

Key Benchmark indices across the globe

Index	Jan. 10, 2023	Jan.09, 2023	Change	% change	Open	High	Low
Nifty	17,914.15	18,101.20	187.05	1.03	18,121.30	18,127.60	17,856.00
Sensex	60,115.48	60,747.31	631.83	1.04	60,805.14	60,809.65	59,938.38
Shanghai Composite	3,169.51	3,176.08	6.57	0.21	3,178.02	3,178.16	3,165.14
Kospi	2,351.31	2,350.19	1.12	0.05	2,348.04	2,370.18	2,344.18
Dow Jones	33,589.67#	33,517.65	72.02	0.21	33,516.43	33,668.91	33,421.80
Nasdaq	10,657.22#	10,635.65	21.57	0.20	10,607.72	10,724.21	10,589.60
FTSE	7,694.49#	7,724.94	30.45	0.39	7,724.94	7,724.94	7,684.35
CAC	6,869.14#	6,907.36	38.22	0.55	6,882.01	6,885.44	6,845.81
DAX	14,774.60#	14,792.83	18.23	0.12	14,741.97	14,790.82	14,692.74

at the time of writing this report

Key macroeconomic indicators

Index	Jan. 10, 2023	Jan. 09, 2023
Brent Crude Oil (\$ per barrel)	80.0	79.7
Gold (\$ per ounce)	1,876	1,872
Indian Rupee against US\$	81.79	82.36
10 year G-sec (7.262032)	7.31%	7.34%
US 10 year G-sec	3.56%	3.53%

FII & DII activity

Index	Jan. 10, 2023	Jan. 09, 2023
FII activity (Rs. in Crore)	2,109.34	203.13
DII activity (Rs. in Crore)	1,806.62	1,723.79

Indian equities remain under pressure; all eyes on US Fed's Chair Jerome Powell speech..

- 1) On Tuesday, Indian benchmark indices ended in red led by weak global cues. The Nifty had witnessed a positive opening and gave up all gains to touch an intraday low of 17,856.00. Finally, the Nifty ended the day down by 187.05 points or 1.03 percent to end at levels of 17,914.15. On the other hand, the Sensex ended the day, down by 631.83 points or 1.04 percent to end the day at levels of 60,115.48.
- 2) Among the Nifty 50 stocks, the major gainers were Tata Motors, Apollo Hospitals, Hindalco Industries, Power Grid Corporation of India, Divis Lab up by 1.23 percent to 5.92 percent. On the other hand, the major losers were Adani Enterprises, Bharti Airtel, Eicher Motors, Adani Ports, State Bank of India down in the range of 2.01 percent to 5.67 percent.
- 3) The broader markets too were under pressure today. The Nifty Midcap 100 index was down by 0.50 percent while the Nifty Smallcap 100 index was down by 0.59 percent respectively.
- 4) In terms of sectoral indices performance, the major losers were Nifty PSU Bank index down by 2.67 percent, Nifty Financial Services index down by 1.37 percent, Nifty Bank index down by 1.33 percent, Nifty Financial Services 25/50 index down by 1.21 percent.
- 5) On Tuesday, FIIs net sold equities worth Rs. 2,109.34 Crore. On the other hand, DIIs net bought equities worth Rs. 1,806.62 Crore. In the month of December 2022, FIIs have net sold equities worth Rs. 14,231.09 Crore and DIIs net bought equities worth Rs. 24,159.13 Crore. In the month of November 2022, FIIs had 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 Tata Motors ended up by 5.92 percent to Rs. 412.50 at the NSE on Tuesday. Tata Motors strives to bring new products that fire the imagination of GenNext customers, fueled by state of the art design and R&D centers located in India, UK, US, Italy and South Korea. With a focus on engineering and tech enabled automotive solutions catering to the future of mobility, the company's innovation efforts are focused to develop pioneering technologies that are sustainable as well as suited to evolving aspirations of the market and the customers. The company is pioneering India's Electric Vehicle (EV) transition and driving the shift towards sustainable mobility solutions by preparing a tailor-made product strategy, leveraging the synergy between the Group companies and playing an active role liaosning with the Government in developing the policy framework. With operations in India, the UK, South Korea, Thailand, South Africa and Indonesia, Tata Motors' vehicles are marketed in Africa, Middle East, South & South East Asia, Australia, South America, Russia and other CIS countries. As of March 31, 2022, Tata Motors' operations include 86 consolidated subsidiaries, two joint operations, four joint ventures and 10 equity-accounted associates, including their subsidiaries, in respect of which the company exercises significant influence.
- 2) Shares of Sona BLW Precision Forgings (Sona Comstar) ended up by 6.01 percent to Rs. 447.90 at the NSE on Tuesday. Sona Comstar has agreed to acquire at least 54% shares capital and voting rights in NOVELIC d.o.o. Beograd – Zvezdara (a company registered with Business Registers Agency having office in Belgrade, Serbia) ("NOVELIC"), subject to execution of definitive agreements and completion of certain identified conditions precedent. In this regard, the Company has executed a binding Term Sheet with the shareholders of NOVELIC.

