



# WEEKLY Newsletter

Private Client Group



# MARKET

## kya lag raha hai?



The Nifty ended the week marginally above 1%. Sensex is currently shy of the 58,200 mark and Nifty 50 is near 17,315 level. The broader market outperformed the benchmark, as the Nifty midcap 100 index was up 2.4 percent and smallcap 100 index 2.6 percent. **The recovery in the global indices, especially the US, has triggered the recent rebound.** The coming week is expected to be eventful with the earning season taking off in earnest. **The September quarter earnings season will be kicked off by IT majors like TCS, Infosys, HCL Tech, and Wipro etc.**

**Globally, FOMC minutes are likely to hold dominance in fuelling market sentiment.** The FOMC minutes will be released on October 12 and the US inflation numbers the next day. During this week, after a dip in the US manufacturing PMI, there were expectations that the Federal Reserve may slow down the policy tightening but the commentary by its officials remains hawkish.

On the domestic front, another key factor to watch out for would be CPI inflation numbers for September to be released on October 12. The industrial output data for August will also be announced the same day, while WPI inflation figures will be shared on October 14.

**The volatility in oil prices and the strengthening of the US Dollar compared to other currencies will be other important factors that may affect the market.**

Crude oil prices moved closer to \$100 a barrel again after OPEC+ decided to cut production by 2 million barrels a day as fears of a recession in western nations grow amid rising interest rates. International benchmark Brent crude futures closed at \$97.9 a barrel, up around \$10 a barrel during the week, which is unfavourable for oil- importing countries like India.

The Indian rupee weakened further and closed below 82 against the US dollar for the first time. **The greenback is gaining strength amid fears that the aggressive policy tightening by the Federal Reserve to tame inflation is expected to continue in the upcoming policy meetings.** The recent jobs data and unemployment rate indicate the same trend.

The market movement would also depend on the movement in rupee and investment pattern of foreign institutional investors (FIIs). FIIs turned marginal buyers in early October but there is no consistency in FPI activity. The inconsistency in FPI activity is expected to keep the market volatile in the coming days. **In the current scenario, the markets will become highly stock-specific as we are heading towards Q2 FY23 earnings season.**

# ECONOMY

## ka haal chaal!



**India's coal and electricity supplies are more comfortable this autumn:** India's electricity supply appears much more comfortable than a year ago, when coal and generation shortages led to grid instability and widespread blackouts. **Power consumption has grown significantly, but coal stocks are more than double than last year's level and grid frequency is staying closer to the target.**

Between June and August, total electricity demand met was up by 22 billion kilowatt-hours (6%) compared with the same period in 2021. The increase was supplied by extra solar generation (+6 billion kWh) and thermal power plants (+16 billion kWh) mostly burning coal.

**India's installed capacity from solar farms and wind turbines had grown 16% by the end of August 2022 compared with August 2021, helping increase the share of output from renewables.** But most of the increase in demand has been met through more intensive and reliable running of coal-fired power stations.

Government policy has encouraged the maximization of domestic coal and prioritized solid fuel movements on the rail network to ensure generators have enough fuel on hand to run when called. **As a result, power producers have more than nine days of coal inventories compared with just four days at the same point last year.** Higher inventories have meant fewer generator outages, more generation availability, and more firm despatchable capacity.

Increased solar generation has helped meet peak load driven by air-conditioning and refrigeration in the mid-afternoon (incidentally conserving coal stocks). **But more coal-fired generation availability has helped meet high loads in the evening as output from solar panels fades rapidly.**

**World Bank cuts India growth estimate by 1 percentage point:** The World Bank on Thursday lowered its FY23 growth forecast for India by one percentage point to 6.5% from its June estimate in line with its downward revision for entire South Asia's growth. The World Bank acknowledged that Asia's third-largest economy has recovered from the pandemic more strongly than the world average. India's economy is to grow at 7% in FY24, the agency said, lowering its forecast by ten basis points from its June estimate.

In India, services exports have recovered more strongly than in the rest of the world, and India's ample foreign reserve buffers have afforded resilience to the country's external sector. In most countries in the region, telecom and business services are also driving the recovery," the World Bank said in its report. In contrast to the struggles in Sri Lanka, both manufacturing and services activities have been expanding in India since at least January, and at faster speeds than the rest of the world, it said.

However, even for countries that have recovered relatively strongly, Covid-era scars remain a roadblock, the report said. "Weaknesses in supply chains and employment remain as Covid scars prove long-lasting, even in India where recovery leads the region. The PMI manufacturing suppliers' delivery time, a gauge for supply chain delays has only improved slightly in India since June 2022," the report said. Also, inflation remains a concern. It has become more broad-based in South Asian countries as higher inflation spreads to non-energy goods.

