sea to Poland. No official presented evidence of what caused the problems, but in central Europe where distrust of Russia runs high, there were fears Moscow sabotaged its own infrastructure in a gesture of spite or to signal that all pipelines are vulnerable to attack. The leaks emerged off the coast of Denmark and Sweden, raising the stakes on whether energy infrastructure in European waters was being targeted and leading to a small bump in natural gas prices. (Source: Associated Press).
- 4) Oil rose more than 1% on Tuesday from a nine-month low a day earlier, supported by supply curbs in the U.S. Gulf of Mexico ahead of Hurricane Ian and a slight softening in the U.S. dollar. Analyst expectations that the Organization of the Petroleum Exporting Countries and allies, known as OPEC+, may take action to stem the drop in prices by cutting supply also lent support. OPEC+ meets to set policy on Oct. 5. Brent crude rose \$1.11, or 1.3%, to \$85.17 a barrel by 0810 GMT. On Monday it fell as low as \$83.65, the lowest since January. U.S. West Texas Intermediate (WTI) crude was up \$1.08, or 1.4%, at \$77.79. (Source: Reuters)



Ajcon Global's observations and view..

1) Short term view:

- a) On Tuesday, Indian equities witnessed significant volatility as there are too many macroeconomic variables at the moment. There are concerns of rupee depreciation against the US dollar led by rise in US bond yields. However, positive stock specific action was witnessed in the midcaps and smallcaps space. Value buying is suggested to investors in quality names on further declines. At the time of writing this report, US benchmark indices and the European indices were trading in the negative terrain.
- a) Indian benchmark indices are expected to open on weak note on Wednesday. However, short covering cannot be ruled out as the domestic economy continues to do well and is strongly placed as compared to the global peers which will attract investors. Domestically, there is improved demand outlook in the festive season with good sales reported in consumer durables and apparels segment. The recent developments in Russia will continue to affect investor sentiments in the near term.
- b) Going ahead, all eyes would be on RBI's Monetary policy. Domestically, the CPI inflation has remained above the RBI's comfort level of 6 percent. Considering the inflationary environment, it seems that RBI may hike interest rate in the upcoming monetary policy meeting.
- c) Street participants will keep an eye on rupee movement against the US Dollar and global bond yields, crude oil price movement, developments related to ongoing war between Russia and Ukraine and its financial implications on the western world. In addition, higher gas prices in Europe and slowdown in China has also affected sentiments. Domestically, good GST collections in August 2022, strong manufacturing and services PMI data, improved demand outlook in ongoing festive season, will improve sentiments amidst global macroeconomic concerns. At the moment sectors like Auto and auto ancillaries, Banking, NBFCs, Capital Goods, select companies in the new age business segment can be considered.



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