Sona Comstar will acquire 54 per cent equity stake in NOVELIC for Euro 40.5 million through a combination of primary and secondary purchases with a staggered payment structure in the ratio of 60:20:20 at closing, 12 months and 24 months, respectively. The transaction values NOVELIC at an enterprise value (EV) of euro 64.5 million on a pre-money basis and euro 75 million on a post-money basis, with an implied valuation multiple of 26 times CY22 estimated PAT. The transaction is expected to close by March 2023 and is subject to customary closing conditions, Sona Comstar said in press release.

The rationale of Sona BLW Precision Forgings to acquire of majority stake in NOVELIC is: a) Rare profitable high-tech, fast growing company, in \$43 bn ADAS Sensors market¹, with ~27% net profit margin, b) Unique and patented mmWave radar technology is the best solution for in-cabin sensing, c) Accretive to management bandwidth with shared cultural commitment to innovation, technology and profitability, d) Full vertical integration from chip and sensor design to signal processing software allows partnership across the value chain – auto OEMs, AV makers, Tier-1s & chip manufacturers, e) Accretive to Sona Comstar's EPS and provides significant growth opportunities over medium-term.

Earlier, Mr. Vivek Vikram Singh - MD and Group CEO in the Company's Q2FY23 concall said "We have added one new EV Program which is perhaps not so important because of its size, but it is fairly important directionally because ever since our IPO we have got a lot of questions on this trend of how much is in the OEM and how much is going to be outsourced. The Company's management further said " We now have 37 EV programs across 23 different customers. The program which we won, is to an existing customer in India where we have been supplying differential gears for their ICE as well as EV variants for years. But we are now moving up to supplying differential assemblies for their next generation of born electric vehicles."

Key development

- 1) The World Bank slashed its growth forecasts for most countries and regions, and warned that new adverse shocks could tip the global economy into a recession. Global gross domestic product will probably increase 1.7% this year, about half the pace forecast in June, the Washington-based lender said Tuesday. That would be the third-worst performance in the last three decades or so, after the contractions of 2009 and 2020. The bank, which also cut its growth estimates for 2024, said persistent inflation and higher interest rates are among the key reasons. It also cited the impact of Russia's invasion of Ukraine, and a decline in investment.

"The crisis facing development is intensifying" and the setbacks to global prosperity will likely persist, World Bank President David Malpass wrote in a foreword to the bank's semi-annual Global Economic Prospects report. He said GDP in emerging-market and developing economies at the end of next year will be about 6% below the level expected on the eve of the Covid-19 pandemic.



Spillovers from a period of pronounced weakness in the US, China and the European Union are exacerbating other headwinds faced by poorer nations, the lender said. While inflation is moderating, there are signs that pressures are becoming more persistent, with central banks having to raise interest rates faster than expected.

"The combination of slow growth, tightening financial conditions, and heavy indebtedness is likely to weaken investment and trigger corporate defaults," the World Bank said. "Urgent global action is needed to mitigate the risks of global recession and debt distress." (Source: Bloomberg)

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

- 1) Indian equities were under pressure on Tuesday as investors turned cautious ahead of US Fed's Chair Jerome Powell's speech and US Consumer inflation data. Remember, the US Fed minutes suggested hawkish stance. Going forward, investors will keenly track ongoing Q3FY23 earnings season and management commentary. In addition, investors will anticipate key developments especially in sectors like Defence, Railways, Electric Vehicles, Renewable Energy, Infrastructure etc. in the run up to the upcoming Union Budget in February 2023.
- 2) No doubt, there are headwinds like recent COVID-19 developments in China, Japan, South Korea, recession concerns in Europe and expectations of US Fed likely to hike interest rates in the future. However, we believe and once again reiterate that the domestic economy is strongly placed as compared to the global peers which will attract investors. At the moment, sectors like Banking, NBFCs, Capital Goods, select companies in the infrastructure space, railways and new age business segment can be considered.
- 3) Street participants will continue to watch COVID-19 developments in China after China's reopening, rupee movement against the US Dollar, economic activity in China after recent COVID-19 developments, 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) It may be noted that majority of the Companies had 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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