# CORPORATES ki khabrein



**Hero Motocorp launches first electric scooter worldwide:** Hero MotoCorp, India's largest two-wheeler maker, on Friday launched its first electric scooter worldwide, as it looks to catch up with newer firms who have taken the lead in the country's clean mobility push. The new Hero Vida V1 electric scooter will be offered in two variants, which are Vida V1 Plus and Vida V1 Pro. It would be first launched in New Delhi, Jaipur and Bangalore and the deliveries of this electric scooter will start from the second week of December. Hero MotoCorp's Vida V1 electric scooter will offer a range of up to 165 km on a single charge in ideal conditions, depending on the variant. **Impact/View:** The prices of the Hero Vida V1 electric scooter range from ₹1.45 lakh to ₹1.59 lakh, ex-showroom, depending on the variant. Hero MotoCorp's, new electric two-wheeler, Vida V1 will compete against Ola S1 Pro, Ather 450X Gen3, Bajaj Chetak and TVS iQube.

**NTPC records over 15.1 % growth in generation in first Half of FY 23:** NTPC group companies recorded a generation of 203.5 BU from April to September 2022, registering an increase of 15.1% from 176.8 BU generated in April to September 2021, according to a release issued by the Power Ministry. State-run power major NTPC Rihand (3,000 MW) in Uttar Pradesh is the top performing thermal power plant with 90.22% Plant Load Factor (PLF) between April to September 2022. **Impact/View:** The high generation growth indicates improved performance and an increase in demand for power in the current year.

**Bajaj Auto's exports continue to skid, show September volumes:** Bajaj Auto's total two-wheeler (2W) volumes fell 3.5% year-on-year (y-o-y) to 348,355 units. The company's domestic two-wheeler volumes rose 28.2% y-o-y last month but this was more than offset by a 33% drop in the 2W export volumes. **The trend is on the same lines as seen in July and August.** The automaker's export segment has been a sore point for a while now. **The export markets continue to see weakening of local currency and high inflation.** **Impact/View:** Exports form a significant portion of Bajaj Auto's volumes and demand improvement in these markets would remain crucial for the future prospects. For perspective, the automaker's export volume share stood at 58% in FY22.

**SME IPOs catch investors' fancy; 87 hit primary market to raise Rs 1,460 crore in Jan-September:** Strong performance of past IPOs spurred investors' interest, with 87 small and medium enterprises (SMEs) garnering Rs 1,460 crore through initial share-sales in the first nine months of the year. This was way higher than 56 companies that had raised Rs 783 crore through initial public offering (IPO) in the entire 2021, the industry data showed. These companies belong to a wide range of sectors like IT, automotive components, pharma, infrastructure and hospitality, and jewellery. **Further, the remaining part of the year 2022 can see more mature companies accessing the platform.**



# GLOBAL NEWS AND EVENTS



**Strong US Job data cements rate hike bets:** Hiring in the US continued at a solid, yet more moderate pace last month and the unemployment rate slipped two-tenths of a percentage point to 3.5%, indicating the labor market remains tight and has so far proven resilient to steep interest-rate hikes by the Fed. Friday's US jobs report will give a fresh indication of inflation pressures in the country.

The data showed 263,000 jobs were added in September – the smallest monthly advance since April last year – after a 315,000 gain in August, a Labor Department report showed Friday. The unemployment rate unexpectedly dropped to 3.5%, and average hourly earnings rose firmly.

The steady slowdown in new positions is good news for the US Federal Reserve as it works to cool the economy and tamp down scorching inflation. **Stocks and bonds have recently moved in tandem, selling off when hotter-than-expected data are seen to strengthen the Fed's case for higher rate hikes.**

**OPEC+ oil cuts can wreck recoveries in many economies:** Organization of the Petroleum Exporting Countries (Opec) and its allies, a group that includes Saudi Arabia and Russia, have said that they would slash production by two million barrels a day, the biggest reduction by the group since the height of the pandemic in 2020, when they had decided to cut production by 10 million barrels a day due to the oversupply of oil relative to demand.

The group wants to stabilise crude prices, which have fallen in recent months as the world economy slows under the lingering impact of the pandemic, especially in China, and the war in Ukraine. It is going ahead with the production cuts — as several members are already pumping far below their official quotas, the actual impact on global supplies would be about 1 million barrels a day, estimated to be a reduction of about 1% of global supplies — despite pleas from the US and other countries to pump more so that the world economy, especially vulnerable low-income economies, is spared the pain of high fuel costs.

