

Domestic bourses end in red as the Indian rupee touches all time low against the US dollar; strong bounceback expected in Indian equities led by cooling off in the global bond yields..

Index	Sep. 28, 2022	Sep.27, 2022	Change	% change	Open	High	Low
Nifty	16,858.60	17,007.40	148.80	0.87	16,870.55	17,037.60	16,820.40
Sensex	56,598.28	57,107.52	509.24	0.89	56,710.13	57,213.33	56,485.67

- 1) On Wednesday, Indian benchmark indices continued to remain under pressure led by fall in Indian rupee against the US dollar. The rupee made a new all time low of 81.94 against the US dollar on Wednesday. The Nifty had witnessed a gap down opening and touched an intraday low of 16,820.40. Finally, the Nifty ended the day down by 148.80 points or 0.87 percent to end at levels of 16,858.60. The Sensex ended the day down by 509.24 points or 0.89 percent to end the day at levels of 56,598.28.

Among the Nifty 50 stocks, the major losers were Hindalco Industries, JSW Steel, Axis Bank, ITC, Reliance Industries down in the range of 2.74 percent to 3.65 percent. On the other hand, the major gainers were Asian Paints, Sun Pharma, Dr. Reddy's, Eicher Motors, Power Grid up in the range of 1.20 percent to 2.80 percent.

- 2) The broader markets too ended in red. The Nifty Midcap 100 index was down by 0.31 percent and on the other hand Nifty Smallcap 100 index was down by 0.54 percent. In terms of sectoral indices performance, the major losers were Nifty PSU Bank index down by 2.07 percent, Nifty Metal index down by 1.94 percent, Nifty Private Bank index down by 1.44 percent, Nifty Financial Services index down by 1.23 percent. On the other hand, the major gainers were Nifty Healthcare index up by 0.86 percent, Nifty Pharma index up by 0.85 percent, Nifty IT index up by 0.24 percent.
- 3) On Wednesday, FIIs net sold equities worth Rs. 2,772.49 Crore. On the other hand, DIIs net bought equities worth Rs.2,544.17 Crore. Month till date, FIIs have net sold equities worth Rs. 13,143.57 Crore and DIIs net bought equities worth Rs. 7,712.57 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 The India Cements Limited ended up by 7.43 percent to Rs. 248.80 at the NSE on Wednesday. The Company's Q1FY23 press release said "The spiraling increase in the cost of input materials continued during the quarter without corresponding increase in the selling price of cement resulting in a sub optimal performance of the company for the quarter under review. The country has started witnessing normalcy of economic activity post pandemic from the month of January'22 resulting in sizable increase in growth in construction sector. The demand for cement on an all India basis, as per information published by DIPP, shows an increase of over 17% in the 1st quarter as compared to the low base of the previous year which was impacted by the second wave of Covid. The growth rate in south for the cement industry was higher than that of all India growth rate resulting in close to 50% increase in production in the first quart of the year as compared to the previous year. Despite the better demand, the industry in south was unable to pass on the increase in cost of production due to huge capacity over hang. Also, there was a shift in the pattern of consumption with more demand for OPC with infra activities like roads and metro rail picking up which yielded a lower price as compared to Trade. Hence, as compared to all India peers who had a reasonable increase in the selling price to partially offset the cost increase, the industry in south had to bear the brunt of severe cost push without any compensating increase in the selling price of cement.

It further added "The Centre and Southern States are expected to retain their thrust on giving push to housing projects and infrastructure development by implementing irrigation, road building, metro rail and other infrastructure projects. As in the last two years, the good rainfall reported sofar this year from South West monsson

season augurs well for improved prospects of rural economy. Cement demand is expected to remain on track with increased house building and construction activity in metros, rural, semi-urban and urban centres although cost pressure is expected to remain with higher cost of fuel, power tariff and logistics and the consequential impact on all other materials including packing."

- 2) Shares of Gujarat Fluorochemicals Limited (GFL) closed up by 6.24 percent to Rs. 3,862.60 at the NSE on Wednesday. It is leading chemical company with over 30 years of experience in fluorine chemistry, GFL is India's largest producer of Fluoropolymers. It also manufactures Refrigerants, Chemicals and Fluorospecialties for its customers worldwide. Established in 1987, Gujarat Fluorochemicals Limited (GFL) has emerged as one of the acclaimed and major player in the Fluoropolymers, Fluorospecialties and Refrigerants space. The Company has the largest Refrigerant manufacturing unit at Ranjitnagar, Gujarat. GFL, Dahej is India's only Fluoropolymer producer and among the top few globally. It is also a major supplier of Fluoropolymers to Europe and USA.

