

Key Benchmark indices across the globe

Index	March 21, 2023	March 20, 2023	Change	% change	Open	High	Low
Nifty	17,107.50	16,988.40	119.10	0.70	17,060.40	17,127.70	17,016.00
Sensex	58,074.68	57,628.95	445.73	0.77	57,963.27	58,133.33	57,730.09
Shanghai Composite	3,255.65	3,234.91	20.74	0.64	3,240.84	3,256.00	3,237.89
Hang Seng	19,258.76	19,000.71	258.05	1.34	19,118.87	19,295.64	19,018.10
Kospi	2,388.35	2,379.20	9.15	0.38	2,396.54	2,399.52	2,383.17
Dow Jones	32,425.13#	32,244.58	180.55	0.56	32,420.71	32,593.68	32,382.40
Nasdaq	11,773.31#	11,675.54	97.77	0.84	11,764.90	11,826.24	11,732.57
FTSE	7,541.26#	7,403.85	137.41	1.86	7,403.85	7,557.55	7,403.85
CAC	7,118.31#	7,013.14	105.17	1.50	7,089.01	7,150.33	7,083.81
DAX	15,200.50#	14,933.38	267.12	1.79	15,062.06	15,253.10	15,055.93

at the time of writing this report

Key macroeconomic indicators

Index	March 21, 2023	March 20, 2023
Brent Crude Oil (\$ per barrel)	75.13#	73.79
Gold (\$ per ounce)	1,941.07#	1,978.71
Indian Rupee against US\$	82.66#	82.64
India 10 year bond yield (%)	7.35	7.23
US 10 year G-sec (%)	3.59#	3.46

FII & DII activity

Index	March 21, 2023	March 20, 2023
FII activity (Rs. in Crore)	1,454.63	2,545.87
DII activity (Rs. in Crore)	1,946.06	2,876.64

Relief rally witnessed today led by short covering; PSU Banks stocks look attractive at current valuations..

- On Tuesday, the Indian benchmark indices witnessed relief rally led by short covering. The Nifty opened on a positive note and later touched an intraday high of 17,127.70. Finally, the Nifty ended the day up by 119.10 points or 0.70 percent to end at levels of 17,107.50. On the other hand, the Sensex ended the day, up by 445.73 points or 0.77 percent to end the day at levels of 58,074.68.
- Among the Nifty 50 stocks, the major gainers were HDFC Life, Reliance Industries, Bajaj Finance, Bajaj Auto, SBI Life up in the range of 2.27 percent to 3.82 percent. On the other hand, the major losers were Power Grid, Hindustan Unilever, Britannia, Tech Mahindra, Divis Laboratories down in the range of 1.05 percent to 1.93 percent.
- The broader markets too were upbeat today. The Nifty Midcap 100 index was up by 0.59 percent and the Nifty Smallcap 100 index was up by 0.66 percent.
- In terms of sectoral indices performance, the major gainers were Nifty Financial Services 25/50 index up by 1.67 percent, Nifty PSU Bank index up by 1.65 percent, Nifty Consumer Durables index up by 1.48 percent, Nifty Financial Services up by 1.46 percent. On the other hand, the major losers were Nifty IT index down by 0.98 percent, Nifty FMCG index down by 0.66 percent, Nifty Pharma index down by 0.25 percent.
- On Tuesday, FIIs net sold equities worth Rs. 1,454.63 Crore. On the other hand, DIIs net bought equities worth Rs. 1,946.06 Crore. Month till date, FIIs have net bought equities worth Rs. 2,407.69 Crore. On the other hand, DIIs have net bought equities worth Rs. 20,985.10 Crore. In the month of February 2023, FIIs have net sold equities

worth Rs. 11,090.64 Crore and DIIs net bought equities worth Rs. 19,239.28 Crore. In the month of January 2023, FIIs had net sold equities worth Rs. 41,464.73 Crore and DIIs net bought equities worth Rs. 33,411.85 Crore.

Sectors & Stocks

- 1) Shares of CSB Bank ended up by 7.76 percent to Rs. 243 at the NSE on Tuesday. Commenting on the performance in Q3FY23 result, Mr. Pralay Mondal, Managing Director & CEO said, "Though global economy is marred with uncertainties, Indian financial system is resilient, robust and stable. Bank credit is growing in double digits for 9 months now. It gives us great pleasure to announce that we could outperform the industry trends in terms of both deposits and advances growth and record strong bottom line numbers. Our bank has achieved another milestone, with the business numbers crossing Rs. 40,000 Crore, Rs. 42,006 Crore to be exact contributed by the loan book growth of 26% YoY coupled with the 19% deposit growth. In terms of profitability, despite the lower treasury profits/PSLC income, SR write offs etc, the Q3FY 23 operating profit recorded a growth of 31% supported by growth in NII and other income. The key indicators like NIM, CRAR, RoA, NPA ratios etc continue to be strong."

He further added "In the coming quarter while leveraging our core competencies in the gold loan business, we will put in more focus to grow the retail segment, both the retail liabilities and assets (other than gold) - with various new/revamped products and process improvements happening and proposed. We believe that with the new credit card launch in partnership with One Card, we will be able to further penetrate into the retail segment. We are perfecting the retail structure with the right manpower, policy roll outs, technology, collection framework, partnership tie ups etc. While all these will take some time to mature, we are already into business for segments like Personal Loans, Education Loans, Auto Loans, Commercial Vehicle etc SME & Corporate focus will continue with due caution. Boosting the fee income is in the top priority list. A new transaction banking vertical has been set up towards focusing on the trade and forex income. Bank has launched two new trade forex current account variants as well. With all these falling in place, we look forward to improve upon our performance in both the topline as well as bottom line parameters in the coming quarter/s."