**OPEC's decision is likely to keep crude prices high, which does not augur well for the world economy staring at a slowdown, if not recession.**

(Source: **The MINT Report**)

# TECHNICAL OUTLOOK



TradingView

**Technically, there is a “Golden Cross” in NIFTY50 Daily charts while the index is now taking support around its 200 SMA.**

In weekly scale, the index finished the week with a hammer candle, indicating that the short-term correction is likely over. The daily RSI is also starting to recover from 49 levels, signaling that the market may consolidate around current levels.

The coming week is likely to see the levels of 17,500 and 17,730 acting as resistance points. The supports will come in at 17,000 and 17,200 levels. The trading range is likely to stay narrower than usual with stock specific activity. **The weekly RSI is 53.70; it stays neutral and does not show any divergence against the price.**

# CONVICTION PICKS



## Conviction Picks:

Company	Cmp	View	Support	Target (1-2 Yr)
<b>Panama Petrochem Ltd</b>	287	<b>Accumulate</b>	280	450

Manufacturer of petroleum specialty products; produces over 80 different variants of petroleum specialties catering to about six to seven different industrial segments. Exports are 43% of the total revenues.

### Pros:

✓The management sounds quite optimist, looking at the forecast from the customers and the demand. Despite the additional capacities are coming, the management feel volume growth will be around 15% to 20%.

✓Value-added products give a margin of about 14% to 17% against regular products which is about 10% to 13%. Currently, the contribution from value-added product stands at around 67%.

✓Balance Sheet: **Completely debt free**

### Cons:

Commodity Nature Cyclical Business

**Attractive Valuations:** PE 7.3x (Median 10Yr PE 12x)

**Conclusion:** We can allocate upto 3-4% in Panama Petro Ltd (PPL) (1-2 Yr Target 450) Current installed capacity is 240,000 tonnes on a consolidated basis. Currently running at over 100% capacity utilization, but the capacity is expandable about 15% to 20% over the installed capacity. This year, PPL have already planned an addition of 30,000 tonnes to its existing capacity. And in the coming years, PPL have further plans to increase about 30,000 tonnes per year in each of the coming two or three years. **Overall, CAPEX of about Rs. 100 Crores which PPL have planned expansions or through its internal accruals. Most of this addition is on the value-added products almost 70%.**

# KNOWLEDGE COLUMN



## Fed officials won't relent on path to 4.5%, may move higher

The Federal Reserve is closing ranks around a goal of quickly raising their benchmark interest rate to around 4.5% then holding it there, while being prepared to go higher if elevated inflation fails to show signs of easing. **The Fed's strategy is sensitive to data, but officials have made plain that it would take a lot to push them off the path to 4.5%.** Policymaker after policymaker pushed back during the week against investor bets that recession risks or even financial market volatility could deter them.

The aim, which is widely shared among the US central bank's 19 policymakers, suggests they are on course to deliver a fourth straight 75-basis-point rate increase next month. The impact on energy prices of OPEC oil production cuts and a strong September jobs report bolster the case, which could get a further boost from fresh inflation data on October 13.

*"Until we see any signs of inflation beginning to moderate, I don't know how we pause,"* Fed Governor Christopher Waller said at the University of Kentucky October 6.

Reports over the past few months have shown high inflation to be stubbornly persistent. **While there is optimism that the case for less inflation is starting to emerge, there is also a sense that this a war the Fed can't lose -- even at the risk of a downturn in the economy.**

Prices rose 6.2% for the year ending August, the 18th consecutive month of annual inflation above their 2% target, while U.S. employers added 263,000 people to payrolls in September, an indication that underlying demand remains sturdy.

There are scattered signs that point to the possibility of a recession-free victory over inflation. Non-energy commodity prices have come down, as have job vacancies, while the pace of production at the nation's factories is slowing. Retailers have stocked up on inventories and will have to move them, possibly with price cuts in coming months. **Even so, Fed officials are reluctant to bet on a forecast. Several have said they need to see sequential months of inflation moving toward 2% before any discussion of easing policy.**

- Report by Bloomberg.