GFL is the largest, technologically advanced, cost-effective, and fully integrated producer of chloromethanes, refrigerant gases and fluoropolymers in India. The Company's backward integration model has enabled it to provide industry leading quality products at best value to its customers. The Company has a significant capex plan and are currently expanding its capacities for Bulk and Specialty Chemicals, Fluoropolymers and New Age Products. The Company's vision is to become preferred global suppliers of Fluoropolymers, Fluoroelastomers and new generation products and achieve this status through technological, operational and Service excellence.

- 3) Shares of Asahi India Glass Limited (AIS) ended the day up by 5.03 percent to Rs. 625 at the NSE on Wednesday. Asahi India Glass Limited is India's leading integrated glass solutions company. Started in 1987, AIS has transformed itself from a glass manufacturer to a complete glass solutions provider, offering a comprehensive range of products and solutions for home, offices, automotive, large and small buildings. Since inception, AIS has established a long and successful presence in the Indian market, delivering best-in-class quality, manufacturing spread and scale, engineering capabilities, and most importantly, has gained the trust of its customers, for whom AIS is a partner of choice. AIS has been a dominant player in both automotive and architectural glass segments. It has always been the preferred choice of automotive OEMs for over 30 years. From passenger cars to heavy commercial vehicles to railways, AIS Auto Glass is seen in India's best vehicles, commanding a market share of 74% in passenger cars segment.

Moreover, AIS has the second largest production capacity in Float Glass segment, with products designed to suit every architectural and building requirement. AIS has created a robust portfolio of product innovations and offerings as per the evolving needs of global OEMs in India. AIS has best-in-class SEQCDDM with in-house Design & Development and tooling capabilities. AIS has reinforced its position as a premium and preferred supplier to the major OEMs such as Maruti Suzuki, Hyundai Motors, Toyota, Kia Motors, Honda Cars India, Mahindra & Mahindra, Tata Motors, Volkswagen India, Renault – Nissan, MG Motor India, Volvo, Daimler and Ashok Leyland among others.

Key recent major developments..

- 1) US stock indexes jumped more than 1% in volatile trading on Wednesday as easing Treasury yields lifted rate-sensitive growth stocks, while losses in Apple Inc after it dropped plans to boost iPhone production hurt the technology sector. Equity markets also got a boost from a Bank of England decision to restore financial stability by buying as many long-dated government bonds as needed. The move lifted British bond prices and pushed global benchmark yields lower. The yield on the U.S. 10-year Treasury bill came off 12-year highs to hit the day's low of 3.751%, while Germany's 10-year government bond yield, the benchmark for the euro zone, fell after touching a 11-year high.

Investors also keenly listened to comments from Federal Reserve officials on the path of monetary policy, with Atlanta Fed President Raphael Bostic backing another 75 basis-point interest rate hike in November. Much to the market's relief, Fed Chair Jerome Powell did not comment on monetary policy or the U.S. economic outlook on Wednesday. (Source: Reuters)

- 2) Ahead of Diwali festival, the Union Cabinet on Wednesday increased the dearness allowance (DA) and dearness relief by 4 percent effective July 1, 2022, benefiting 4.18 million central government employees and 6.97 million pensioners. The additional instalment of DA and dearness relief (DR) is an increase of 4 per cent over the existing rate of 34 per cent of basic pay/pension. The combined impact on the exchequer on account of both DA and DR would be Rs 12,852.5 crore per annum, said Information and Broadcasting Minister Anurag Thakur while briefing reporters about the decisions of the Union Cabinet. Central government employees and pensioners will become entitled to higher amount of DA and DR respectively, with effect from July 1, 2022, Thakur said. The impact of



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enhanced dearness allowance to the employees on exchequer is estimated at Rs 6,591.36 crore per annum and Rs 4,394.24 crore in 2022-23 (8 months from July, 2022 to February, 2023). The additional financial implications in case of pensioners are estimated at Rs. 6,261.20 crore per annum, and Rs. 4,174.12 crore in the financial year 2022-23. The combined impact on the exchequer on account of both Dearness Allowance and Dearness Relief would be of the order of Rs. 12,852.56 crore per annum and Rs. 8,568.36 crore in the current financial year, the Minister informed. (Source: Press Trust of India)

Ajcon Global's observations and view..

1) Short term view:

- a) On Wednesday, Indian equities were under pressure led by rupee depreciation against the US dollar. Value buying is suggested to investors in quality names. At the time of writing this report, US benchmark indices and the European indices were buoyant led by cooling off in the global bond yields.
- a) Indian benchmark indices too are expected to witness a gap up opening on Thursday led by short covering as markets are in oversold terrain after significant fall in last few days. The domestic economy 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. However, continuous depreciation of the Indian rupee against the US dollar and 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. We expect a rate hike of around 50 bps.
- 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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CIN:L74140MH1986PLC041941

SEBI registration Number: INH000001170 as per SEBI (Research Analysts) Regulations, 2014.

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