- 2) Shares of HDFC Asset Management Company ended up by 4.87 percent to Rs. 1,762 at the NSE on Tuesday. Earlier, the Company's Management in Q3FY23 concall had said "Inflows through systematic transactions continue to remain robust as we process 4.13 million transactions, totaling to Rs.15.7 billion in month of December 2022 versus 3.91 million transactions, totaling to Rs.14.3 billion in the month of September 2022. Our SIP book commitment for more than 10 years, stands tall at 77% and our SIP AUM as of 31st December 2022 stood at Rs.848 billion. Our asset mix further tilted towards equity. Contribution of equity oriented assets to a closing AUM for the quarter ended-December 2022 stood at 54.5%.

The Management had further added "We continued on our journey of expanding our product range. During the quarter, we launched the thematic fund, that is, HDFC Business Cycle Fund. The fund saw healthy interest both from distribution partners and investors. We got over 110,000 applications and the AUM of Rs.23.4 billion during the NFO. We also launched multiple debt index funds. For our wholly owned subsidiary, that is HDFC AMC International (IFSC) Limited, in GIFT City, we have onboarded two experienced and eminent independent directors; we have got in Mr. Shyamak Tata (ex-Chairman of Deloitte India) and Mr. Vijay Karnani (ex co-chief executive officer of Goldman Sachs India operations and head of securities division). The subsidiary in GIFT is aimed at targeting India-focused global capital, along with targeting a pie of LRS capital flowing out of India. We have identified principal officer and have also identified one more resource for our GIFT City company."

Key developments

- 1) Indian lenders are capable of enduring any potential contagion effects emanating from the U.S. banking turmoil and UBS's recent takeover of embattled Swiss lender Credit Suisse given their manageable exposures to their global counterparts, S&P Global Ratings said on Tuesday. "Strong funding profiles, a high savings rate, and government support are among the factors that bolster the financial institutions we rate," the rating agency said. S&P also said Indian banks had sufficient buffers to withstand losses on their sizable government securities portfolio due to rising interest rates. S&P said that only a significant escalation of the current crisis would force it to change its view. However, the decision to write down Credit Suisse's additional tier-1 bonds to zero after the lender's takeover by UBS may contribute to a higher cost of capital for domestic banks, S&P said. (Source: Reuters)
- 2) Globally, US Treasury Secretary Janet Yellen is trying project calm after regional bank failures, saying the U.S. banking system is sound but additional rescue arrangements could be warranted if any new failures at smaller institutions pose a risk to financial stability. Yellen, in an excerpt of remarks prepared for delivery to the American Bankers Association on Tuesday, says that overall the situation is stabilising." "And the U.S. banking system remains sound, Yellen says. Yellen's remarks come after a series of troubling bank developments this month.



Silicon Valley Bank, based in Santa Clara, California, failed on March 10 after depositors rushed to withdraw money amid anxiety over the bank's health. It was the second-largest bank collapse in U.S. history. Regulators convened over the following weekend and announced that New York-based Signature Bank also had failed. They said that all depositors at both banks, including those holding uninsured funds, those exceeding USD 250,000, would be protected by federal deposit insurance.

And last week a third bank, San Francisco-based First Republic Bank, was fortified by USD 30 billion in funds raised by 11 of the biggest U.S. banks in an attempt to prevent it from collapsing.

The government is now determined to restore public confidence in the banking system and to prevent any more turmoil. The Justice Department and the Securities and Exchange Commission have launched investigations into the Silicon Valley Bank collapse, and President Joe Biden has called on Congress to strengthen rules on regional banks and to impose tougher penalties on executives of failed banks.

Yellen, in her prepared remarks, said "the government's intervention was necessary to protect the broader banking system" and more rescue efforts could be necessary.

Similar actions could be warranted if smaller institutions suffer deposit runs that pose the risk of contagion, she said. (Source: The Associated Press)

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

- 1) On Tuesday, Indian equities witnessed relief rally led by short covering. Efforts were made globally by the US authorities to restore confidence amongst the investors after the recent turmoil in the US Banking system which has yielded some improvement in the investor sentiments. The recent correction is attributed to the fall of US based Silicon Valley Bank and Signature Bank. To add to the woes, the problems in banking giant Credit Suisse has also created panic in global investor community. After the UBS - Credit Suisse deal, investors have gained some sigh of relief in the near term.
- 2) Domestically, valuation of certain companies especially PSU Banks and select IT companies have turned attractive post the recent fall in Indian equity markets.
- 3) Going ahead, investors will take cues from the outcome of US Fed meeting. We believe a interest rate hike of 50 bps by US Fed is already discounted by the investors and any lower hike will improve sentiments. At the time of writing this report, both US and European benchmark indices were upbeat which suggests that Indian benchmark indices may also follow the same trend.
- 4) Street participants will continue to watch global bond yields as it will dictate treasury performance of Banks, rupee movement against the US Dollar, crude oil price movement, economic activity in China, developments related to ongoing war between Russia and Ukraine and its financial implications on the western world.
- 5) We have faith in the India story and believe that the domestic economy is strongly placed as compared to the global peers which will attract investors. At the moment, companies in the sectors like Capital Goods, select companies in the Infrastructure space, Railways, Defence, Banking, NBFCs and select companies in the new age business segment can be considered.
- 6) It may be noted that majority of the Companies had delivered decent set of numbers in Q3FY23 results considering global concerns. Indian economy is performing strongly as indicated by manufacturing and services PMI data, good air passenger traffic, electricity and coal consumption 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 considering the high valuation in the large cap space.



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