# EARNINGS CALENDAR



Date	Company	Tentative Time			
10-Oct	TCS	After Market	18-Oct	Anant Raj	Time Not Available
10-Oct	JTL Infra	After Market	18-Oct	Add-Shop Eretail	Time Not Available
11-Oct	GM Breweries	During Market	18-Oct	GMDC	Time Not Available
11-Oct	Delta Corp	Time Not Available	18-Oct	KPIT Tech	Time Not Available
11-Oct	Supreme Infrastructure India	Time Not Available	18-Oct	L&T Technology (LTTS)	After Market
12-Oct	HCL Tech	Time Not Available	18-Oct	ICICI Lombard	During Market
12-Oct	Wipro	Time Not Available	18-Oct	Mahindra CIE	After Market
12-Oct	SW Solar	Time Not Available	18-Oct	Polycab	After Market
13-Oct	Anand Rathi Wealth	Time Not Available	18-Oct	Schaeffler India	Time Not Available
13-Oct	Aditya Birla Money	Time Not Available	18-Oct	Sonata Software	After Market
13-Oct	Angel One	After Market	18-Oct	Rane Engine	During Market
13-Oct	Cyient Ltd	Time Not Available	18-Oct	TATA Communications	Time Not Available
13-Oct	DEN Networks	Time Not Available	18-Oct	TAKE Solutions	Time Not Available
13-Oct	Infosys (INFY)	After Market	19-Oct	AU Small Finance Bank	During Market
13-Oct	Mindtree	After Market	19-Oct	eMudhra Ltd	After Market
13-Oct	Sheetal Cool Products	Time Not Available	19-Oct	HDFC AMC	During Market
14-Oct	Bajaj Auto	During Market	19-Oct	Nestle India	Time Not Available
14-Oct	Federal Bank	During Market	19-Oct	Persistent Systems	During Market
14-Oct	Shree Cements	Time Not Available	19-Oct	Maharashtra Scooters	After Market
14-Oct	Plastiblends	During Market	19-Oct	Max Financial Services	During Market
14-Oct	Oberoi Realty	Time Not Available	19-Oct	Navin Fluorine	After Market
14-Oct	Tata Elxsi	Time Not Available	19-Oct	Jhonson Controls (JCHAC)	Time Not Available
15-Oct	Alok Industries	Time Not Available	19-Oct	NAM-India	Time Not Available
15-Oct	DMART	Time Not Available	19-Oct	Syngene	During Market
15-Oct	Ganesh Housing	Time Not Available	19-Oct	UltraTech Cement	During Market
15-Oct	GTPL Hathway	Time Not Available	20-Oct	Asian Paints	During Market
15-Oct	HDFC Bank	Time Not Available	20-Oct	AXIS Bank	After Market
15-Oct	ICICIPRULI	Time Not Available	20-Oct	Bajaj Finance	After Market
15-Oct	L&T Infotech (LTI)	Time Not Available	20-Oct	Coforge	Before Market
15-Oct	ZF Steering	Time Not Available	20-Oct	Colgate (COLPAL)	Time Not Available
17-Oct	Craftsman	After Market	20-Oct	Cords Cable	Time Not Available
17-Oct	Can Fin Homes	Time Not Available	20-Oct	Happiest Minds	Time Not Available
17-Oct	Heidelberg Cement	During Market	20-Oct	ICRA	During Market
17-Oct	Jindal Drilling	Time Not Available	20-Oct	ICICI Securities	Time Not Available
17-Oct	Maharashtra Seamless	Time Not Available	20-Oct	ITC	Time Not Available
17-Oct	Orient Hotels	Time Not Available	20-Oct	L&TFH	Time Not Available
17-Oct	PVR	During Market	20-Oct	Lakshmi Machine	During Market
17-Oct	TANFAC Industries	Time Not Available	20-Oct	Mphasis	During Market
17-Oct	Tata Coffee	Time Not Available	20-Oct	Nelco	Time Not Available
17-Oct	Thangamayil Jewellery	Time Not Available	20-Oct	SSWL	During Market
			20-Oct	Tata Consumer Products	After Market
			20-Oct	UTI AMC	Time Not Available

# CORPORATE ACTIONS



Company	Event Type	Announced Date	Ex- Date	Dividend(Rs.)	Ratio
Ruchira Papers	Bonus	30/08/2022	10/10/2022	-	1:10
Shree Vasu	Bonus	29/08/2022	11/10/2022	-	1:2
SMVD Poly Pack	Bonus	22/08/2022	11/10/2022	-	102:100
Shivalik Bimeta	Bonus	29/08/2022	12/10/2022	-	1:2
Global Educatio	Splits	07/09/2022	19/10/2022	-	10:5
TPL Plastech	Splits	08/08/2022	19/10/2022	-	10:2
Anand Rathi	Dividend - Interim	03/10/2022	20/10/2022	-	-
Angel One	Dividend - Interim	28/09/2022	20/10/2022	-	-
Jai Corp	Dividend - Final	25/05/2022	20/10/2022	0.50	-
ICICI Lombard	Dividend - Interim	27/09/2022	27/10/2022	-	-
Asian Paints	Dividend - Interim	29/09/2022	31/10/2022	-	-
ICICI Securitie	Dividend - Interim	29/09/2022	31/10/2022	-	-
P and G	Dividend - Final	23/08/2022	04/11/2022	65.00	-
Gillette India	Dividend - Final	22/08/2022	10/11/2022	36.00	-
Procter&Gamble	Dividend - Final	29/08/2022	15/11/2022	11.50	-

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